Stock Code: 2504
Website to access the annual report of Goldsun Co., Ltd., http://www.gdc.com.tw/investor.aspx?cid=2014070002&dpt=page_content&pt=2014070005&spt=2014070013
Website of Market Observation Post System, http://mops.twse.com.tw

Goldsun Building Materials Co., Ltd.

2019 Annual Report

Print Date: May 6, 2020

Name, title, phone and email of the Company's spokesperson

Spokesperson: James Chiu	Deputy Spokesperson: Chie-Tang Chang
Title: Vice President	Title: Manager
Telephone: (02) 87928088 (main line)	Telephone: (02) 87928088 (main line)
E-mail：james_chiu@gdc.com.tw	E-mail：tang_chang@gdc.com.tw

Address and phone number of headquarters and plants

Head office: 7F, No. 8, Xinhu 1st Road, Neihu District, Taipei City	Telephone:	(02) 87928088
Xizhi plant: No. 360, Fude 2nd Road, Xizhi District, New Taipei City	Telephone:	(02) 26925518
Taipei plant: No. 33, Section 3, Nangang Road, Nangang District, Taipei City	Telephone:	(02) 27837136
Keelung plant: No. 2-2, Bade Road, Qidu District, Keelung City	Telephone:	(02) 24553020
Tucheng plant: No. 202, Section 2, Zhonghua Road, Tucheng District, New Taipei City	Telephone:	(02) 22693594
Bali plant: No. 221, Section 2, Longmi Road, Bali District, New Taipei City	Telephone:	(02) 26193237
Taipei port plant: No. 128, Shanggang Road, Bali District, New Taipei City	Telephone:	(02) 26193137
Linkou plant: No. 17, Wenming Road, Guishan District, Taoyuan City	Telephone:	(03) 3972661
Hualien plant: Haibin No. 1, Ren-An Village, Ji-An Township, Hualien County	Telephone:	(03) 8524247
Zhongli plant: No. 1, Nan-Shi Section 1, Zhongfeng Road, Pingzhen District, Taoyuan City	Telephone:	(03) 4393111
Taoyuan plant: No. 202, Chongqing Street, Bade District, Taoyuan City	Telephone:	(03) 3643530
Luzhu No. 2 plant: No. 10, Lane 277, Section 3, Zhangxing Road, Luzhu District, Taoyuan City	Telephone:	(03) 3246111
Hsinchu plant: No. 646, Section 6, Zhonghua Road, Xiangshan District, Hsinchu City	Telephone:	(03) 5372150
Dongda plant: No. 30, Lane 110, Section 3, Dongda Road, North District, Hsinchu City	Telephone:	(03)5324653
Zhubei plant: No. 90, Lane 588, Section 2, Dongxing Road, Zhubei City, Hsinchu County	Telephone:	(03) 5501011
Miaoli plant: No. 2, Zhongxing Street, Tongluo Township, Miaoli County	Telephone:	(037) 226669
Taichung plant: No. 1, Gongyequ 21st Road, Nantun District, Taichung City	Telephone:	(04) 23550836
Daya plant: No. 295, Section 3, Minsheng Road, Daya District, Taichung City	Telephone:	(04) 25609155
Chiayi plant: No. 50, Zhongshan Road, Minxiong Township, Chiayi County	Telephone:	(05) 2214800
Chiatai plant: No. 91, Section 2, Beigang Road, Taibao City, Chiayi County	Telephone:	(05) 2375115
Dounan plant: No. 23, Gonglun Road, Dounan Township, Yunlin County	Telephone:	(05) 5971178
Tainan plant: No. 62, Zhouwei Street, Yongkang District, Tainan City	Telephone:	(06) 2537306

Xinshi plant: No. 461, Xiao-xin Village, Xiao-xin-ying, Shanhua District, Tainan City Telephone: (06) 5838261

Dahu plant: No. 28, Section 2, Zhongshan Road, Hunei District, Kaohsiung City Telephone: (07) 6997889

Gangshan plant: No. 180, Benzhou Road, Gangshan District, Kaohsiung City Telephone: (07) 6240908

Renwu plant: No. 59, Zhu-gong 3rd Lane, Renwu District, Kaohsiung City Telephone: (07) 3751555

Kaohsiung plant: No. 930-1, Minzu 1st Road, Zuoying District, Kaohsiung City Telephone: (07) 3424415

Fengshan plant: No. 81, Jiangshan Road, Daliao District, Kaohsiung City Telephone: (07) 7015111

Xiaogang plant: No. 11, Yongchun Street, Xiaogang District, Kaohsiung City Telephone: (07) 8720617

Name, address, telephone and website of stock services

Name: Stock Agency Department of Yuanta Securities

Address: B1, No. 210, Section 3, Chengde Road, Datong District, Taipei City

Telephone: (02)2586-5859

Website: http://www.yuanta.com.tw

Name of auditors of the latest audited financial report, and name, address, telephone and website of CPA firm

Certified Accountant: Chien-Ru Yu, Hsin-Min Hsu

Name of CPA Firm: Ernst & Young Taiwan Address: 9F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City

Telephone: (02) 2757-8888 Website: http://www.ey.com

Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities: NA.

Company's website: http://www.gdc.com.tw

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of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

One. Letter to Shareholders

Greetings to all of our valued shareholders,

In order to realize the vision of helping everyone in Taiwan "Buy a house with traceability and live in a home with peace of mind for a lifetime." Goldsun launched the certification of "Goldsun Peace-of-Mind Building Materials Traceability," which adopted innovative technologies, in 2015. The certification is built based on the robust "big traceability management" of Goldsun. From investment in mines and resources, to product shipment, comprehensive services at clients' job sites and others, there are meticulous quality inspection processes, including 7 stages for chloride ions and 3 stages for pH value. 103 rigorous inspection procedures carry out flawless high-precision quality control work to completely eliminate the two building safety concerns in sea sand and furnace slag. Construction projects that have joined the "Goldsun Peace-of-Mind Building Materials Traceability" program have grown to more than 1,380, with the customer satisfaction reaching more than 99.5%. With our customers' trust, our revenue and profit last year continued to make steady progress. At the same time, we are moving toward the vision of constructing buildings with safety structures, enabling the concrete industry to remain a well respected century-old business.

Looking back at the performance of domestic real estate market in 2019, the persistent US-China trade conflict, the rising risk of geopolitics, the sluggish economic performance of emerging markets and the weakening momentum of global economy actually transferred orders to the domestic businesses, and many Taiwanese businesses overseas have begun to repatriate their funds to establish operations in Taiwan. The employment environment has become more stable, driving a positive growth in the construction market. In addition, several hundred billions of investment in the Forward-Looking Infrastructure have accelerated, the delivery of new homes toward the end of the year and the continued demand for residential homes have significantly driven up the volume in the housing market.

According to the Ministry of the Interior, the number of buildings exchanged hands in 2019 exceeded 300,000 units, for a year-over-year growth of 8%. It was a new record in recent years, indicating that the housing market has consolidated at valley bottom to move toward a stable and recovering growth. Although the signing of the US-China "Phase 1" trade agreement may help ease the wait-and-see attitude in the market, the subsequent development and the impact from the novel coronavirus pandemic this year will become key uncertainties affecting the 2020 domestic and global economy.

Facing the rebound of the housing market, changes in the global economy and challenges of the novel coronavirus pandemic this year, Goldsun, with its healthy operation built on the more than 10 years of technological transformation, has continued to innovate itself and reinforce its competitiveness. The Company actively seeks opportunities with the repatriation of Taiwanese businesses constructing plants in Taiwan and the demand for expansion of public infrastructure. In terms of the corporate management, we continue to renovate the internal organizations, improve customer service and product research and development, improve our practice of the Goldsun Peace-of-Mind Building Materials Traceability and reinforce our branding efforts and marketing with clients in the construction business. Especially in the aspect of research and development, we have established the "Future of Goldsun Building Materials" strategy, and continued to develop a variety of quality concrete products to be the top choices of clients in the construction field. For example, our high-end mass concrete products have been supplied to the Heavy Ion Therapy Center of Taipei Veterans General Hospital and the National Taiwan University Cancer Center. The underwater concrete and high-flow concrete have also become the top choices for civil infrastructure projects such as the large-scale wind farm industry.

Business and Financial Performance

The consolidated revenue of Goldsun Building Materials Co., Ltd. in 2019 was NT$19,005,069,000, which was an increase of NT$360,263,000 or 1.93% (please refer to the table below), over NT$18,644,806,000 in 2018. The 2019 net income was NT$1,101,659,000 and the earnings per share was NT$0.8. The composition of consolidated revenue is as follows:

Unit of amount: NT$1,000

Company Name	2019	2018	Growth Amount	Growth Rate
Goldsun Building Materials Co., Ltd.	12,728,434	11,402,464	1,325,970	11.63%
Suzhou Ready-Mix	3,279,917	2,868,386	411,531	14.35%
Fujian Cement	1,545,886	2,799,614	(1,253,728)	(44.78%)
Wellpool Co., Ltd.	939,992	992,797	(52,805)	(5.32%)
Others (including write-offs)	510,840	581,545	(70,705)	(12.16%)
Total	19,005,069	18,644,806	360,263	1.93%

Note: Since October 2019, the revenue of "Goldsun Fujian Cement Co., Ltd." has not been included in the consolidated revenue.

Technological Development

Goldsun's research and development center has been established for almost 20 years. Each year, a considerable amount of funds is committed to R&D engineering. The results have accumulated as the Company's product competitiveness in recent years. They create huge business opportunities for Goldsun and change Taiwan's skyline with beautiful buildings. In recent years, Goldsun has provided high-end raw concrete, high-strength concrete, high-flow concrete and burnished concrete to benchmark projects which highlight the architectural beauty of Taiwan, and the projects include Taipei Nan Shan Plaza, National Taichung Theater, Tao Zhu Yin Yuan and Ren-Ai parking lot in Luzhou. These benchmark buildings have made Goldsun win awards of excellence and awards of merit in two consecutive years with its innovative methods and high-end concrete products.

There are also beautiful buildings at which people like to check-in on their social media in recent years, such as U.I.J Hotel & Hostel, Tainan Art Museum Building 2; Museum of Archaeology, Tainan Branch of National Museum of Prehistory; Mitsui Outlet Park Taichung, Lihpao Racing Track in Taichung, World Games Stadium in Kaohsiung, Taroko Park, Kaohsiung Music Center, Dah Hsian Seetoo Library, Crescent Bridge in New Taipei City, Chenguang Bridge. They are all the best examples of applications of Goldsun's high-end concrete in the architecture industry.

However, the domestic ready-mix concrete industry is still operated by many self-funded SMEs in various scales and quality levels. The price-cutting by low-quality and low-price products is prevalent in the market. Goldsun will continue its implementation of sustainability practices and strategies of technological research and development based on "Branding" and "Services." The Company will apply long-term commitment to change the image of the industry, so that the Company and the industry will have clear market segmentation and showcase competitive advantages to continuously improve sales and profitability.

In terms of the technological development of ready-mix concrete, Goldsun will continue to play the leadership role in technology and market, setting the trends in the aesthetics and environmental protection of buildings in Taiwan and meeting the performance and application requirements of products. For 2020, the progress of research and development of products will include, (1) Mass production of forward-looking high-end concrete (high-performance concrete, self-compacting concrete, high-flow concrete, impermeable concrete, permeable concrete and mass concrete); (2) Roles and studies of applications of concrete materials in circular economy chain; (3) Continuing the promotion of follow-up studies of minerals and chemical admixtures, and satisfying customers' different needs while meeting the economic requirements.

In consideration of the corporate social responsibility in environmental protection and product competitiveness, the Company actively develops industrial by-products, reuse of alternatives, carbon capture and storage and other technologies to be used in the ready-mix cement, so that the reliance on natural resources can be reduced, while achieving the reduction of energy consumption and cement clinker which can cause serious pollution. We hope that this approach can fully showcase the positive effects of concrete materials and reduce the negative impact on the environment.

Future Development (Impact from Competitive Environment, Regulatory Environment and Overall Operating Environment)

Overview of the impact on the overall operating environment: According to the Department of Statistics of the Ministry of Economic Affairs, the total volume of ready-mix concrete sold in Taiwan in 2018 and 2019 were 39,733 and 41,585 thousand cubic meters, respectively. For Goldsun, the total volume of ready-mix concrete sold in 2019 was 6.56 million, about the same as 6.59 million cubic meters of 2018. For 2020, it is expected that the recovery of major economies in the world will slow down, and with many domestic uncertainties at home or overseas, the sales volume of ready-mix-concrete will remain stable.

External competitive environment: The novel coronavirus pandemic and the US-China trade conflict still pose doubts and interference to some extent. However, the accelerated repatriation of Taiwanese businesses is expected to stimulate business opportunities around the industry. In addition, the government has vigorously promoted urban revitalization and renovation of old buildings, and the introduction of public housing can facilitate the stable growth of the value chain of the construction industry.

Moreover, the rail construction in the Forward-Looking Infrastructure in recent years, such as the elevated railways, connection network between high-speed rail and Taiwan Railways and the metro rapid transits and their extensions, have been actively promoted by the central and local governments. The large budget and infrastructure and the development and utilization of the surrounding land, coupled with the repatriation of Taiwanese businesses, will further drive the demand and development of commercial and industrial buildings, hotels and a variety of residential houses, creating new opportunities for the real estate and construction industries.

Therefore, facing the above mentioned external challenges and the associated market opportunities, Goldsun Building Materials Co., Ltd. will focus its future strategies on these positive and negative factors, and more actively and flexibly use its 28 concrete plants around Taiwan, the most in the industry, to provide flexible deployment management and high supply capacity to serve large-scale technology firms and benchmark construction projects within a short period of time and create collaborative competitive capabilities which cover quality and efficiency. At the same time, the diverse lineup of high-end niche concrete products can be supplied in a stable manner to special structures of various construction projects. The Company will be able to grasp the opportunities of public projects, plants and offices of technology firms, condominiums and skyscrapers, becoming the first choice of clients in the construction industry and creating consistent and steady operations and profits.

Goldsun will implement its cloud-based and forward-looking technology introduced in recent years in the optimization of customer service, transportation control and sales consultation. The 28 ready-mix-concrete plants in Taiwan, coupled with the availability of technology, will provide localized services at all times to improve the Company's engagement and stickiness with customers. Compared with the industry peers, Goldsun can quickly supply various concrete products and provide excellent around-the-clock sales and consultation services to help the Company obtain profits in the market full of external competition and changes. As for the regulatory environment, the Company is ready to take appropriate measures to comply with the regulations at any time, and accordingly revise the internal standards and relevant regulations.

For the long-term planning of business development, Goldsun will use its 66+ years of accumulated specialized techniques and operational experience to develop more products for niche markets and establish more plants. For example, the new plant for ACL light-weight partition building materials will be operational in thein the second half of 2020, and the products have passed the shock resistance, sound insulation and fire resistance at the highest level. The Seismic Disaster Mitigation Laboratory at National Kaohsiung University of Science and Technology has proven that the materials can withstand Class 7 earthquakes and be used as an alternative choice in the quality and green building materials. With respect to asset revitalization, the Company will continue to develop large-scale office complexes with regional development potential associated with the business district planning required for future major transportation construction and urban revitalization in response to the overall economy and regional development trends, so that the profitability can be consistently achieved.

We give you our best regards for the upcoming future!

Chairman Lan-Ying Hsu

Two. Company Profile

I. Date of Establishment: November 1954.

II. Company history

1. The Company was founded in November 1954. The original name was Goldsun Cement Processing, with a capital of NT$1.5 million. The Taipei plant was located at No. 33, Section 3, Nangang Road, Nangang District, Taipei city. At the time, the Company focused on importing new technologies and manufacturing electric power poles and foundation piles to serve the government in the first phase economic construction program which sought to expand power, telecommunication and other public facilities. With the availability of the more advanced construction technology, the Company adopted the prestressed method in 1960 to manufacture hollow-core prestressed concrete power poles and foundation piles.
2. In response to the growth of domestic infrastructure projects, the Company established the nation's first ready-mix-concrete equipment in 1965 at the Taipei plant, which offered automatic control and measurement in production. The quality and stability of products were highly valued and praised by the construction industry.
3. The Kaohsiung plant was established on Jianguo Road in Kaohsiung City in 1966. It produced ready-mix-concrete to supply various construction projects in the Greater Kaohsiung area.
4. In 1969, the Company was reorganized as Goldsun Industry Construction, and a construction department was established to manage the lease and sales of public housing, stores and buildings constructed by construction companies and branch out to other scope of business.
5. In 1978, Shulin plant was established in Shulin Township of Taipei County to manufacture prestressed concrete power poles, foundation piles and other cement products by high-pressure curing equipment. In 1981, the equipment for prestressed products in Taipei plant was transferred to Shulin plant to expand the production capacity to serve the market demand.
6. In 1979, Kaohsiung plant was relocated to Daliao Township of Kaohsiung County in response to the new development of Kaohsiung City, and the plant was later renamed Fengshan plant.
7. In 1982, Miaoli plant was established in Gongguan Township of Miaoli County to manufacture ready-mix-concrete to supply the various local construction projects. The plant was later moved to Tongluo Township in 1989.
8. In 1984, Sanyi branch was established in Sanyi Township in Miaoli County to manufacture ready-mix-concrete and gravel to supply construction projects in Miaoli and Taichung.
9. In 1986, the Company purchased China Asbestos Tile Factory located in Zhunan Township in Miaoli County and renamed it as Zhunan plant to manufacture cement wave roofing

sheets and flat sheets.

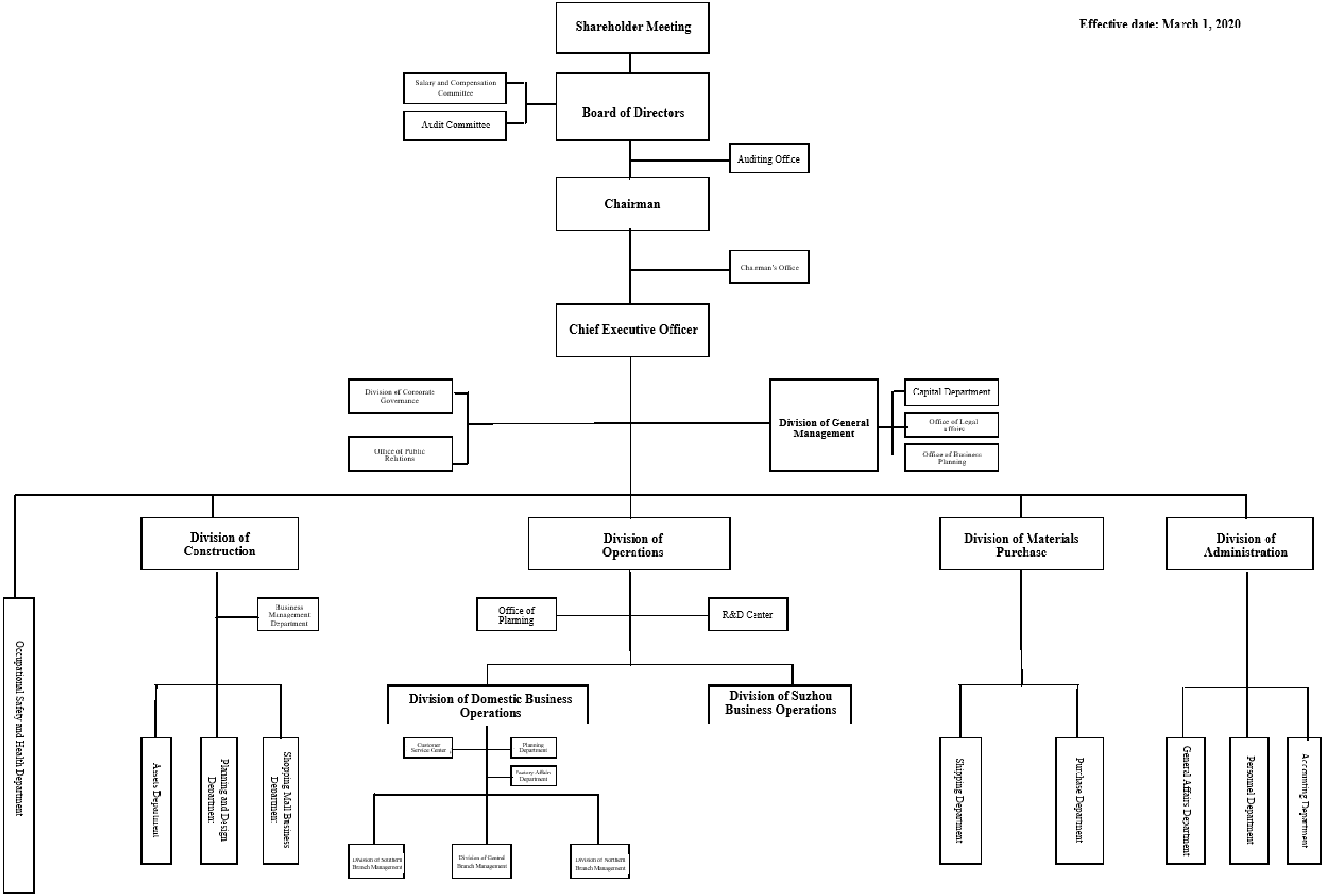
10. In 1987, the Zhubei and Zhonghua branches were established in Zhubei City in Hsinchu County and Gushan District of Kaohsiung City, respectively, to manufacture ready-mix-concrete to supply the market in the local region.
11. In 1988, Zhongli plant was established to manufacture ready-mix-concrete to supply the market in Taoyuan.
12. In 1989, Tainan plant and Chiayi plant were successively established in Yongkang Township of Tainan County and Minxiong Township of Chiayi County to manufacture ready-mix-concrete to supply the ready-mix-concrete market in Tainan and Chiayi.
13. In 1990, the Hsinchu plant and Kaohsiung plant were established in Hsinchu City and Zuoying District in Kaohsiung City to manufacture ready-mix-concrete to supply the regional market. Due to the shortage of gravel and sand in the north, the Yilan sand and gravel plant was established in Yuanshan Township of Yilan County to supply the Company's plants in northern Taiwan.
14. In 1991, Goldsun Building on Zhengzhou Road in Taipei City was completed, and the head office was relocated to the building.
15. In 1993, Xiaogang branch was established in Xiaogang District of Kaohsiung City to manufacture ready-mix-concrete to supply the regional market.
16. In 1994, the Keelung plant and Taoyuan plant were established in Keelung City and Bade City in Taoyuan County to manufacture ready-mix-concrete to supply the regional market.
17. In 1996, Bali branch plant, Shulin branch plant, Xinying branch plant and Dounan branch plant were established in Bali Township and Shulin Township of Taipei County, Yanshui District in Tainan County and Dounan Township in Yunlin County, respectively, to manufacture ready-mix-concrete to supply the regional market. The Zhonghua branch plant was abolished due to the rezoning of the city.
18. In 1997, Luzhu branch plant, Renwu branch plant, Taichung plant, Dadu branch plant, Yilan branch plant and Hualien branch plant were established in Luzhu Township of Taoyuan County, Renwu Township of Kaohsiung County, Longjing Township and Dadu Township of Taichung County, Yuanshan Township of Yilan County and Ji-an Township of Hualien County, respectively, to manufacture ready-mix-concrete to supply the regional market.
19. In April 1998, the Linkou branch plant was established in Guishan Township of Taoyuan County to manufacture ready-mix-concrete to supply the regional market.
20. In 2000, the Tucheng branch plant, Tongxiao branch plant, Chiatai branch plant, Dahu branch plant and Xinshi branch plant were established in Tucheng City of Taipei County, Tongxiao Township of Miaoli County, Taibao City of Chiayi County, Shanhua Township of Tainan County and Hunei Township of Kaohsiung County, respectively, to manufacture ready-mix-concrete to supply the regional market.

21. In November 2001, Kao-Nan branch plant was established in Renwu Township of Kaohsiung County to manufacture ready-mix-concrete to supply the regional market.
22. The Company started to establish plants in Suzhou, China in October 2002. There are currently Luzhi Pipe and Pile Plant, and six ready-mix-concrete plants in Luzhi, Changshu, Taicang, Wuzhong, Wujiang and Kunshan.
23. In 2005, a cement factory was established in Yongding District of Longyan City in Fujian Province.
24. In 2007, a cement factory was established in Doulishan Town of Loudi City, Lianyuan City in Hunan Province.
25. In August 2009, the Company established Taipei Port Terminal Company Limited to engage in the construction and operation of the second bulk cargo storage and logistics center of Taipei Port.
26. In 2012, Taichung plant was established in Nantun Industrial Park of Taichung City to manufacture ready-mix-concrete to supply the regional market.
27. In 2013, Taipei Port plant was established in Bali District of New Taipei City to manufacture ready-mix-concrete to supply the regional market.
28. In 2014, the Company acquired the plant and equipment from Da-Chong Concrete in Renwu District of Kaohsiung City to establish its Renwu plant to manufacture ready-mix-concrete to supply the regional market.
29. On June 23, 2015, the Taipei City Government approved the name change of the Company, and Goldsun Industry Construction Co., Ltd. was renamed as Goldsun Building Materials Co., Ltd.
30. In 2016, Xizhi plant was established in Xizhi District of New Taipei City to manufacture ready-mix-concrete to supply the regional market.
31. In 2017, Dongda plant was established in Hsinchu City to manufacture ready-mix-concrete to supply the regional market.
32. In 2018, Gangshan plant was established in Kaohsiung City to manufacture ready-mix-concrete to supply the regional market.
33. The Company's current paid-in capital is NT$13,850,003,000.

Three. Corporate Governance Report

I. Organizational system

(I) Corporate organization



(II) Duty and function of each unit:

Department	Functions
Auditing Office	1. Establish and execute annual audit plans in accordance with the internal control protocols and results of risk assessment. 2. Inspect and review violations of internal control protocols, measures effectiveness and efficiency of operations and offers timely recommendations for improvements to ensure the continuing compliance with internal control protocols.
Chairman's Office	1. Formulate the Group's development strategy and study the development of new business units. 2. Safekeeping of the chairman's personal seal, and coordinating each division.
Division of Corporate Governance	1. Handle issues related to the board meetings and shareholder meetings in accordance with the regulations. 2. Produce meeting records and minutes of the board and shareholders' meetings. 3. Prepare directors with the information needed for carrying out their tasks and help directors comply with the regulations. 4. Other matters stipulated in accordance with the Company's article of incorporation or contracts.
Office of Public Relations	1. External communication and matters related to press releases in the media. 2. Application management and review of internal and external brand image and CIS. 3. Plan and execute various publicity activities on internal and external relations.
Division of General Management	1. Business law affairs and project planning of the Group. 2. Overall planning and allocation of capital, and management of negotiable securities and company seals. 3. Feasibility and benefit assessment of reinvestment. 4. Analyze operations and management of each subsidiary and affiliate. 5. Matters related to the implementation and planning of affairs related to the board.
Division of Administration	1. Comprehensive planning and supervision of administrative affairs. 2. Planning, procurement and management of the general affairs and shareholders' affairs. 3. Planning and management of human resources and personnel management affairs. 4. Follow-up and improvement of accounting budget, tax planning and abnormal financial cases. 5. Announcement and communication of public information and legal

	person information of publicly traded companies.
Division of Operations	1. Overall operational planning of ready-mix-concrete. 2. Establish and implement targets for manufacturing, sales and quality of ready-mix-concrete products in Taiwan and China. 3. Research, development and improvement of manufacturing technologies and product quality. 4. Manage overall customer service satisfaction.
Division of Materials Purchase	1. Establish targets for procurement, and plan and implement performance control measures. 2. Develop sources of sand and gravel, and plan and implement quality control measures. 3. Planning of ship safety management, ship scheduling and capacity.
Division of Construction	1. Comprehensive planning, execution and management of real estate development, purchase, sales and lease and operation of shopping malls. 2. Assessment, analysis and reporting of sales strategies, planning and design and budgeting for real properties. 3. Coordination and joint development of Group's assets and contract bidding. 4. Construction management and engineering integration to promote construction projects.
Occupational Safety and Health Department	Formulate, plan, supervise and promote occupational safety and health measures of the whole company, and instruct relevant departments to implement the measures.

II. Profile of directors of the board, supervisors, president, vice president, directors of departments, managers of departments and branches

(I) Directors and Supervisors:

May 6, 2020

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Republic of China	Lan-Ying Hsu	Female	2019.06.20	3 years	2016.08.30	1,001,194	0.00%	1,001,194	0.07%	–	–	1,336,000	0.10%	Department of Oriental Languages at Fu Jen Catholic University	President of Division of General Management at Taiwan Secom Co., Ltd.	Chief Executive Officer	Lei Lin	Spouse	–
Vice Chairman	Republic of China	Vincent Lin	Male	2019.06.20	3 years	2004.06.25	7,397,115	0.54%	7,447,115	0.54%	59,590	0%	–	–	Juris Doctor from Hastings College of the Law at University of California	Board director of Taiwan Secom Co., Ltd.	Director Director	Shiaw-shinn Lin Frank Lin	Father-son Brothers	–
Director	Republic of China	Taiwan Secom Co., Ltd.	–	2019.06.20	3 years	2007.06.28	89,875,518	6.51%	90,622,518	6.59%	–	–	–	–	–	–	–	–	–	–
	Republic of China	Former representative: Shiaw-shinn Lin	Male	2019.06.20	3 years	1977.05.07	16,844,910	1.22%	16,844,910	1.22%	3,372,125	0.25%	–	–	Faculty of Engineering at Tokyo University of Science	Chairman of Taiwan Secom Co., Ltd.	Vice Chairman Director	Vincent Lin Frank Lin	Father-son Father-son	Reassign legal representative
	Republic of China	Representative: Frank Lin	Male	2019.11.18	3 years	2008.06.26	2,694,197	0.2%	2,700,197	0.20%	–	–	–	–	Master's degree from Business Management (Marketing) at Middlesex University	Vice Chairman of Taiwan Secom Co., Ltd.	Director Director	Shiaw-shinn Lin Vincent Lin	Father-son Brothers	Reassign legal representative
Director	Republic of China	Chuang-Yen Wang	Male	2019.06.20	3 years	1998.05.28	22,724,113	1.65%	22,724,113	1.65%	2,310,751	0.17%	–	–	Chairman of De-Mao Transportation Co., Ltd.	Chairman of De-Mao Transportation Co., Ltd.	–	–	–	–
Director	Republic of China	Tai-Hong Lin	Male	2019.06.20	3 years	1998.05.28	4,620,000	0.33%	4,650,000	0.34%	200,000	0.01%	–	–	Department of Banking and Insurance at Tatung Institute of Commerce and Technology	Chairman of Hong-Xiu Investment	–	–	–	–
Director	Republic of China	Bo-Xi Liao	Male	2019.06.20	3 years	2016.06.13	1,467,268	0.11%	1,467,268	0.11%	412,378	0.03%	–	–	Master of Business Administration, University of San Francisco	Chairman of Howard Hotel	–	–	–	–
Director	Republic of China	Shih-Chung Chang	Male	2019.06.20	3 years	2007.06.28	6,445,748	0.47%	6,895,748	0.50%	–	–	–	–	Master of Business Administration, California State University	Chairman of Wellpool Co., Ltd.	–	–	–	–
Director	Republic of China	Yu-Feng Lin	Male	2019.06.20	3 years	2016.06.13	60,000	0%	100,000	0.01%	20,000	0%	–	–	Ph.D. in International Politics, University of Virginia	Convener of National Security Research Group of the National Policy Foundation	–	–	–	–
Director	Republic of China	Shang Jing Investment Co., Ltd.	–	2019.06.20	3 years	1998.05.28	6,927,421	0.5%	6,927,421	0.50%	–	–	–	–	–	–	–	–	–	–
	Republic of China	Representative: Hong-Jun Lin	Male	2019.06.20	3 years	2019.06.20	0	0%	0	0%	–	–	–	–	Master of Business Administration from INSEAD	Director of Shang Jing Investment	–	–	–	–
Director	Republic of China	Wen-Che Tseng	Male	2019.06.20	3 years	2019.06.20	0	0%	0	0%	–	–	–	–	EMBA, National Cheng Kung University	Director at Bank of Kaohsiung	–	–	–	–
Director	Republic of China	Yin-Wen Chan	Male	2019.06.20	3 years	2016.06.13	0	0%	0	0%	–	–	–	–	Ph.D. in Civil Engineering, University of Michigan	Professor at National Taiwan University	–	–	–	–
Director	Republic of China	Chi-Te Hung	Male	2019.06.20	3 years	2016.06.13	0	0%	0	0%	–		–	–	Master of Civil Engineering from National Taiwan University	Chairman of the Taipei Professional Civil Engineers Association	–	–	–	–

Note: In the event that the Company's chairman and president or a position of the same level (top-level manager) are the same person, spouse or a first-degree relative, relevant information such as the reasons, rationality, necessity and future improvement measures must be disclosed (such as adding the seat number of independent directors, and there should be ways for majority directors who are not taking concurrent positions as employees or managers):

The Company's chairman also serves as the president in order to reinforce the operational efficiency and decision-making process. The chairman also closely communicates with directors about the Company's status of operation and plans to implement corporate governance. In the future, the Company will add seats of independent directors to enhance the functions of the board and strengthen the supervision.

1. To enhance the operational efficiency of the board, it is expected to arrange specialized courses provided by external institutions each year for the directors to attend.
2. Independent directors can make sufficient discussions and provide recommendations for the board of directors as reference, to various functional committees realizing corporate governance.
3. More than half of the directors in the board are not taking concurrent positions as employees or managers.

Table 1: Major shareholders of corporate shareholders

May 6, 2020

Name of Institutional Shareholders	Major Shareholders
Taiwan Secom Co., Ltd.	Secom Corporation (27.29%), Shin Kong Life Insurance (9.62%), Cheng Hsin Investment (4.51%), Chunghwa Post (3.84%), Shin-Lan Enterprise (3.12%), Fubon Life Insurance (2.92%), Wan-Quan Du Charity Foundation (1.90%), JP Morgan Taipei as the custodian bank for First Eagle Sub-Fund FE Overseas Investment (1.89%), Yuan-Shin Investment (1.78%), HSBC as the custodian bank for Matthew Asia Growth Income Fund Investment 1.67%)
Shang Jing Investment Co., Ltd.	Li-Rong Yu (19.44%), Ming-Hsien Yu (4.41%), Chia-Ling Lin (20.75%), Hung-Chun Lin (25.47%), Jing-Yi Lin (25.47%), Chen-Chuan Co., Ltd. (4.46%)

Table 2: **Major shareholders of the Company's major institutional shareholders**

May 6, 2020

Name of Institutional Shareholders	Major Shareholders
Secom Corporation	The Master Trust Bank of Japan, Ltd.(Trust Account) (14.65%)、 Japan Trustee Services Bank,Ltd.(Trust Account(7.40%)、JP Morgan Chase Bank 4.35%
Shin Kong Life Insurance	Shin Kong Financial Holding (100%)
Cheng Hsin Investment Co., Ltd.	Shiaw-shinn Lin (44.27%), Su-Chu Chuang (22.20%), Vincent Lin (16.76%), Frank Lin (16.76%)
Chunghwa Post	Ministry of Transportation and Communications (100%)
Shin Lan Enterprise INC.	Cheng Hsin Investment (20.59%), Shiaw-shinn Lin (20.08%), Su-Chu Chuang (13.38%), Che-Hsiung Chen (5.76%), Jing-Yi Lin (4.58%), Frank Lin (5.1%), Shi-Yi Huang (4.48%), Hung-Chun Lin (4.46%), Chia-Ling Lin (4.14%), Yuan-Shin Investment (2.6%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holdings Co., Ltd. (100%)
Wan-Quan Du Charity Foundation	Wan-Quan Du (100%)
Yuan-Shin Investment Co., Ltd.	Shiaw-shinn Lin 22.05%, Su-Chu Chuang 27.37%, Vincent Lin 25.29%, Frank Lin 25.29%
Chen-Chuan Co., Ltd.	Ming-Hsien Yu 100%

Information on directors and supervisors (II)

May 6, 2020

Criteria / Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience: An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Independence Criteria (Note): 1	2	3	4	5	6	7	8	9	10	11	12	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lan-Ying Hsu	—	—	✓	—	—	✓	—	✓	✓	—	✓	✓	✓	✓	✓	—
Vincent Lin	—	—	✓	✓	—	✓	✓	✓	✓	✓	✓	✓	—	✓	✓	—
Frank Lin	—	—	✓	✓	—	✓	✓	—	✓	✓	✓	✓	—	✓	✓	—
Chuang-Yen Wang	—	—	✓	✓	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Tai-Hong Lin	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Shih-Chung Chang	—	—	✓	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Bo-Xi Liao	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Yu-Feng Lin	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Hong-Jun Lin	—	—	✓	✓	✓	✓	✓	—	✓	✓	✓	✓	✓	✓	—	—
Wen-Che Tseng	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Yin-Wen Chan	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Chi-Te Hung	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: **not** a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(II). Information about the CEO, president, vice president, directors of departments, managers of departments:

Information about the CEO, president, vice president, directors of departments chiefs of departments and branches

May 6, 2020

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chief Executive Officer	Republic of China	Lan-Ying Hsu	Female	2014.06.27	1,001,194	0.07%	–	–	1,336,000	0.10%	Chief Executive Officer, University	Taiwan Secom Co., Ltd. President of Division of General Management Director of Jinyang Investment Director of Rei Shin Construction Co., Ltd.	Chief Executive Officer	Lei Lin	Spouse	
Chief Executive Officer	Republic of China	Lei Lin	Male	2013.11.07	–	–	1,001,194	0.07%	–	–	Chief Executive Officer, Senior high school / vocational school	Chairman of Brightron Technology and Engineering Corporation	Chief Executive Officer	Lan-Ying Hsu	Spouse	
President	Republic of China	Chiu-Lan Chen (Note 1)	Female	2012.09.14	50,500	–	–	–	–	–	President, University	Chairman of Guoxing Cement				
President	Republic of China	Chiao Lin	Male	2013.01.01	–	–	–	–	–	–	President, Research institute	Chairman of Kuoyung Construction & Engineering Co., Ltd. Chairman of Rei Shin Construction Co., Ltd.	–	–	–	
President	Republic of China	Chung-Chi Liu	Male	2017.03.23	–	–	–	–	–	–	President, Research institute	–	–	–	–	
President	Republic of China	Chih-Jen Wu	Male	2017.05.16	–	–	–	–	–	–	Vice President, Senior high school / vocational school	Chairman of Goyu Building Materials Co., Ltd.	–	–	–	
President	Republic of China	Chia-Ying Chen (Note 2)	Female	2014.10.29	–	–	–	–	–	–	Vice President, Research institute	Supervisor of Taipei Port Terminal Company Limited Supervisor of Goyu Building Materials Co., Ltd.	–	–	–	
Vice President	Republic of China	Jin-Yi Huang	Male	2010.03.26	165,119	0.01%	7,791	–	–	–	Vice President, Vocational school	–	–	–	–	
Vice President	Republic of China	James Chiu	Male	2013.03.25	150,180	–	–	–	–	–	Vice President, University	Supervisor of Jinyang Investment Supervisor of Rei Shin Construction Co., Ltd.	–	–	–	
Vice President	Republic of China	You-Min Yuan	Male	2019.03.18	–	–	–	–	–	–	Vice President, Vocational school	–	–	–	–	
Vice President	Republic of China	Wen-Te Chen	Male	2017.01.01	16,200	–	101	–	–	–	Department director, University	–	–	–	–	
Vice President	Republic of China	Chih-Chiang Yang	Male	2017.05.16	2,868	–	–	–	–	–	Department director, Research institute	President of Goyu Building Materials Co., Ltd.	–	–	–	
Vice President	Republic of China	Shang-Yuan Wen	Male	2019.03.01	–	–	–	–	–	–	Department director, Senior high school / vocational school	–	–	–	–	
Department director	Republic of China	Chih-Ping Wang	Male	2015.12.21	–	–	–	–	–	–	Department director, Vocational school	–	–	–	–	
Department director	Republic of China	Chen-Chou Chen	Male	2016.05.03	–	–	–	–	–	–	Department director, Vocational school	–	–	–	–	
Department director	Republic of China	Hsun-Chen Lin	Male	2017.01.01	–	–	–	–	–	–	Department director, Vocational school	–	–	–	–	
Department director	Republic of China	Lin-Yen Cheng	Female	2017.01.01	–	–	–	–	–	–	Department director, University	–	–	–	–	
Department	Republic of	Guo-Chung	Male	2017.01.01	1,490	–	1,023	–	–	–	Department director, Senior	–	–	–	–	

director	China	Lin									high school / vocational school					
Department director	Republic of China	Hao-Hsiang Hsu	Male	2017.05.16	–	–	–	–	–	–	Department director, Research institute	–	–	–	–	
Department director	Republic of China	Chia-Ju Tsai (Note 3)	Female	2017.10.01	–	–	–	–	–	–	Department director, Research institute	–	–	–	–	
Department director	Republic of China	Chia-Chen Lin	Male	2019.03.01	–	–	–	–	–	–	Department director, Research institute	–	–	–	–	
Department director	Republic of China	Jing-Bang Ma	Male	2020.01.01	–	–	–	–	–	–	Department director, Research institute	–	–	–	–	
Department director	Republic of China	Hsiu-Ju Lin	Female	2020.01.01	–	–	–	–	–	–	Department director, Research institute	–	–	–	–	
Principal accounting officer	Republic of China	James Chiu	Male	2007.08.24	150,180	–	–	–	–	–	Vice President, University	Supervisor of Jinyang Investment Supervisor of Rei Shin Construction Co., Ltd.	–	–	–	
Principal financial officer	Republic of China	Chia-Ju Tsai (Note 3)	Female	2018.03.21	–	–	–	–	–	–	Department director, Research institute		–	–	–	

Note 1: Chiu-Lan Chen terminated on November 26, 2019

Note 2: Chia-Ying Chen promoted on March 17, 2020

Note 3: Chia-Ju Tsai terminated on April 1, 2020

III. Remuneration paid during the most recent fiscal year to directors of the board, supervisors, the president and vice presidents:

(I) Remuneration paid to directors and independent directors:

Unit: NT$1,000

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Lan-Ying Hsu																					
Director	Former representative of Taiwan Secom Co., Ltd.: Shiaw-shinn Lin																					
Director	Representative of Taiwan Secom Co., Ltd.: Frank Lin																					
Director	Vincent Lin																					
Director	Chuang-Yen Wang																					
Director	Legal person representative of Shang Jing Investment: Hong-Jun Lin	10,200	13,481	-	-	35,831	37,190	630	1,344	4.24%	4.72%	6,771	6,771	-	-	70	-	70	-	4.86%	5.34%	-
Director	Shih-Chung Chang																					
Director	Tai-Hong Lin																					
Director	Bo-Xi Liao																					
Director	Yu-Feng Lin																					
Independent Director	Wen-Che Tseng																					
Independent Director	Yung-San Lee	6,170	6,170	-	-	-	-	420	420	0.60%	0.60%	-	-	-	-	-	-	-	-	0.60%	0.60%	-
Independent Director	Yin-Wen Chan																					
Independent Director	Chi-Te Hung																					

1. Please state the policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration paid to them: The remuneration paid to independent directors is in accordance with the Salary and Remuneration Committee Organizational Charter, which assess the extent of their participation in the operation of the Company, time committed and attendance. The system, structure and payment standards have been approved by the Salary and Remuneration Committee and submitted to the board for resolution.
2. In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: None.

Remuneration paid to directors and independent directors

Remuneration Paid to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less thanNT$ 1,000,000	Representative of Taiwan Secom Co., Ltd.: Frank Lin. Legal person representative of Shang Jing	Representative of Taiwan Secom Co., Ltd.: Frank Lin. Legal person representative of Shang Jing	Representative of Taiwan Secom Co., Ltd.: Frank Lin. Legal person representative of Shang Jing	Representative of Taiwan Secom Co., Ltd.: Frank Lin. Legal person representative of Shang Jing
NT$1,000,000 ~ NT$1,999,999	Independent directors: Yung-San Lee, Chi-Te Hung, Wen-Che Tseng	Independent directors: Yung-San Lee, Chi-Te Hung, Wen-Che Tseng	Independent directors: Yung-San Lee, Chi-Te Hung, Wen-Che Tseng	Independent directors: Yung-San Lee, Chi-Te Hung, Wen-Che Tseng
NT$2,000,000 ~ NT$3,499,999	Directors: Chuang-Yen Wang, Bo-Xi Liao, Yu-Feng Lin, Tai-Hong Lin, Shih-Chung Chang, Shang Jing Investment, Taiwan Secom, and former representative of Taiwan Secom: Shiaw-shinn Lin Independent director: Yin-Wen Chan	Directors: Chuang-Yen Wang, Bo-Xi Liao, Yu-Feng Lin, Tai-Hong Lin, Shang Jing Investment, Taiwan Secom, and former representative of Taiwan Secom: Shiaw-shinn Lin Independent director: Yin-Wen Chan	Directors: Chuang-Yen Wang, Bo-Xi Liao, Yu-Feng Lin, Tai-Hong Lin, Shih-Chung Chang, Shang Jing Investment, Taiwan Secom, and former representative of Taiwan Secom: Shiaw-shinn Lin Independent director: Yin-Wen Chan	Directors: Chuang-Yen Wang, Bo-Xi Liao, Yu-Feng Lin, Tai-Hong Lin, Shang Jing Investment, Taiwan Secom, and former representative of Taiwan Secom: Shiaw-shinn Lin Independent director: Yin-Wen Chan
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999	-	Director: Shih-Chung Chang	-	Director: Shih-Chung Chang
NT$10,000,000 ~ NT$14,999,999	Directors: Lan-Ying Hsu, Vincent Lin	Directors: Lan-Ying Hsu, Vincent Lin	Directors: Vincent Lin	Directors: Vincent Lin
NT$15,000,000 ~ NT$29,999,999			Director: Lan-Ying Hsu	Director: Lan-Ying Hsu
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999				
Greater than or equal to NT$100,000,000				
Total	16	16	16	16

(II) Remuneration paid to the CEO, executive officers, president and vice presidents:

Unit: NT$1,000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	Lan-Ying Hsu	34,526	35,856	-	-	7,428	7,481	842	-	842	-	3.88%	4.01%	-
Chief Executive Officer	Chiao Lin													
President	Chiu-Lan Chen													
President	Lei Lin													
President	Chih-Jen Wu													
President	Chung-Chi Liu													
President	Chia-Ying Chen													
Vice President	Jin-Yi Huang													
Vice President	James Chiu													
Vice President	Chih-Chiang Yang													
Vice President	Wen-Te Chen													
Vice President	You-Min Yuan													
Vice President	Shang-Yuan Wen													

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999	Chung-Chi Liu, Chia-Ying Chen, You-Min Yuan	Chung-Chi Liu, Chia-Ying Chen, You-Min Yuan
NT$2,000,000 ~ NT$3,499,999	Jin-Yi Huang, James Chiu, Chih-Chiang Yang, Wen-Te Chen, Shang-Yuan Wen	Jin-Yi Huang, James Chiu, Wen-Te Chen, Shang-Yuan Wen
NT$3,500,000 ~ NT$4,999,999	Chiao Lin, Chiu-Lan Chen, Chih-Jen Wu	Chih-Chiang Yang, Chiao Lin, Chiu-Lan Chen, Chih-Jen Wu
NT$5,000,000 ~ NT$9,999,999	Lan-Ying Hsu, Lei Lin	Lan-Ying Hsu, Lei Lin
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
Greater than or equal to NT$100,000,000	-	-
Total	13	13

(III) Names of managers who are assigned employee compensation and the status of assignment:

Unit: NT$1,000

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Chief Executive Officer	Lan-Ying Hsu	-	1,544	1,544	0.14%
	Chief Executive Officer	Lei Lin				
	President	Chiao Lin				
	President	Chih-Jen Wu				
	President	Chung-Chi Liu				
	President	Chia-Ying Chen				
	Vice President	Jin-Yi Huang				
	Vice President	James Chiu				
	Vice President	Chih-Chiang Yang				
	Vice President	Wen-Te Chen				
	Vice President	You-Min Yuan				
	Vice President	Shang-Yuan Wen				
	Department director	Chen-Chou Chen				
	Department director	Chia-Chen Lin				
	Department director	Chih-Ping Wang				
	Department director	Lin-Yen Cheng				
	Department director	Hao-Hsiang Hsu				
	Department director	Hsun-Chen Lin				
	Department director	Guo-Chung Lin				
	Department director	Jing-Bang Ma				
	Department director	Hsiu-Ju Lin				
	Department director	Chia-Ju Tsai				

(V) Analysis on the ratio taken by the gross total of profit sharing from earnings paid by the Company and all firms disclosed in the consolidated financial statements to the directors, supervisors, presidents and vice presidents of the Company to the net earnings after tax over the past two years, including a description of the policies, criteria and composition of profit sharing from earnings; the procedures to determine profit sharing from earnings, and their interrelations with business performance and future risks:

(1) Analysis of the total remuneration paid by the Company and all firms disclosed in the consolidated financial statements, as a percentage of net income, to directors of the board, supervisors, the president and vice presidents during the most recent two years:

Unit: NT$1,000

Title	Remuneration as a percentage of net income (%)			
	2019		2018	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Director	5.46%	5.94%	7.32%	8.40%
Executive Officers, President and Vice Presidents	3.88%	4.01%	8.39%	8.75%

(2) Remuneration policies and standards for the Company and all companies on disclosed on the consolidated financial statements:

①The remuneration paid by the Company to directors and supervisors is specified by the Articles of Incorporation approved by the shareholders meeting, and the board is authorized to reach a resolution. Except for the Company, the remuneration paid to the directors and supervisors of other companies listed in the consolidated financial statements is based on the payment standard adopted by other industry peers.

②The remuneration paid to the Company's managers is based on the Company's operating performance and the standard adopted by industry peers and is approved by the chairman before being distributed.

Except for the Company, the remuneration paid to the managers of other companies listed in the consolidated financial statements is based on the payment standard adopted by other industry peers.

③The Company's salary and remuneration policies are based on the Company's financial position and operating results, and the remuneration to directors and supervisors and bonuses to employees are distributed in accordance with the Articles of Incorporation to minimize the possibility of future risks.

IV. Implementation of corporate governance

(I) Operation of the board of directors:

7 meetings in 2019 (2 meetings for the 21st batch of board, and 5 meetings for the 22nd batch of board). As of the date of publication of the annual report in 2020, 2 meetings for the 22nd batch of board have been held. A total of 9 meetings were held, and the attendance of directors is as follows:

Attendance of the 21st batch of board:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Jinkui Investment Representative: Shiaw-shinn Lin	2		100%	Terminated after re-election on 2019/06/20
Vice Chairman	Lin Teng Foundation Representative: Lan-Ying Hsu	2		100%	Terminated after re-election on 2019/06/20
Director	Vincent Lin	2		100%	None
Director	Frank Lin	2		100%	Terminated after re-election on 2019/06/20
Director	Chuang-Yen Wang	2		100%	None
Director	Tai-Hong Lin	2		100%	None
Director	Shih-Chung Chang	2		100%	None
Director	Bo-Xi Liao	2		100%	None
Director	Yu-Feng Lin	2		100%	None
Independent Director	Yung-San Lee	1	1	50%	Terminated after re-election on 2019/06/20
Independent Director	Yin-Wen Chan	2		100%	None
Independent Director	Chi-Te Hung	2		100%	None

Other issues to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by independent directors shall be specified under any one of the following circumstances:

(I) With respect to matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act does not apply. Please refer to the information on the operation of the Audit Committee in this year's annual report.

(II) Other BOD resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors: None.

II. Directors' recusal from motions in which a conflict of interest arises: With respect to #18 discussion on the 15th board meeting of the 21st batch of board held on March 22, 2019, “The Company intended to sign a joint investment agreement with Taiwan Secom for the urban revitalization program on the 12 plots of land of parcel number 166 of Section 2, Yu-Cheng Section, Nangang District of Taipei City.” As Chairman Shiaw-shinn Lin, Director Vincent Lin and Frank Lin are the interested persons, they recuse themselves from the discussion. Chairman Shiaw-shinn Lin appointed Vice Chairman Lan-Ying Hsu as the acting chairperson to chair the meeting for discussions and resolutions. The acting chairperson consulted with the other attending directors and independent directors, and the proposal was approved without objection.

III. A publicly traded or OTC company shall disclose the information on evaluation cycle and period, scope, method and contents of the board's self (or peer) appraisal and fill out the attached table regarding the execution of board appraisal: None.

IV. An evaluation of targets and performance for strengthening the functional competence of the board during the current and the most recent years: In order to assist directors to perform their duties and strengthen the effectiveness of the board, the “Standard Operating Procedures for Directors' Requests” was established in accordance with the resolution made in the 15th meeting of the 21st batch of board held on March 22, 2019.

Attendance of the 22nd batch of board:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Lan-Ying Hsu	7		100%	New chairman elected on 2019/06/20.
Vice Chairman	Vincent Lin	6	1	85%	New vice chairman elected on 2019/06/20.
Director	Former representative of Taiwan Secom Co., Ltd.: Shiaw-shinn Lin	5		100%	New corporate director elected on 2019/06/20 appointed Shiaw-shinn Lin as the representative Legal person reassigned Frank Lin as the representative on 2019/11/18, and

					Shiaw-shinn Lin should attend 5 times during the service tenure.
Director	Representative of Taiwan Secom Co., Ltd.: Frank Lin	2		100%	Legal person reassigned Frank Lin as the representative on 2019/11/18, who should attend 2 times during the service tenure.
Director	Chuang-Yen Wang	5	2	71%	Re-elected as the director after the election on 2019/06/20.
Director	Tai-Hong Lin	7		100%	
Director	Shih-Chung Chang	6	1	85%	
Director	Bo-Xi Liao	6	1	85%	
Director	Yu-Feng Lin	7		100%	
Director	Shang Jing Investment Co., Ltd. Representative: Hong-Jun Lin	7		100%	New corporate director elected on 2019/06/20 appointed Hong-Jun Lin as the representative
Independent Director	Wen-Che Tseng	7		100%	New independent director elected on 2019/06/20.
Independent Director	Yin-Wen Chan	7		100%	Re-elected as the independent director after the election on 2019/06/20.
Independent Director	Chi-Te Hung	6	1	85%	

Other issues to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by independent directors shall be specified under any one of the following circumstances:

(I) With respect to matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act does not apply. Please refer to the information on the operation of the Audit Committee in this year's annual report.

(II) Other BOD resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors: None.

II. Directors' recusal from motions in which a conflict of interest arises: (1) With respect to the “Appointment of the members of 4th batch of Salary and Remuneration Committee” at the 1st board meeting of the 22nd batch of board held on June 20, 2019, independent directors

Wen-Che Tseng and Yin-Wen Chan recused themselves due to their positions as the interested persons. The chairperson consulted with the other attending directors and independent directors, and the proposal was approved without objection; (2) With respect to the "The Company's appointment of manager Lei Lin to take a concurrent position as the chairman of Litenet" in the 2nd discussion at the 4th board meeting of the 22nd batch of board held on October 9, 2019, Chairman Lan-Ying Hsu and Executive Officer Lei Lin recused themselves due to their positions as the interested persons. Chairman Lan-Ying Hsu appointed Vice Chairman Vincent Lin as the acting chairman to chair the meeting for discussions and resolutions. The acting chairperson consulted with the other attending directors and independent directors, and the proposal was approved without objection; (3) With respect to the [Meeting minutes of the Company's Salary and Remuneration Committee] in the 5th proposal at the 7th board meeting of the 22nd batch of board held on May 6, 2020, President Chia-Ying Chen, independent directors Wen-Che Tseng and independent directors Yin-Wen Chan recused themselves due to their positions as the interested persons. The chairperson consulted with the other attending directors and independent directors, and the proposal was approved without objection;

III. A publicly traded or OTC company shall disclose the information on evaluation cycle and period, scope, method and contents of the board's self (or peer) appraisal and fill out the attached table regarding the execution of board appraisal: None.

IV. An evaluation of targets and performance for strengthening the functional competence of the board during the current and the most recent years: In order to assist directors to perform their duties and strengthen the effectiveness of the board, the "Standard Operating Procedures for Directors' Requests" was established in accordance with the resolution made in the 15th meeting of the 21st batch of board held on March 22, 2019.

(II) Information regarding Audit Committee operation:

6 meetings in 2019 (2 meetings for the 1st batch of Audit Committee, and 4 meetings for the 2nd batch of Audit Committee). As of the date of publication of the annual report in 2020, 2 meetings for the 2nd batch of Audit Committee have been held. A total of 8 meetings were held, and the attendance of the Audit Committee members is as follows:

Attendance of the 1st batch of Audit Committee:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Yung-San Lee	2		100%	Terminated after re-election on 2019/06/20
Independent Director	Yin-Wen Chan	2		100%	None
Independent Director	Chi-Te Hung	2		100%	None

Other issues to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by the Audit Committee, and the Company's handling of the Audit Committee's comments shall be specified under any one of the following circumstances:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Meeting Date and Session	Content of Motions	All opinion expressed by independent directors, and the Company's handling of the opinions
13th meeting of the 1st batch of Audit Committee on March 21, 2019	1. 2018 year-end report. 2. Planning to issue the 2018 Statement on Internal Control. 3. Planning to amend the “Measures for Handling Acquisition or Disposal of Assets.” 4. The Company planned to endorse US$8.1 million for Goldsun Fujian Cement Co., Ltd. 5. The Company planned to endorse NT$78 million for Goyu Building Materials Co., Ltd. 6. The Company intends to sign a joint investment agreement with Taiwan Secom for the urban revitalization program (referred to as the Urban Revitalization Project) on the 12 plots of land of parcel number 166 of Section 2, Yu-Cheng Section, Nangang District of Taipei City.	Approved by all independent directors
14th meeting of the	The Company's 2019 Q1 consolidated financial reports	

1st batch of Audit Committee on May 7, 2019		

(II) Except for the above mentioned matters, others which have not been passed by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. Recusal of independent directors as the interested persons for proposals: None.

III. Communication between independent directors and internal auditing managers and accountants:

1. At least once a month with the internal auditing unit. The audit and follow-up reports are submitted to each independent director for review. The reports on the audit results and the improvement of audit deficiencies are submitted at least once a quarter. When each independent director has questions about the audit reports, the internal auditing managers can communicate with them immediately.
2. The internal auditing managers and accountants attend the Audit Committee meetings to present the auditing progress, the auditing methods and scopes adopted by the accountants and the adjustments and explanation of materials information. The accountants regularly communicate with the independent directors on the corporate governance matters. Besides the communication during meetings, the auditing managers, accountants and independent directors may contact each other at any time as needed to maintain good interactions and relationships.
3. Matters to be communicated between independent directors, internal auditing managers and the CPAs are shown as follows:

Meeting Date	With internal audit supervisors		With CPAs	
	Matters to be communicated	Discussion results	Matters to be communicated	Discussion results
2019/3/21	1. Internal audit report for the period between October 2018 and January 2019. 2. 2018 Statement on Internal Control.	1. No opinions. 2. Submitted to the board for resolution after deliberation.	1. CPAs provided reports after auditing the 2018 financials. 2. CPAs raised questions and discussed and communicated with the participants in the meeting.	Inquire for details
2019/5/7	Internal audit report for the period between February and March 2019.	No opinions.	1. CPAs provided supplementary explanations on the 2019 Q1 financial reports. 2. CPAs raised questions	Inquire for details

			and discussed and communicated with the participants in the meeting. 3. Report on regulatory changes.	

Attendance of the 2nd batch of Audit Committee:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Wen-Che Tseng	6		100%	New independent director elected on 2019/06/20.
Independent Director	Yin-Wen Chan	6		100%	Re-elected as the independent director after the election on 2019/06/20.
Independent Director	Chi-Te Hung	6		100%	

Other issues to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by the Audit Committee, and the Company's handling of the Audit Committee's comments shall be specified under any one of the following circumstances:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Meeting Date and Session	Content of Motions	All opinion expressed by independent directors, and the Company's handling of the opinions
1st meeting of the 2nd batch of Audit Committee on August 6, 2019	The Company's 2019 Q2 consolidated financial reports	Approved by all independent directors
2nd meeting of the 2nd batch of Audit Committee on September 24, 2019	No motion. Only matters to be reported.	
3rd meeting of the 2nd batch of Audit Committee on October 9, 2019	1. The Company's overseas investee, Great Smart Limited, proposed to dispose of all the equity of Goldsun Fujian Cement Co., Ltd. 2. The Company's appointment of manager Lei Lin to	

	take a concurrent position as the chairman of Litenet.	
November 14, 2019 4th meeting of the 2nd batch of Audit Committee	1. The Company's 2019 Q3 consolidated financial reports. 2. Assessment of the independence of the Company's CPAs.	
5th meeting of the 2nd batch of Audit Committee on March 17, 2020	1. 2019 business report and financial statements. 2. In order to protect the Company's credit and shareholders' rights, it was proposed to conduct treasury stock buyback. 3. It was proposed to conduct evaluation of the Company's 2019 effectiveness of internal control protocols and issue the Statement on Internal Control. 4. The Company planned to endorse NT$78 million for Goyu Building Materials Co., Ltd. 5. Amendments to part of the Company's "Procedures for Loaning of Funds" 6. Amendments to part of the Company's "Procedures for Making Endorsements and Guarantees"	
6th meeting of the 2nd batch of Audit Committee on May 6, 2020	1. Proposal for capital reduction by cash. 2. The Company proposed to merge with Jinyang Investment.	Approved by all independent directors

(II) Except for the above mentioned matters, others which have not been passed by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. Recusal of independent directors as the interested persons for proposals: None.

III. Communication between independent directors and internal auditing managers and accountants:

1. At least once a month with the internal auditing unit. The audit and follow-up reports are submitted to each independent director for review. The reports on the audit results and the improvement of audit deficiencies are submitted at least once a quarter. When each independent director has questions about the audit reports, the internal auditing managers can communicate with them immediately.
2. The internal auditing managers and accountants attend the Audit Committee meetings to present the auditing progress, the auditing methods and scopes adopted by the accountants

and the adjustments and explanation of materials information. The accountants regularly communicate with the independent directors on the corporate governance matters. Besides the communication during meetings, the auditing managers, accountants and independent directors may contact each other at any time as needed to maintain good interactions and relationships.

3. Matters to be communicated between independent directors, internal auditing managers and the CPAs are shown as follows:

Meeting Date	With internal audit supervisors		With CPAs	
	Matters to be communicated	Discussion results	Matters to be communicated	Discussion results
2019/8/6	Internal audit report for the period between April to June 2019.	No opinions.	1. CPAs provided supplementary explanations on the 2019 Q2 financial reports. 2. CPAs raised questions and discussed and communicated with the participants in the meeting.	Inquire for details
2019/11/14	Internal audit report for the period between July and October 2019.	No opinions.	1. CPAs provided supplementary explanation on the 2019 Q3 financial reports. 2. CPAs raised questions and discussed and communicated with the participants in the meeting.	Inquire for details
2020/3/17	1. Internal audit report for the period between November 2019 and February 2020. 2. 2019 Statement on Internal Control.	1. No opinions. 2. Submitted to the board for resolution after deliberation.	1. CPAs provided reports after auditing the 2019 financials. 2. CPAs raised questions and discussed and communicated with the participants in the meeting.	Inquire for details
2020/5/6	Internal audit report for the period	No opinions.	1. CPAs provided supplementary explanations	Inquire for details

	between March and April 2020.		on the 2020 Q1 financial reports. 2. CPAs raised questions and discussed and communicated with the participants in the meeting.		

(III) Status of corporate governance implementation and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company follow "Corporate Governance Best Practice Principles" to establish and disclose its corporate governance practices?	✓		The Company has approved its "Corporate Governance Principles" based on the Corporate Governance Best Practice Principles at the 16th board meeting of the 20th batch of board held on November 13, 2015, and disclosed it on the Market Observation Post System and the Company's website.	No major differences
II. Shareholding structure and shareholders' equity (I) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(I) The official website has "Investor Relations," "Stakeholders" and "Contact Us" and other functions available for shareholders to raise questions and express opinions. The Company has established positions of spokesperson, acting spokesperson and shareholder services to handle shareholders' suggestions, concerns, disputes and litigation matters.	(I) No major differences
(II) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(II) The Company tracks the shareholding of directors, manager and principal shareholders who own more than 10% of shares based on the shareholder register provided by shareholder services agents.	(II) No major differences
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		(III) The business dealings between the Company and its affiliates follow the prices, conditions and payment methods specified based on the principles of fairness and reasonableness, and the Company has established the "Supervision and Management of Subsidiaries" to control the business dealings with its affiliates.	(III) No major differences
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		(IV) "Management Procedures for Prevention of Insider Trading" was approved in the 16th meeting of the 20th batch of board held on November 13, 2015, which specifies that the Company's directors, managers and employees, as well as those who learn of the Company's news due to their occupations or controlling relationships, are prohibited from engaging in any insider trading activities. Education and training sessions on the Procedures or relevant regulations have been held.	(IV) No major differences
III. Composition and responsibilities of the board of directors (I) Has the Company established a diversification policy for the composition of its board and has it been implemented accordingly?	✓		(I) The Company's "Corporate Governance Principles" (capability of the board) has defined that the composition of the board should be in a diversified manner. In addition to limiting those who hold concurrent positions to no more than 1/3 of the total board seats, the operations, managing and development requirements	(I) No major differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(II) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees? (III) Has the Company established its Board Performance Appraisal Measures and the evaluation methods, conducted the performance appraisal regularly every year and provided the results to the board as the reference for directors' remuneration and nomination and renewal? (IV) Does the Company regularly evaluate its external auditors' independence?	 ✓	✓ ✓	take diversification policy into consideration. The overall capabilities of the board members are described in (Note 1). (II) The Company has established its Salary and Remuneration Committee and Audit Committee in 2011 and 2016, respectively, and has not established other functional committees. (III) The Company has not established measures for board performance appraisal, but has established the Salary and Remuneration Committee to regularly review the performance appraisal of directors and managers and the policies, standards and structure of salary system and the salary and remuneration paid to personnel. (IV) In order to reinforce the corporate governance process, the 5th meeting of the 22nd batch of board was held on November 14, 2019 to approve the assessment of independence of CPAs. The two CPAs (Chien-Ru Yu, Hsin-Min Hsu) have presented their Statement on Assessment of Independence, and the Company has confirmed that the CPAs (including spouse and dependents, as well as their immediate family members) do not have any financial interests and business relationships, other than the certification, taxation and business registration fees, with the Company.	(II) No major differences (III) No major differences (IV) No major differences
IV. Has the Company allocate qualified and sufficient number of personnel and appoint managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors to comply with laws, handling matters relating to board meetings and shareholders' meetings according to laws, recording minutes of board meetings and shareholders meetings, etc)?	✓		On March 22, 2019, the board approved the appointment of Vice President James Chiu taking a concurrent position as the principal officer of corporate governance responsible for the promotion of matters related to corporate governance. His experience is in line with the requirements of having more than three years of experience in the financial management of the Company, and his main responsibilities include: 1. Handle matters related to the board meetings and shareholders' meetings in accordance with the law and help the Company to comply with the related regulations. 2. Produce meeting records and minutes of the board and shareholders' meetings. 3. Prepare directors with the information needed for carrying out their tasks and manage the development of the latest regulations related to the Company's operations to help directors comply with the regulations. 4. Matters related to investor relations. 5. Other matters stipulated in accordance with the Company's Articles of Incorporation or contracts. In 2019, he has assisted in organizing 7 board meetings and 1 shareholders general meeting.	No major differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
V. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	✓		The Company communicates with its stakeholders through the following channels: 1. Shareholders general meetings held in the second quarter every year. Motions are voted on a case-by-case basis. Shareholders can conduct electronic voting to fully participate in the voting for motions. 2. Annual report to shareholders is issued annually for investors' reference. 3. The revenue of the previous month is announced on the Market Observation Post System and the Company's website. 4. Quarterly reports are announced on the MOPS and the Company's website every quarter. 5. Labor and employer meetings are held every quarter to establish a bilateral communication channel. 6. Conduct supplier assessment every year, and conduct site visits of suppliers or mutual visits from time to time for joint efforts with suppliers on the improvement of corporate social responsibility. 7. After fulfilling customer service requests, the customer service center takes the initiative to contact customers to conduct a customer satisfaction survey. In addition, the Stakeholder section of the Company's website, at http://www.gdc.com, offers service hotlines for investors, clients and suppliers. There are also communication channels available for filing employee grievances and a spokesperson system to appropriately respond to important corporate social responsibility matters of concern to stakeholders. Customer Service Chief Hsu of the Service Hotline and Customer Service Center 0800-353-500 Customer service mail box, service@gdc.com.tw Employee suggestion box, suggestion@gdc.com.tw	No major differences
VI. Has the Company designated an agent specializing in the handling of stock affairs to handle shareholder meeting affairs?	✓		The Company has appointed Yuanta Securities as the primary shareholder services agent to manage matters related to shareholders and shareholder general meetings.	No major differences
VII. Information disclosure (I) Has the Company established a public website to disclose operational, financial, and corporate governance information?	✓		(I) 1. The Company's website (at www.gdc.com.tw) has the "Investor Relations" area which discloses financial statements, information on shareholders meeting, stock price inquiry, corporate governance, point of contact for investor relations, operation and performance of corporate social responsibility and ethics, independent directors, auditing and accounting aspects of communication, and is regularly updated for investors'	(I) No major differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(II) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)? (III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	✓ ✓		reference. 2. Information disclosure for corporate governance: Include board of directors, internal audit, Articles of Incorporation, Salary and Remuneration Committee, legal statement, contact for investors and others. (II) 1. Designate personnel responsible for the collection and disclosure of the Company's information: The Company appoints designated personnel responsible for the collection and disclosure of information on a regular or irregular basis. 2. Implement the spokesperson protocols: Vice President Chiu of the Division of Administration is the Company's spokesperson, and Manager Chang of the Division of General Management is the acting spokesperson. 3. The entire process of the investor press conference is available on the Company's website. The 2019 investor press conference has been disclosed on the Company's website. (III) The Company announces and submits its annual financial reports within three months after the end of a fiscal year, and announces and submits its Q1, Q2 and Q3 financial reports within 45 days after Q1, Q2 and Q3 of each fiscal year end before the prescribed period. Before the 10th of each month, the operating results of the previous month are announced.	(II) No major differences (III) No major differences
VIII. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training regimes, risk management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of liability insurance for its directors and supervisors)?	✓		1. The Company offers good employee benefits to ensure the rights and interests of employees. Annual health examinations are available to each plant and the head office. Exercise equipment and courses for physical training are provided to help promote the physical and mental health of employees. 2. Regularly hold labor and employer meetings to improve the relations and ensure employees' rights and interests. 3. Establish bonus policies for the performance appraisal of the Division of Management and each plant. 4. Establish capability evaluation protocols and measures for quality control and sales personnel in order to improve the quality control and sales work performance and enhance the concrete quality and service capabilities of the Company. 5. The Company needs to improve the aspect of the continuing education for directors and	No major differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			supervisors. 6. The attendance status of directors at board meetings is considered good. 7. The Company has designated units responsible for the risk management policies and measurement standards. 8. The Company has maintained smooth communication processes with its clients. 9. All directors comply with the regulations and recuse themselves from the discussion and voting of motions with which they are the interested persons. 10.The Company has purchased liability insurance policies for directors.	

IX. Please explain improvements that have been made, as well as priority matters to improve, and the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center.

(I) Issues to be improved as priorities according to the 5th corporate governance evaluation conducted in 2018:

1. Has the Company uploaded the English version of shareholders meeting handbook and its supplementary information 21 days before the shareholder general meeting?
2. Has the Company uploaded the English version of the annual report 7 days before the shareholder general meeting?

These two indicators have been improved and achieved in the 6th corporate governance evaluation conducted in 2019.

(II) Issues yet to be improved as priorities according to the 6th corporate governance evaluation conducted in 2019

1. Have the Board Performance Appraisal Measures developed by the Company been approved by the board, and have the self-evaluation been conducted at least once a year, with the results been disclosed on the Company's website or annual report?
2. Have the Company's independent directors completed their continuing education sessions and met the hours requirements specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies?

We are working on the above two objectives to comply with the corporate governance indicators. In the future, the Company will maintain effective corporate governance practices at all levels of operations and implement information transparency to improve the rights of shareholders.

Note 1: * In order to achieve the vision of corporate governance, the professional knowledge and skills of board members must be considered, and members must possess the knowledge, skills and literacy necessary to perform their duties. The members of the 21st batch of board for Goldsun Building Materials have the following capabilities:

1. Ability to make operational judgments.
2. Accounting and financial analysis.
3. Business administration.
4. Crisis management.
5. Industry Knowledge.
6. Vision of the global market.
7. Leadership skills.
8. Decision making skills.

* Specific management objectives of the diversification policy and the current status:

Specific management objectives: Of the 8 above skills, at least 9 out of all the board members should have one least one of them. Each board member should have at least 6 of the above 8 skills.

Current implementation: All board members have met the objectives of skill diversification.

Diversification / Name of Director	Gender	1 Professional background (Education)	2 Ability to make operational judgments.	3 Accounting and financial analysis.	4 Business administration.	5 Crisis management.	6 Industry Knowledge.	7 Vision of the global market.	8 Leadership skills.	9 Decision making skills.
Shiaw-shinn Lin	Male	Company management	V	V	V	V	V	V	V	V
Lan-Ying Hsu	Female	Business	V	V	V	V	V	V	V	V
Vincent Lin	Male	Jurisprudence	V	V	V	V	V	V	V	V
Frank Lin	Male	Marketing management	V	V	V	V	V	V	V	V
Chuang-Yen Wang	Male	Business	V	V	V	V	V		V	V
Tai-Hong Lin	Male	Business marketing	V	V	V	V	V		V	V
Shih-Chung Chang	Male	Company management	V	V	V	V		V	V	V
Bo-Xi Liao	Male	Company management	V	V	V	V		V	V	V
Yu-Feng Lin	Male	Political science	V		V	V		V	V	V

Yung-San Lee	Male	Economics	V	V	V	V	V	V	V	V
Yin-Wen Chan	Male	Civil engineering	V		V	V	V	V	V	V
Chi-Te Hung	Male	Civil engineering technician	V		V	V	V		V	V

* In order to achieve the vision of corporate governance, the professional knowledge and skills of board members must be considered, and members must possess the knowledge, skills and literacy necessary to perform their duties. The members of the 22nd batch of board for Goldsun Building Materials have the following capabilities:

1. Ability to make operational judgments.
2. Accounting and financial analysis.
3. Business administration.
4. Crisis management.
5. Industry Knowledge.
6. Vision of the global market.
7. Leadership skills.
8. Decision making skills.

* Specific management objectives of the diversification policy and the current status:
Specific management objectives: Of the 8 above skills, at least 9 out of all the board members should have one least one of them. Each board member should have at least 6 of the above 8 skills.
Current implementation: All board members have met the objectives of skill diversification.

Diversification / Name of Director	Gender	1	2	3	4	5	6	7	8	9
		Professional background (Education)	Ability to make operational judgments.	Accounting and financial analysis.	Business administration.	Crisis management.	Industry Knowledge.	Vision of the global market.	Leadership skills.	Decision making skills.
Lan-Ying Hsu	Female	Business	V	V	V	V	V	V	V	V
Vincent Lin	Male	Jurisprudence	V	V	V	V	V	V	V	V
Frank Lin	Male	Marketing management	V	V	V	V	V	V	V	V
Chuang-Yen Wang	Male	Business	V	V	V	V	V		V	V
Tai-Hong Lin	Male	Business marketing	V	V	V	V	V		V	V
Shih-Chung Chang	Male	Company management	V	V	V	V		V	V	V
Bo-Xi Liao	Male	Company management	V	V	V	V		V	V	V
Yu-Feng Lin	Male	Political science	V		V	V		V	V	V
Hong-Jun Lin	Male	Company management	V	V			V	V	V	V

Wen-Che Tseng	Male	Financial accounting	V	V	V	V	V	V	V	V
Yin-Wen Chan	Male	Civil engineering	V		V	V	V	V	V	V
Chi-Te Hung	Male	Civil engineering technician	V		V	V	V		V	V

(IV) Composition, responsibilities and operations of the Salary and Remuneration Committee:

(1) Information on members of the Salary and Remuneration Committee

Title (Note 1)	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience: An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	Independence Criteria (Note): 1	2	3	4	5	6	7	8	9	10	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
Independent Director	Wen-Che Tseng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Yin-Wen Chan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Other	Tai-Jen Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Yung-San Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Other	Chi-Lin Wei	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	

Note 1: Please fill in as a director, independent director or others.

Note 2: If the member, during the two years before being elected or during the term of office, meet any of the following situations, please check the appropriate corresponding boxes.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the above persons listed in Subparagraph (2) and (3) or of the manager

listed in (1).

(5) Not directly owning 5% or more of the Company's total issued shares or one of the top five shareholders in terms of the number of shares owned, and not a director, supervisor or employee of a corporate shareholder who is designated as the Company's director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Act (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(6) Not a director, supervisor or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(7) Not a director, supervisor or employee of another company or institution, who is also the chairman, general manager or equivalent position, or a spouse of these personnel, of the Company (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(8) A director, supervisor, manager or a shareholder with 5% ownership of a company or institution which does not have financial or business dealings with the Company (The same does not apply, however, in cases where the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, a subsidiary or a related company under the same parent company, as appointed in accordance with this regulations or with the laws of the country of the parent company or subsidiary.)

(9) Not a professional individual or an owner, partner, director, supervisor or manager of a sole proprietorship, partnership, company or institution that, provides auditing or commercial, legal, financial, accounting services, which receive less than NT$500,000 in accumulated remuneration the most recent two years, to the company or to any affiliate of the company, or a spouse thereof. However, this restriction does not apply to the members of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercise powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not been a person of any conditions defined in Article 30 of the Company Act.

(2) Operations of the Salary and Remuneration Committee

1. The Salary and Remuneration Committee has 3 members.

2. Term of office for this batch: June 20, 2019 to June 19, 2022. The Committee has held 2 meetings (A) in the 2019 fiscal year (A).

3. Overview of meetings:

Meeting Date	Session	Content of Motions	All opinions expressed by the committee members and the Company's handling of the opinions
2019.02.18	7th meeting of the 3rd batch	1. Deliberate the 2018 directors remuneration allocation percentage. 2. Deliberate the allocation of 2018 employee remuneration for appointed managers.	Remuneration Committee. The meeting minutes have also been resolved and passed by the board.
2019.06.28	1st meeting of the 4th batch	1. Amended the Salary and Remuneration Committee Charter. 2. Deliberated over the remuneration of the 22nd batch of board. 3. Deliberated over the remuneration of the 22nd batch of independent supervisors. 4. Deliberated over the remuneration of the appointed managers.	

4. Qualifications and attendance of committee members:

Title	Name	Attendance in erson(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Wen-Che Tseng	1	0	100%	Newly-appointed (Note 1)
Committee member	Yin-Wen Chan	1	0	100%	Newly-appointed (Note 1)
Committee member	Tai-Jen Chen	2	0	100%	Re-elected (Note 2)
Convener	Yung-San Lee	1	0	100%	Former (Note 3)
Committee member	Chi-Lin Wei	1	0	100%	Former (Note 3)

Other issues to be recorded:

I. If the board of directors does not adopt or amend the recommendations of the Salary and Remuneration Committee, it shall clarify the date, session, proposal content and resolution of the board and how the Company handles the recommendations of the Committee (such as that the salary and remuneration approved by the board are better than what the Committee recommended, and the differences and reasons should be clarified).

II. If the Committee members have objections or reservations and there are records or written statements from the meetings, the date, term, proposal content, opinions of all members and the handling of their opinions shall be clearly stated.

(Note):

1. A re-election of directors was held in 2019. In the 1st meeting of the 22nd batch of board held on June 20, Wen-Che Tseng, Yin-Wen Chan and Tai-Jen Chen were appointed as the 4th batch of Salary and Remuneration Committee members. The Committee members then voted for Wen-Che Tseng as the convener.
2. Re-election of directors, and the newly-elected board of directors re-elected the Committee member for the position.
3. Re-election of directors, and the service term of the member ended, and the member was terminated.

(V) Fulfillment of social responsibility and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies:

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
I. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies?	✓		I. The Company holds operations summits every month to conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulates operational policies. Each department of the Company also pays attention to risk issues in accordance with the operating *principles* and plans *related to* internal control protocols. In response to seasonal influenza and the Wuhan pneumonia/2019 novel coronavirus pandemic, the Company has established the related pandemic control measures.	No major differences.
II. Does the Company have a dedicated CSR organization (or one holding concurrent positions) with the board authorizing the senior management to manage the organization, which reports to the board of directors?	✓		II. The Division of Administration (concurrent position) is responsible for promoting CSR initiatives, and Vice President Chiu of the Division of Administration reports to the board on the status of implementation.	No major differences.
III. Environmental issues				
(I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I) The Company allocates budgets for equipment maintenance, repair and update at ready-mix-concrete plants on a yearly basis to reduce the negative impact on the environment from operations. In recent years, the Company has cooperated with environmental protection policies to update or add pollution-prevention equipment to the existing plants, such as grit basin, water meter, tire washing pool, closed aggregate bins and others.	(I) No major differences.
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		(II) In order to develop a sustainable environment, the Company is committed to the greening process of products. The selection of raw materials and reuse of wastes, research and development of manufacturing processes, adjustment in formula and ratios, and the improvement to the efficiency of logistics of services can reinforce the quality of concrete and reduce the environmental impact.	(II) No major differences.
(III) Has the Company assessed the current and future potential risks and opportunities from climate changes and taken measures to address climate-related issues?	✓		(III) In addition to the careful selection of sources of raw materials for the greening process of products, the research and development of new concrete enables products to have good quality while reducing the environmental impact. Since the adoption of the green manufacturing process in 1999, 95.2kg CO2-e/T in carbon emissions per each metric ton of concrete has been eliminated due to the use of new formula, so each unit is able to successfully reduce its carbon emissions by 25.19%.	(III) No major differences.
(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total weight of waste the past two years and established management policies for energy saving and reduction of greenhouse gas emission, water consumption and other wastes?	✓		(IV) 1. The Company emphasizes energy-saving and carbon reduction for its transportation services. Besides incorporating ready-mix concrete trucks, certified under Phase 5 of environmental protection initiatives into the operations, Goldsun Express and Logistics also uses a smart GPS dispatching system, in combination with a logistics management platform, to improve the loading efficiency	(IV) No major differences

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
			and reduce waiting time, further reducing the greenhouse gas emissions. 2. Establishment of sedimentation pools, water from mixers and washing trucks are recovered and reused, effectively reducing the water consumption. 3. Establishment of sand and gravel classifiers. Concrete brought back by vehicles can be sorted into sand and gravel through the classifiers to effectively reduce the total weight of waste. 4. For specific data on implementation, please refer to the CSR report.	
IV. Social Issues (I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		(I) The Company complies with Taiwan's Labor Standards Act, Act of Gender Equality in Employment and other relevant labor laws and regulations in its hiring of employees, and has established its Work Rules and the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace to protect labor rights and equality in gender and employment rights.	(I) No major differences.
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?	✓		(II) The Company issues bonuses from time to time based on the operating performance and adjusts salary according to the results of the annual performance appraisal. An employee welfare committee has been established in accordance with the Employee Welfare Fund Act, which offers welfare benefit payments. The benefit measures include bonuses for Dragon Boat, Mid-Autumn and Chinese New Year and Labor Day; subsidies for birthday, continuing education, marriage, bonuses for senior citizens; hospitalization or funeral condolence; scholarships for children; employees' domestic or overseas trips or sponsorship for employee tours and others.	(II) No major differences.
(III) Has the Company provided employees with a safe and healthy working environment and regularly conducted safety and health training?	✓		(III) The Company prioritizes the safety and health of its employees. In addition to implementing self-inspection of the plant area and manufacturing equipment, checkpoints are set up before, during and after each process to ensure that the equipment, tools, sites and procedures are safe. Occupational safety and health education sessions are held from time to time every year.	(III) No major differences
(IV) Has the Company established an effective career development training program for employees?	✓		(IV) In order to continuously enhance the professional competence of employees, each unit applies on-the-job training (OJT) in daily work routines. For example, personnel in manufacturing control, quality control and sales are given specialized education and training in their respective functions, and seed coaches developed by the Company, managers or external professional lecturers are invited to hold classes on a variety of professional knowledge skills.	(IV) No major differences
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for consumer protection and grievance procedures with respect to consumer health and safety, customer privacy, marketing and	✓		(V) 1. The Company has passed various technical requirements of ready-mix concrete in the CNS national standards. In 2003, products were given "Excellent" labels awarded by the Good Ready-Mixed Concrete (GRMC) system. Plants has integrated the ISO 9001 quality management system certification. In September 2015, the Company obtained the	(V) No major differences

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
labeling of products and services?			ISO 9001 quality management system certification for sand and gravel, verifying that manufacturing processes are in compliance with the requirements of the ISO 9001 certification. 2. The Company has provided online customer service mailboxes, customer service systems and hotlines to ensure the rights and interests of customers. Our customer service center also conducts field visits of clients' sites to protect consumer rights.	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights, and reported the implementation?	✓ ✓		(VI) 1. The board has approved the "Standards on Joint Efforts with Suppliers to Fulfill Corporate Social Responsibility" to highlight the issues of environmental protection, and exerted its influence to encourage vendors in the supply chain to work with the Company in efforts protecting the environment. 2. In order to ensure quality and stable supply of products and raw materials, we have established the "Evaluation and Control Measures for Bulk Materials Suppliers." Products from suppliers must meet the CNS standards. The establishment and operations of suppliers shall not violate the laws. Suppliers are only listed as Goldsun's approved suppliers if their technologies, prices and transportation satisfy the selection criteria and pass the on-site and samples evaluation. Monthly audits are conducted with respect to the stability in supply and raw materials quality to determine their grades and the subsequent purchase methods.	(VI) No major differences
V. Has the Company referred to international reporting standards or guidelines in its preparation of corporate social responsibility reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?	✓		The Company complies with the core options of the GRI Standards in its preparation of the CSR report. The Company has not yet obtained the verification or assurance opinions from any third-party certification organization for the CSR report.	No major differences.
VI. If the Company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for Listed Companies," please describe the operational status and differences of the adoption: The board resolved to approve the developed "Corporate Social Responsibility Best Practice Principles" on November 13, 2015, and amendments were approved by the board resolution on November 8, 2016. The actual operations have no significant differences from the established Principles.				
VII. Other important information for facilitating the understanding of CSR and its implementation: The Company's CSR report is disclosed on the corporate website and the MOPS.				

(VI) Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies:

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
I. Establish corporate conduct and ethics policy and implementation measures. (I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team? (II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?	✓ ✓ ✓		(I) The 11th meeting of the 20th batch of board approved the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Operations Management and Guidelines for Conduct" on March 23, 2015. The Division of Administration is responsible for the development and supervision of ethical operations policies and regulations, which have been incorporated into the follow-up items for internal control protocols, and regularly reports to the board. (II) The "Procedures for Ethical Operations Management and Guidelines for Conduct" specifies procedures, conduct guidelines, penalties for violations and grievances filing procedures to promote ethical operations and prevent any unethical behaviors. (III) The "Procedures for Ethical Operations Management and Guidelines for Conduct" has defined standards prohibiting directors, managers and employees from engaging in business activities with high risk of unethical behaviors specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other scopes of business.	No major differences
II. Practice ethical operations (I) Does the company assess the ethics records of whom it has business relationships with and include business conduct and ethics related clauses in the business contracts? (II) Has the Company established a specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board? (III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? (IV) Has the Company established an effective accounting and internal control system to put ethical operations management into practice and arranged for the internal audit unit to formulate audit	✓ ✓ ✓ ✓ ✓		(I) Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract. (II) The Division of Administration is responsible for the development and supervision of ethical operations policies and regulations, and regularly reports to the board. (III) The Company has established the "Procedures for Ethical Operations Management and Guidelines for Conduct," and clearly defined policies on conflict of interest and provided appropriate channels for filing grievances. (IV) Internal auditors regularly check the compliance with the accounting systems and internal control protocols. Accountants also review the implementation of the internal control protocols every year.	No major differences

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
plans based on the risk assessment of unethical conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit? (V) Does the Company provide internal and external ethical conduct training programs on a regular basis?			(V) Promotion of regulatory compliance: The Company compiles ethical operations guidelines and standards for handling important internal information centering on the topic of "Practice ethical operations," and advocates to employees in meetings or internal announcements on issues to which they should pay attention when performing their duties. 2. Education and training: Courses on "Ethical values" are regularly arranged on topics such as professional ethics and confidentiality and case studies. Two batches of classes were offered in 2019.	
III. Operations of the Company's grievance reporting system (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels and designate responsible individuals to handle the complaint received? (II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation? (III) Does the Company adopt proper measures to shield a complainant from retaliation for filing complaints?	✓ ✓ ✓		(I) The Company has established the "Procedures for Ethical Operations Management and Guidelines for Conduct," and clearly defined the whistleblowing protocols and provided appropriate channels for filing grievances. (II) The Company has established the "Procedures for Ethical Operations Management and Guidelines for Conduct," and made it clear that the identity of whistleblowers and the content of the report are kept confidential. (III) The Company has established the "Procedures for Ethical Operations Management and Guidelines for Conduct," and adopted appropriate measures to shield whistleblowers from retaliation for filing grievances.	No major differences
IV. Enhance information disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the Market Observation Post System?	✓		The Company discloses the relevant information on the corporate website and the MOPS.	No major differences
V. If the company has established corporate governance policies based on "the Ethical Corporate Management Best Practice Principles for the Listed Companies," please describe any discrepancy between the policies and their implementation in the Company: The Company has established the Ethical Corporate Management Best Practice Principles, and the related operations are implemented in accordance with the regulations.				
VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (such as reviewing and amending the Company's existing Ethical Corporate Management Best Practice Principles): None.				

(VII) If the Company has adopted corporate governance best practice principles or the related bylaws, disclose how they can be found:

Accessible at the corporate governance section of the Market Observation Post System and the Company's official website (http://www.gdc.com.tw).

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

Accessible at the corporate governance section of the Market Observation Post System and the Company's official website (http://www.gdc.com.tw).

(IX) Status of implementation of the Company's internal control protocols:

1. Statement on Internal Control:

Goldsun Building Materials Co., Ltd.
Statement on Internal Control:

Date: March 17, 2020

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year of 2019:

I. The Company's board and management are responsible for establishing, implementing and maintaining a proper internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability of our financial reporting and compliance with applicable laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.

III. We evaluate the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein blow, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. Control environment. 2. Risk assessment. 3. Control activities. 4. Information and communication. 5. Monitoring. Each component has its own items. Please see the Regulations for details.

IV. We have evaluated the design and operating effectiveness of our internal control system according to the aforementioned Regulations.

V. Based on the findings of such evaluation, we believe that on December 31, 2019, it has maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting and compliance with applicable laws and regulations.

VI. This Statement will be an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment or other illegality in the content made public will entail legal liability under Article 20, 32, 171 and 174 of the

Securities and Exchange Act.

VII. This Statement has been approved by the board in the meeting held on March 17, 2020, with none of the twelve attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Goldsun Building Materials Co., Ltd.

Chairman Lan-Ying Hsu

President Lan-Ying Hsu

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: Not applicable.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system, and the penalties which may have a significant impact on shareholders' equity or the price of securities, and list the content of penalties, principal deficiencies, and the state of any efforts to make improvements: Not applicable.

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

1. Key resolutions from the shareholders' meeting:

Meeting Date	Key Resolutions	Review Implementation
2019.06.20	Ratification Topics: Motion 1 Issue: 2018 business report and financial statements. Resolution: The total number of voting rights of shareholders present for the motion was 1,099,495,502, of which 1,047,731,334 were in favor of the motion, representing 95.29% of the total voting rights. A total of 159,071 are against the motion, and 51,605,097 were abstention or non-voting. The number of votes in favor of the motion exceeded the legal amount, and the motion was approved.	Ratification of the 2018 business report and financial statements. The consolidated revenue for the year was NT$18 billion 644.80 million, and the net income was NT$591.18 million, with an EPS of NT$0.37.
	Motion 2 Issue: 2018 Annual profit distribution. Resolution: The total number of voting rights of shareholders present for the motion was 1,099,495,502, of which 1,049,964,888 were in favor of the motion, representing 95.49% of the total voting rights. A total of 163,542 voted against the motion, and 49,367,072 voted abstention or non-voting. The number of votes in favor of the motion exceeded the legal amount, and the motion was approved.	A cash dividend of NT$0.25 per common share was approved for allocation. August 6, 2019 was set as the ex-dividend date, and the cash dividends were issued on August 23, 2019.
	Discussion Topics: Issue: Amend the “Measures for Handling Acquisition or Disposal of Assets.”	In accordance with the Jin-Guan-Zheng-Fa-Zi No. 1070341072 issued by the Financial Supervisory

	Resolution: The total number of voting rights of shareholders present for the motion was 1,099,495,502, of which 1,049,966,859 were in favor of the motion, representing 95.49% of the total voting rights. A total of 167,804 voted against the motion, and 49,360,839 were abstentions or non-voting. The number of votes in favor of the motion exceeded the legal amount, and the motion was approved. Election: Issue: Election of the Company's directors. Resolution: Please see below a list of directors elected.	Commission on November 26, 2018. Amendment completed. Completed the re-election of the 22nd batch of directors.

List of directors elected			
Title	Account number of Personal Identification Number	Name of account or person's name	Number of voting rights
Director	19436	Representative of Taiwan Secom Co., Ltd.: Shiaw-shinn Lin	1,479,494,273
	30118	Lan-Ying Hsu	1,023,934,978
	146441	Chuang-Yen Wang	963,613,082
	4472	Shih-Chung Chang	955,901,055
	164727	Tai-Hong Lin	954,443,345
	162	Bo-Xi Liao	943,252,385
	387858	Yu-Feng Lin	935,476,300
	187501	Vincent Lin	932,948,492
	166623	Representative of Shang Jing Investment: Hong-Jun Lin	921,439,040
Independent Director	B12067****	Yin-Wen Chan	920,746,829
	S10045****	Wen-Che Tseng	920,660,547
	N12119****	Chi-Te Hung	920,656,366

2. Key resolutions from board meetings:

Meeting Date	Key Resolutions
2019.03.22	(1) Approved the 2018 remuneration distribution for employees. (2) Approved resolutions from the Salary and Remuneration Committee. (3) Approved the 2018 year-end report. (4) Approved the 2018 annual profit distribution. (5) Approved the 2018 Statement on Internal Control. (6) Approved the 2019 "business report." (7) Approved to amend the "Measures for Handling Acquisition or Disposal of Assets." (8) Approved the establishment of "Standard Operating Procedures for Directors' Requests" to build the Company's corporate governance, assist directors to perform their duties and strengthen the effectiveness of the board. (9) Approved the appointment of the "corporate governance officers." (10) Approved the Company's application to banks for more lines of credit to increase the working capital, and to authorize the chairman to handle all contractual matters and the subsequent use of the credit line. (11) Approved the Company's plan to endorse US$8.1 million for Goldsun Fujian Cement Co., Ltd. (12) Approved the Company 's plan to endorse NT$78 million for Goyu Building Materials Co., Ltd. (13) Approved the election of the 22nd batch of directors. (14) Approved the convening of the 2019 shareholders general meeting. (15) Approved the implementation of shareholders' rights to proposals at the 2019 shareholders general meeting. (16) Approved the deliberation over candidates for directors nominated by shareholders at the 2019 shareholders general meeting. (17) Approved the list of candidates for directors and independent directors and the qualifications of nominees for independent directors. (18) Approved the Company to sign a joint investment agreement with Taiwan Secom for the urban revitalization program (referred to as the Urban Revitalization Project) on the 12 plots of land of parcel number 166 of Section 2, Yu-Cheng Section, Nangang District of Taipei City.
2019.06.20	(1) Completed the election of chairman and vice chairman. (2) Approved the appointment of the 4th batch of "Salary and Remuneration Committee."
2019.08.07	(1) Approved the meeting minutes from the Salary and Remuneration Committee. (2) Approval of the amendments to provisions of Article 6 of the Audit Committee

Meeting Date	Key Resolutions
	Organizational Charter. (3) Approved the Company's application to banks for more lines of credit to increase the working capital, and to authorize the chairman to handle all contractual matters and the subsequent use of the credit line.
2019.10.09	(1) Approved that the Company's overseas investee, Great Smart Limited, proposed to dispose of all the equity of Goldsun Fujian Cement Co., Ltd. (2) Approved the Company's appointment of manager Lei Lin to take a concurrent position as the chairman of Litenet.
2019.11.14	(1) Approved the assessment of the independence of the Company's CPAs. (2) Approved the Company's application to banks for more lines of credit to increase the working capital, and to authorize the chairman to handle all contractual matters and the subsequent use of the credit line. (3) Approved the 2020 annual audit plan.
2020.03.17	(1) Approved the 2019 remuneration distribution for employees. (2) Approved resolutions from the Salary and Remuneration Committee. (3) Approved the 2019 year-end report. (4) Approved the proposal to conduct treasury stock buyback. In order to protect the Company's credit and shareholders' equity. (5) Approved to conduct evaluation of the Company's 2019 effectiveness of internal control protocols and issue the Statement on Internal Control. (6) Approved the 2020 business report. (7) Approved the Company's application to banks for more lines of credit to increase the working capital, and to authorize the chairman to handle all contractual matters and the subsequent use of the credit line. (8) Approved the Company 's plan to endorse NT$78 million for Goyu Building Materials Co., Ltd. (9) Approved the amendments to part of the Company's "Procedures for Loaning of Funds." (10) Approved the amendments to part of the Company's "Procedures for Making Endorsements and Guarantees." (11) Approval of the amendments to provisions of the "Shareholder Meeting Rules of Procedures." (12) Approval of the amendments to provisions of the "Board Meeting Rules of Procedures." (13) Approved to establish the "Rules Governing the Scope of Powers of Independent

Meeting Date	Key Resolutions
	Directors." (14) Approval of the amendments to provisions of Article 11 of the "Audit Committee Organizational Charter." (15) Approval of the amendments to provisions of the "Salary and Remuneration Committee Organizational Charter." (16) Approval of the amendments to provisions of the "Ethical Corporate Management Best Practice Principles." (17) Approval of the amendments to provisions of the "Procedures for Ethical Operations Management and Guidelines for Conduct." (18) Approval of the appointment of Ms. Chia-Ying Chen as the President of Division of General Management at Taiwan Secom. (19) Approved the convening of the 2020 shareholders general meeting. (20) Approved the implementation of shareholders' rights to proposals at the 2020 shareholders general meeting.
2020.05.06	(1) Approved the cancellation of treasury stock repurchased in the buyback meant for the protection of the company's credit and shareholders' equity. (2) Approved the 2019 annual profit distribution. (3) Approved the proposal for capital reduction by cash. (4) Approved the Company's proposal to merge with Jinyang Investment. (5) Approved the meeting minutes from the Salary and Remuneration Committee. (6) Approved the Company's application to Bank SinoPac for extension of credit to increase the working capital, and to authorize the chairman to handle all contractual matters and the subsequent use of the credit line.

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

(XIII) A summary of resignations and terminations, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer:

Summary Table for Status of Resignation or Termination of Interested Persons of the Company

May 6, 2020

Title	Name	Starting Date	Termination Date	Reason for Resignation or Termination
Chairman	Shiaw-shinn Lin	June 13, 2016	June 20, 2019	Lan-Ying Hsu was elected as the chairman after the election on June 20, 2019
Principal financial officer	Chia-Ju Tsai	March 21, 2018	April 1, 2020	Transfer

Note: The interested persons of the Company refer to the chairman, president, principal accounting officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer.

V. Audit fee of independent auditors:

Unit: NT$1,000

Name of Accounting Firm	Name of Accountant	Audit Service	Non-Audit Service					Audit Period	Remarks
			System Design	Company Registration	Human Resources	Others	Subtotal		
Ernst & Young Taiwan	Chien-Ru Yu Hsin-Min Hsu	4,000	-	-	-	50	50	2019/1/1 ~ 2019/12/31	Note

Note: Others refer to the NT$50,000 audit fee from the business tax.

(I) When non-audit fees paid to the certified public accountant, the accounting firm of the certified public accountant and/or to any affiliated enterprise of such accounting firm are more than one quarter of the audit fees paid: Not applicable.

(II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: Not applicable.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more: Not applicable.

VI. Change of auditors: Not applicable.

VII. If the chairman, president and managers in charge of the Company's finance and accounting operations held any positions within the Company's independent audit firm or its affiliates during the past one year: Not applicable.

VIII. Changes in the transfer or pledge of shares by directors, supervisors, managers, and shareholders holding over 10% of the outstanding shares in the previous year and by the date of report publication:

(I) Changes in shareholding of directors, supervisors, managers and principal shareholders:

Title	Name	2019		Year ended May 6, 2020	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Jinkui Investment (Note 1)	-	-	-	-
	Representative: Shiaw-shinn Lin	400,000	-	-	-
Chairman	Lan-Ying Hsu (Note 2)	1,000,000	-	-	-
Vice Chairman	Lin Teng Foundation (Note 1)	300,000	-	-	-
	Representative: Lan-Ying Hsu	1,000,000	-	-	-
Vice Chairman	Vincent Lin (Note 2)	50,000	-	-	-
Director	Taiwan Secom Co., Ltd. (Note 2)	-	-	747,000	-
	Former representative: Shiaw-shinn Lin	-	-	-	-
	Representative: Frank Lin (Note 3)	-	-	6,000	-
Director	Chuang-Yen Wang	-	-	-	-
Director	Tai-Hong Lin	30,000	-	-	-
Director	Shih-Chung Chang	450,000	-	-	-
Director	Bo-Xi Liao	-	-	-	-
Director	Yu-Feng Lin	100,000	-	-	-
Independent Director	Yung-San Lee (Note 1)	-	-	-	-
Independent Director	Wen-Che Tseng (Note 2)	-	-	-	-
Independent Director	Yin-Wen Chan	-	-	-	-
Independent Director	Chi-Te Hung	-	-	-	-
Chief Executive Officer	Lan-Ying Hsu	1,000,000	-	-	-
Chief Executive Officer	Lei Lin	-	-	-	-
President	Chiu-Lan Chen (Note 4)	-	-	-	-
President	Chiao Lin	-	-	-	-
President	Chih-Jen Wu	-	-	50,000	-
President	Chung-Chi Liu	-	-	-	-
President	Chia-Ying Chen (Note 5)	-	-	-	-
Vice President	Jin-Yi Huang	-	-	-	-
Vice President	James Chiu	130,000	-	-	-
Vice President	Wen-Te Chen	-	-	-	-
Vice President	Chih-Chiang Yang	-	-	-	-
Vice President	Shang-Yuan Wen	-	-	-	-
Vice President	You-Min Yuan	-	-	-	-

Note 1: Before the re-election on 2019.06.20
Note 2: After the re-election on 2019.06.20
Note 3: Reassignment on 2019.11.18
Note 4: Termination on 2019.11.26
Note 5: Promotion on 2020.03.17

(II) Stock trade of directors, supervisors, managers and principal shareholders with a related party: Not applicable.

(III) Stock pledge of directors, supervisors, managers and principal shareholders with a related party: Not applicable.

IX. Information on top ten shareholders and their mutual relationship:

May 6, 2020. Unit: shares; %

Name	Shareholding		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or kinship within the second degree as specified by SFAS No.6.		Remarks
	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership	Title	Relationship	
Shin Lan Enterprise INC.	92,742,839	6.70%	—	—	—	—	—	—	—
Representative: Mei-Hui Li	170,517	0.01%	2,378	0.00%	—	—	—	—	—
Taiwan Secom Co., Ltd.	90,622,518	6.54%	—	—	—	—	Titan Star International Co., Ltd.	Investment by the Company by using the equity method	—
Representative: Shiaw-shinn Lin	16,844,910	1.22%	3,372,125	0.25%	—	—	Shin-Lan Investment Co., Ltd.	Second-degree relative of the chairman of the companies	—
							Yuan-Shin Investment Co., Ltd.		—
							Cheng Hsin Investment Co., Ltd.	Responsible person	—
Titan Star International Co., Ltd.	56,259,747	4.06%	—	—	—	—	Taiwan Secom Co., Ltd.	Investment in the Company with the equity method	—
Representative: Te-Yu Hsu	—	—	—	—	—	—	—	—	—
Cheng Hsin Investment Co., Ltd.	30,670,292	2.21%	—	—	—	—	Taiwan Secom Co., Ltd.	Responsible person	—
Representative: Shiaw-shinn Lin	16,844,910	1.22%	3,372,125	0.25%	—	—	Yuan-Shin Investment Co., Ltd.	Second-degree relative of the chairman of the companies	—
							Shin-Lan Investment Co., Ltd.		
Shin-Lan Investment Co., Ltd.	30,463,983	2.20%	—	—	—	—	Taiwan Secom Co., Ltd.	Second-degree relative of the chairman of the companies	—
Representative: Frank Lin	2,700,197	0.19%	—	—	—	—	Cheng Hsin Investment Co., Ltd.		—
							Yuan-Shin Investment Co., Ltd.		—
Chuang-Yen Wang	22,724,113	1.64%	2,310,751	0.17%	—	—	—	—	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	22,509,722	1.63%	—	—	—	—	—	—	—
Fubon Life Insurance Co., Ltd.	21,932,000	1.58%	—	—	—	—	—	—	—
Representative: Richard Tsai	—	—	—	—	—	—	—	—	—
Yuan-Shin Investment Co., Ltd.	19,831,774	1.43%	—	—	—	—	Taiwan Secom Co., Ltd.	Second-degree relative of the chairman of the companies	—
Representative: Vincent Lin	7,447,115	0.54%	59,590	—	—	—	Cheng Hsin Investment Co., Ltd.		—
							Shin-Lan Investment Co., Ltd.		—
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	18,218,140	1.32%	—	—	—	—	—	—	—

X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company:

December 31, 2019. Unit: shares; %

Investee	Ownership by the Company		Ownership by Directors, Managers and Directly/ Indirectly Owned Subsidiaries		Total Ownership	
	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership
Taipei Port Terminal Company Limited	250,000,000	100.00	–	–	250,000,000	100.00
Rei Shin Construction Co., Ltd.	180,000,000	100.00	–	–	180,000,000	100.00
Jin-Yang Investment Co., Ltd.	3,996,000	100.00	–	–	3,996,000	100.00
Kuoyung Construction & Engineering Co., Ltd.	30,000,000	100.00	–	–	30,000,000	100.00
Goldsun Innovative Building Materials Co., Ltd.	6,000,000	100.00	–	–	6,000,000	100.00
Goyu Building Materials Co., Ltd.	18,200,000	65.00	–	–	18,200,000	65.00
Goldsun Nihon Cement Co., Ltd.	11,460,000	58.77	–	–	11,460,000	58.77
Wellpool Co., Ltd.	18,224,389	50.54	828,066	2.30	19,052,455	52.84
Huaya Development Co., Ltd.	15,714,108	30.69	–	–	15,714,108	30.69
Goldsun Hong Kong Building Materials Co., Ltd.	15,436,611	100.00	–	–	15,436,611	100.00
(Samoa) Ease Great Investments Limited	178,462,000	100.00	–	–	178,462,000	100.00
(Hong Kong) Jin Shun Maritime Limited	10,000,000	100.00	–	–	10,000,000	100.00
(Hong Kong) Yuan Shun Maritime Limited	38,900,000	100.00	–	–	38,900,000	100.00
(Hong Kong) Jing Shun Maritime Limited	1	100.00	–	–	1	100.00
(Hong Kong) Feng Shun Maritime Limited	1	100.00	–	–	1	100.00
Gimpo Marine Co., Ltd.	10,000,000	100.00	–	–	10,000,000	100.00

Four. Financing Activities

I. Capital and shares:

(I) Source of capital the past 10 years:

1. History of capital formation:

Year	Month	Issue Price (NT$)	Authorized Share Capital		Paid-in Capital		Remarks		
			Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Other
2006	9	10.00	1,304,000,000	13,040,000,000	1,180,967,397	11,809,673,970	Issue (Surplus)		**Note 1**
2007	8	10.00	1,304,000,000	13,040,000,000	1,216,396,419	12,163,964,190	Issue (Surplus)		**Note 2**
2008	7	10.00	1,304,000,000	13,040,000,000	1,277,216,240	12,772,162,400	Issue (Surplus)		**Note 3**
2009	7	10.00	1,304,000,000	13,040,000,000	1,302,760,565	13,027,605,650	Issue (Surplus)		**Note 4**
2010	1	11.00	2,000,000,000	20,000,000,000	1,474,760,565	14,747,605,650	Issue (Cash)	None	**Note 5**
2010	7	10.00	2,000,000,000	20,000,000,000	1,504,255,777	15,042,557,770	Issue (Surplus)		**Note 6**
2011	6	10.00	2,000,000,000	20,000,000,000	1,519,298,335	15,192,983,350	Issue (Surplus)		**Note 7**
2015	10	10.00	2,000,000,000	20,000,000,000	1,494,717,335	14,947,173,350	Capital reduction (Cancellation of treasury stock)		**Note 8**
2016	01	10.00	2,000,000,000	20,000,000,000	1,468,000,335	14,680,003,350	Capital reduction (Cancellation of treasury stock)		**Note 9**
2016	07	10.00	2,000,000,000	20,000,000,000	1,438,000,335	14,380,003,350	Capital reduction (Cancellation of treasury stock)		**Note 10**
2016	09	10.00	2,000,000,000	20,000,000,000	1,428,000,335	14,280,003,350	Capital reduction (Cancellation of treasury stock)		**Note 11**
2017	09	10.00	2,000,000,000	20,000,000,000	1,385,000,335	13,850,003,350	Capital reduction (Cancellation of treasury stock)		**Note 12**

Note 1: Capitalization of profit to issue 23,156,224 new shares, declared effective by the Jin-Guan-Zheng-Yi-Zi No. 0950135087, dated August 9, 2006, issued by the Financial Supervisory Commission, Executive Yuan.

Note 2: Capitalization of profit to issue 35,429,022 new shares, declared effective by the Jin-Guan-Zheng-Yi-Zi No. 0960040986, dated August 2, 2007, issued by the Financial Supervisory Commission, Executive Yuan.

Note 3: Capitalization of profit to issue 60,819,821 new shares, declared effective by the Jin-Guan-Zheng-Yi-Zi No. 0970031453, dated June 24, 2008, issued by the Financial Supervisory Commission, Executive Yuan.

Note 4: Capitalization of profit to issue 25,544,325 new shares, declared effective by the Jin-Guan-Zheng-Fa-Zi No. 0980032557, dated June 30, 2009, issued by the Financial Supervisory Commission, Executive Yuan.

Note 5: Cash capital increase to issue 172,000,000 new shares, declared effective by the Jin-Guan-Zheng-Fa-Zi No. 0980058738, dated November 17, 2009, issued by the Financial Supervisory Commission, Executive Yuan.

Note 6: Capitalization of profit to issue 29,495,212 new shares, declared effective by the Jin-Guan-Zheng-Fa-Zi No. 0990034355, dated July 2, 2010, issued by the Financial Supervisory Commission, Executive Yuan.

Note 7: Capitalization of profit to issue 15,042,558 new shares, declared effective by the Jin-Guan-Zheng-Fa-Zi No. 1000028696, dated June 22, 2011, issued by the Financial Supervisory Commission, Executive Yuan.

Note 8: Cancellation of 24,581,000 shares for reduction of capital, approved by the Jin-Guan-Zheng-Jiao-Zi No. 1040044038, dated October 30, 2015, issued by the Financial Supervisory Commission.

Note 9: Cancellation of 26,717,000 shares for reduction of capital, approved by the Jin-Guan-Zheng-Jiao-Zi No. 1040053993, dated January 4, 2016, issued by the Financial Supervisory Commission.

Note 10: Cancellation of 30,000,000 shares for reduction of capital, approved by the Jin-Guan-Zheng-Jiao-Zi No. 1050015719, dated

May 2, 2016, issued by the Financial Supervisory Commission.

Note 11: Cancellation of 10,000,000 shares for reduction of capital, approved by the Jin-Guan-Zheng-Jiao-Zi No. 1050028238, dated July 20, 2016, issued by the Financial Supervisory Commission.

Note 12: Cancellation of 43,000,000 shares for reduction of capital, approved by the Jin-Guan-Zheng-Jiao-Zi No. 1060026971, dated July 13, 2017, issued by the Financial Supervisory Commission.

2. Type of shares:

Unit: Share

Shares / Type	Authorized Share Capital			Remarks
	Shares outstanding	Un-issued Shares	Total	
Common Stock	1,385,000,335	614,999,665	2,000,000,000	The Company's

(II) Shareholder structure:

May 6, 2020
Unit: Share, People

Composition of Shareholders / Quantity	Government Agencies	FInancial Institutions	Other Legal Persons	Individual	Foreign Institutions and Natural Persons	Total
Number of People	8	5	302	92,642	198	93,155
No. of Shares Held	28,066	48,237,000	493,968,872	685,656,415	157,109,982	1,385,000,335
Ownership	0.00	3.48	35.67	49.50	11.35	100

Note: IPO companies and emerging listed companies shall disclose the proportion of PRC investments. PRC investments refer to the investments made by the citizens, companies, groups, other organizations, or the companies they invest in a third region: None.

(III) Composition of Shareholders:

May 6, 2020
Face value: NT$10/share

Shareholder Ownership	Number of Shareholders	No. of Shares Held	Ownership
1 to 999	52,299	8,096,044	0.58
1,000 to 5,000	25,696	58,536,808	4.23
5,001 to 10,000	6,655	49,891,401	3.60
10,001 to 15,000	2,558	30,994,738	2.24
15,001 to 20,000	1,494	27,167,104	1.96
20,001 to 30,000	1,476	36,996,417	2.67
30,001 to 40,000	706	24,813,880	1.79
40,001 to 50,000	444	20,546,156	1.48
50,001 to 100,000	897	63,843,330	4.61
100,001 to 200,000	461	65,157,980	4.70
200,001 to 400,000	197	55,373,678	4.00
400,001 to 600,000	85	41,871,245	3.02
600,001 to 800,000	34	24,365,971	1.76
800,001 to 1,000,000	35	31,877,661	2.30
1,000,001 and more are categorized depending on the situation	118	845,467,922	61.06
Total	93,155	1,385,000,335	100

(IV) List of major shareholders:

May 6, 2020

Name of Main Shareholders \ Shares	No. of Shares Held	Ownership
Shin Lan Enterprise INC.	92,742,839	6.70%
Taiwan Secom Co., Ltd.	90,622,518	6.54%
Titan Star International Co., Ltd.	56,259,747	4.06%
Cheng Hsin Investment Co., Ltd.	30,670,292	2.21%
Shin-Lan Investment Co., Ltd.	30,463,983	2.20%
Chuang-Yen Wang	22,724,113	1.64%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	22,509,722	1.63%
Fubon Life Insurance Co., Ltd.	21,932,000	1.58%
Yuan-Shin Investment Co., Ltd.	19,831,774	1.43%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	18,218,140	1.32%

(V) Market price, net worth, earnings and dividends per share and the related information for the most recent two years:

Unit: NTD

Item \ Year			2018	2019	As of May 6, 2020
Market Price Per Share (Note 1)	Highest		10.35	16.10	16.05
	Lowest		8.00	7.85	9.49
	Average		9.24	9.80	13.33
Net Worth Per Share	Before distribution		14.07	14.72	-
	After distribution		13.82	(註 2)	-
Earnings per share	Weighted Average Shares (thousand shares)		1,385,000	1,385,000	-
	Earnings per share		0.37	0.80	-
Dividends per share (Note 2)	Cash dividends		0.25	0.30	-
	Bonus Share	Shares from Profit	-		-
		Additional paid-in capital	-		-
	Dividends in Arrears		-		-
Analysis of Return on	Price/Earnings Ratio (Note 3)		24.97	12.25	-

Investment	Price/Dividends Ratio (Note 4)	36.96	32.67	-
	Cash Dividends Yield (Note 5)	2.71%	3.06%	-

* If earnings or capital surplus are transferred to issue bonus shares as a capital increase, the information on the market value and cash dividends retrospectively adjusted according to the number of shares issued should be disclosed.

Note 1: List the highest and lowest market price per share of common stock in each fiscal year. Calculate each fiscal year's average market price based upon each fiscal year's actual trading prices and volume.

Note 2: The 2019 earnings distribution proposal was passed by the board, but has not yet been approved by the 2020 shareholders' meeting.

Note 3: Price-Earnings ratio = Average closing price per share / Earnings per share of the year.

Note 4: Price-Dividends ratio = Average closing price per share / Cash dividends per share of the year.

Note 5: Cash dividends yield = Cash dividend per share / Average closing price per share of the year.

(VI) Company's dividends policy and the implementation status:

1. Dividends policy:

In addition to first paying tax contributions and making up for previous annual losses, the profits from annual final accounts shall have 10% allocated for legal reserve and special reserve according to law. Exception can be made if the legal reserve has reached the Company's paid-in capital. The accumulated beginning undistributed profits and the undistributed profits of the current year are added as the profits available for distribution. The board prepares a proposal for dividend distribution and submits it to the shareholders' meeting for approval, and the dividends are distributed according to the shareholding proportion.

The Company is in a mature industry, and the dividend distribution policy takes into consideration the Company's profitability, capital needs for future operating plan, shareholders' interests, balanced dividends and long-term financial planning. Dividends can be distributed in the cash or stocks. The cash dividend shall not be less than 10% of the total shareholders' dividends, and the rest is distributed in stock dividends.

2. The proposed dividend distribution for the year: The board's resolution on May 6, 2020 proposed to distribute cash dividends of NT$0.3 per share.

3. Material change expected in the dividend policy: None.

(VII) The impact of bonus shares on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration for employees, directors and supervisors:

1. The percentages or ranges with respect to employees, director, and supervisor remuneration specified in the Articles of Incorporation:
If the Company is profitable in the fiscal year, 3% of the profit shall be allocated as bonuses for employees, and no more than 3% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
The estimates of remuneration to employees, directors and supervisor are based on the Articles of Incorporation. TIf there is a discrepancy between the actual distributed amount and the estimated figure, it is considered a change in the accounting estimate and included in the profit or loss of 2020.

3. Distribution of compensation as approved by the board:

(1) If the amount of remuneration for employees, directors and supervisors distributed in cash or stock is different from the estimates recognized in the fiscal year, please disclose the difference, reasons and treatment:
The board resolution on March 17, 2020 allocated NT$35,831,000, each as the remuneration for directors and supervisors and the bonuses for employees, which was not different from the estimates in the 2019 fiscal year.

(2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the standalone

financial reports or individual financial reports for the current period and total employee remuneration: Not applicable.

4. The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remuneration, additionally the discrepancy, cause, and how it is treated:
   The board resolution on March 22, 2019 approved the allocation of NT$16,111,000 each as the remuneration for directors and supervisors and the bonuses for employees, which was not different from the estimates in the 2018 fiscal year.

(IX) Stock buybacks of the Company:

Estimated session of share repurchase	The 9th estimated session of share repurchase
Approved by board resolution	2020/3/17
Purpose of share repurchase	Protect the Company's credit and shareholders' equity
Type of share repurchase	Common Stock
Maximum amount of share repurchase	NT$ NT$ 3,927,508,000
Estimated period of share repurchase	2020/3/18-2020/4/27
Estimated volume of share repurchase (percentage of the total number of issued shares)	100,000,000 shares (7.22%)
Price range of share repurchase	NT$8-NT$13
Method of share repurchase	To be purchased from the stock market.
Actual session of share repurchase	The 9th actual session of share repurchase
Period of share repurchase	2020/3/19-2020/4/22
Volume of share repurchase	6,191,000 shares
Total amount of share repurchase	NT$ 61,841,220
Average price per share of share repurchase	NT$ 9.99
Percentage of volume repurchased over the estimated volume of share repurchase	6.19%
Volume of shares with completed offset and transfer	0 share
Accumulated number of shares held by the Company	6,191,000 shares
Percentage of accumulated number of shares held by the Company over the total number of issued shares	0.45%

II. Issuance of corporate bonds: None

III. Issuance of preferred stocks: None.

IV. Issuance of overseas depository receipts: None.

V. Status of employee stock option plan: None.

VI. Status of employee restricted stock: None.

VII. New share issuance in connection with mergers and acquisitions: None.

VIII. Financing plans and implementation: None.

Five. Overview of Operations

I. About Our Business:

(I) Scope of business:

1. Core business:

Manufacturing, transportation and sales of ready-mix concrete, integration and development of assets, architectural planning and design, lease of shopping malls, cement mining and manufacturing, manufacturing and sales of specialized fireproof building materials.

2. 2019 percentage of operation:

Main products \ Year	2019 Operating revenue	2019 Percentage of operation (%)	2018 Operating revenue	2018 Percentage of operation (%)
Ready-mix concrete	15,802,238	83.15	13,985,886	75.01
Cement	1,701,478	8.95	2,938,000	15.76
Fireproof building materials	939,992	4.95	992,797	5.32
Income from port operation	92,222	0.49	66,826	0.36
Other	469,139	2.46	661,297	3.55
Total	19,005,069	100.00	18,644,806	100.00

3. Main products and services:

Sales of ready-mix concrete, cement, fireproof building materials, assets management, construction project development and planning, and property operation and management.

4. New products and services under development:

(1) Mass production of high-end concrete products (high-performance concrete, self-compacting concrete, high-flow concrete, impermeable concrete, permeable concrete and mass concrete).

(2) Roles and studies of applications of concrete materials in the circular economy.

(3) Continuing the promotion of follow-up studies of minerals and chemical admixtures, and satisfying customers' different needs while meeting the economic requirements.

(4) In order to reduce the dependence on natural resources for materials and minimize the energy consumption and the manufacturing and use of polluting cement clinker, we actively research and develop industrial by-products, the re-use of alternative products and carbon storage technologies of our ready-mix concrete, hoping that we can fully showcase the positive performance of concrete materials and reduce the negative impact on the environment.

(5) Large-scale office building compound: Planning and design of corporate group head offices, and joint development of shopping malls and international hotels.

(6) Planning and construction of high-end resort hotels.

(7) Joint development of construction sites, assessment of urban revitalization and collaboration in brand agency.

(II) Industry overview:

1. Status and development of the industry:

The concrete industry processes cement products and is an industry to meet the domestic demand. In Taiwan, it is an upstream raw materials supply to the construction sector. The industry condition is greatly affected by the public works and construction industries.

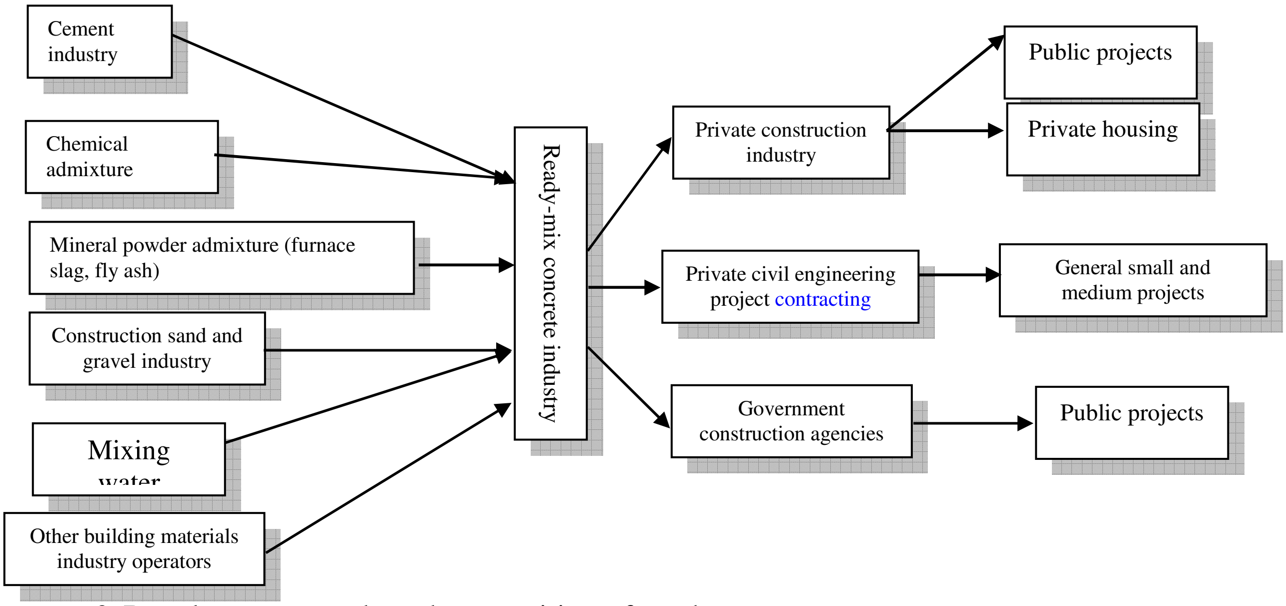
However, the domestic ready-mix concrete industry is still operated by many self-funded SMEs in various scales and quality levels. Ready-mix concrete plants, whether legal, illegal or built at construction sites, are everywhere. The price-cutting by low-quality and low-price products is prevalent in the market. The Company has developed many value-added concrete products to improve the competitiveness and sustainability development.

With the continuing socioeconomic growth, the increasing consumer awareness and demand for environmental protection and construction safety, we will introduce high-quality and high-performance products. In the future, only the ready-mix concrete suppliers who value brand image, quality and technology will continue to grow in the increasingly competitive industry environment.

For 2019, the persistent US-China trade conflict, the rising risk of geopolitics, the sluggish economic performance of emerging markets and the weakening momentum of global economy actually transferred orders to the domestic businesses, and many Taiwanese businesses overseas have begun to repatriate their funds to establish operations in Taiwan. The employment environment has become more stable, driving a positive growth in the construction market. In addition, several hundred billions of investment in the Forward-Looking Infrastructure have accelerated, the delivery of new homes toward the end of the year and the continued demand for residential homes have significantly driven up the volume in the housing market. According to the Ministry of the Interior, the number of buildings exchanged hands in 2019 exceeded 300,000 units, for a year-over-year growth of 8%. This indicates that the housing market has consolidated at valley bottom to move toward a stable and recovering growth. Although the signing of the US-China “Phase 1” trade agreement may help ease the wait-and-see attitude in the market, the subsequent development and the impact from the novel coronavirus pandemic this year will become key uncertainties affecting the 2020 domestic and global economy.

2. Relations between upstream, midstream and downstream of the industry:

Supply chain structure showing the upstream, midstream and downstream of the construction sector:



3. Development trends and competition of products:

(1) Competitions:

Ready-mix concrete is considered part of the cement product industry. It is a typical traditional industry to meet domestic demand, and the products are used in a variety of industries, including cement (cement raw materials), earth and stone mining (granule), steel smelting (furnace slag), electric power (fly ash) and others (additives, mixing water). Each industry has its own infrastructure and characteristics, and industry operators form a complex network which involves close-knit operations and interactions.

After the great earthquake of September 21, the issues with poor quality of concrete continued to surface, and improvements for quality and control technologies have been continuously offered. In ready-mix concrete plants, concrete materials need to go through processes such as incoming delivery, sampling and analysis, mixture of different grades, ratio design, trial mixing in different ratios, slump test, sample production and sample curing, before the mixing, transportation, pumping, pouring, tamping and curing processes. The application of concrete requires processes in three different environments (ready-mix plants, transportation routes and construction sites) and at least three companies (ready-mix companies, pumping suppliers and constructors). Products are finished only if the acceptance of curing is completed, and cannot be finished separately during this period. Compared with the other general manufacturing industries, the concrete business is complex, and closely related to the manufacturing and environment. In order to achieve established objectives, structures, regions, environment and application all play an important role. It may be different from the high-tech industry which requires accurate and precise measurement, it is a high technology product made of continuous physical and chemical changes.

Some industry peers who seek quick return have mistakenly believed that the manufacturing and application of concrete are simple and require a low technological threshold. This is the key reason why many construction contractors and concrete suppliers have sprung up in recent years, creating such fierce competition in today's market. If the disorderly and vicious competition continues, it will bring more concerns to the quality of construction projects.

The ready-mix concrete industry is facing increasingly brutal market competition. Improving the core competitiveness of businesses and learning to co-exist with market demand and brutal competition are issues that all practitioners in the ready-mix concrete industry must seriously consider.

(2) Development trends:

Many domestic traditional industries are facing a transition process. Those bearing high costs may choose to manufacture in countries with low labor wages. However, ready-mix concrete businesses cannot adopt this approach due to the limitations in transportation and time. Besides, domestic traditional industries have not invested much in branding. According to statistics, the average annual gross profit margin of traditional industries in Taiwan is about 6% to 8%. In the future, the ready-mix concrete industry must spend more efforts in branding and services to change the image of the traditional industry, so that the market segmentation can be defined clearly, further improving sales and profitability.

(III) Overview of technology and R&D

	2020	2019	2018
Research areas	1. Development of materials design of mass concrete. 2. Development of manufacturing cooling system for mass concrete. 3. Development of light compartment building materials with recycled glass. 4. Raw materials variation on the performance of concrete.	1. The impact of ambient temperature on the setting time of high-flow concrete. 2. The impact of curing water temperature changes on the strength of high-flow concrete. 3. The impact of concrete mixing and feeding sequence on the construction properties using high-flow concrete.	1. Technologies used in the manufacturing of raw concrete. 2. Pozzolanic materials used for the realization of renewable resources and sustainability in a circular economy.
R&D expenditure	NT$9.98 million	NT$9.82 million	NT$8.32 million

(IV) Long-term and short-term business development planning

1. Short-term business development plan:

(1) Expand the regional market growth in Taiwan and increase sales.

(2) Create value-added concrete products for segmentation and market niche.

(3) Improve depth and breadth of business development and customer service to reduce complaints and increase service satisfaction.

(4) Stabilize investment in Suzhou, China, and expand production capacity in niche markets in a timely manner to improve overall financial performance.

(5) Revitalize assets: Renovation of shopping malls in Tainan for regional market development, and add lease area coverage to improve the operational performance.

(6) Branding of shopping mall operation: Create the South Urban Village brand and build consumer word of mouth.

2. Long-term business development plan:

(1) The Company will use its 66 years of accumulated specialized technologies and operating experience to build plants to serve various market niches, expand business territory and improve operational performance.

(2) Actively engage in the integration of related industries, incorporate resources and capabilities of the corporate group to create more value.

(3) Improve brand image and product quality to increase more returning customers and

market share.

(4)Assets revitalization: Actively invest in large-scale commercial building compounds, international hotels and residential buildings.

(5)Hospitality management: Collaborate with international hotel brands to improve asset management.

II. Markets, production, and marketing

(I) Market analysis:

1. Major markets of the Company's products

The Company mainly manufactures ready-mix concrete to supply the domestic architecture and construction industries and public works.

2. Market trends and market share:

Contemporary construction structures are leaning toward large-scale, high floors and large capacity developments. They also must withstand the test of harsh environmental conditions. The development of water conservation, electric power, airports and seaports also have high requirements for the quality of ready-mix concrete. Providing ready-mix concrete to meet the technical requirements of various construction structures at any time is a big challenge for suppliers' manufacturing technologies and innovation, and it determines how a supplier can take the lead in the market competition.

The Company takes pride in being a leading brand with quality in the concrete market. In the consumer market which is increasingly focusing on quality and technology, it is even more beneficial for the Company, so we are still confident about our growth in the future market and our market share.

According to the Department of Statistics of the Ministry of Economic Affairs, the total volume of ready-mix concrete sold in Taiwan in 2018 and 2019 were 39,733 and 41,585 (year-over-year growth of 4.7%) thousand cubic meters, respectively. For Goldsun, the total volume of ready-mix concrete sold in 2019 was 6.56 million, a year-over-year decrease of 0.4% compared with 6.59 million cubic meters of 2018. For 2020, it is expected that the recovery of major economies in the world will slow down, and with many domestic uncertainties at home or overseas, the sales volume of ready-mix-concrete will remain stable.

3. Future market supply-demand and growth:

The US-China trade conflict still casts doubt on the overall economy. The accelerated repatriation of Taiwanese businesses is expected to stimulate business opportunities and create job opportunities. In terms of the housing policy, urban revitalization, renovation of old buildings, and the introduction of public housing can facilitate the stable growth of the housing market.

Moreover, the rail construction in the Forward-Looking Infrastructure in recent years, such as the elevated railways, connection network between high-speed rail and

Taiwan Railways and the metro rapid transits and their extensions, have been actively assessed and promoted by the central and local governments. The large budget and the development and utilization of the surrounding land, coupled with the repatriation of Taiwanese businesses, will further drive the demand and development of commercial and industrial buildings, hotels and a variety of residential houses, creating new opportunities for the real estate and construction industries.

However, due to the declining birthrates and the aging population, the number of house vacancies has continued to increase, the excessive supply in the market may accumulate a large amount of selling pressure. The novel coronavirus pandemic still plays a major role in affecting the performance of the housing market.

4. Favorable and unfavorable factors affecting the future outlook:

(1) Favorable:

- Good brand image and recognition of having good quality among industry peers. Has more than 66 years of industry experience, an excellent management team, leading specialized technologies and research and development capabilities. Good understanding of the market. Accumulation of extensive client base and good customer relationships, which facilitate good business development.
- In terms of the production process, research and development, we adhere to the principle of "Quality First," and continue to innovate and comply with the ISO certifications. In recent years, we have actively participated in the Good Ready-Mix Concrete (GRMC) certification, so that the quality of our products can withstand tests, and the efforts provide a positive impact on our business development.
- In terms of raw materials, we can fully grasp the sources of sand and gravel to ensure their quality and cost advantage. Goldsun currently operates a sand and gravel wharf for its own businesses in Taipei Port, and has its own ships to transport sand and gravel from China, which allows the Company to control cost and quality of sand and gravel.

(2) Unfavorable:

- The lack of government authority bodies in the industry allows illegal ready-mix concrete plants to participate in the competition with their low price offers, resulting in a chaotic market and driving out legal industry peers.
- Taiwan is densely populated, and the overdevelopment has significantly reduced the available space. With the market demand being greatly reduced, many industry peers have substantially reduced prices for survival, which also damages the market competition.

- The growing environmental awareness raised the restrictions on building factories. The stricter regulations on load limits, growing oil prices, rising prices and shortage of raw materials, and the price cuts of industry peers and 2nd-tier companies have greatly increased operating costs and risks.

(II) Main uses and production processes of major products:

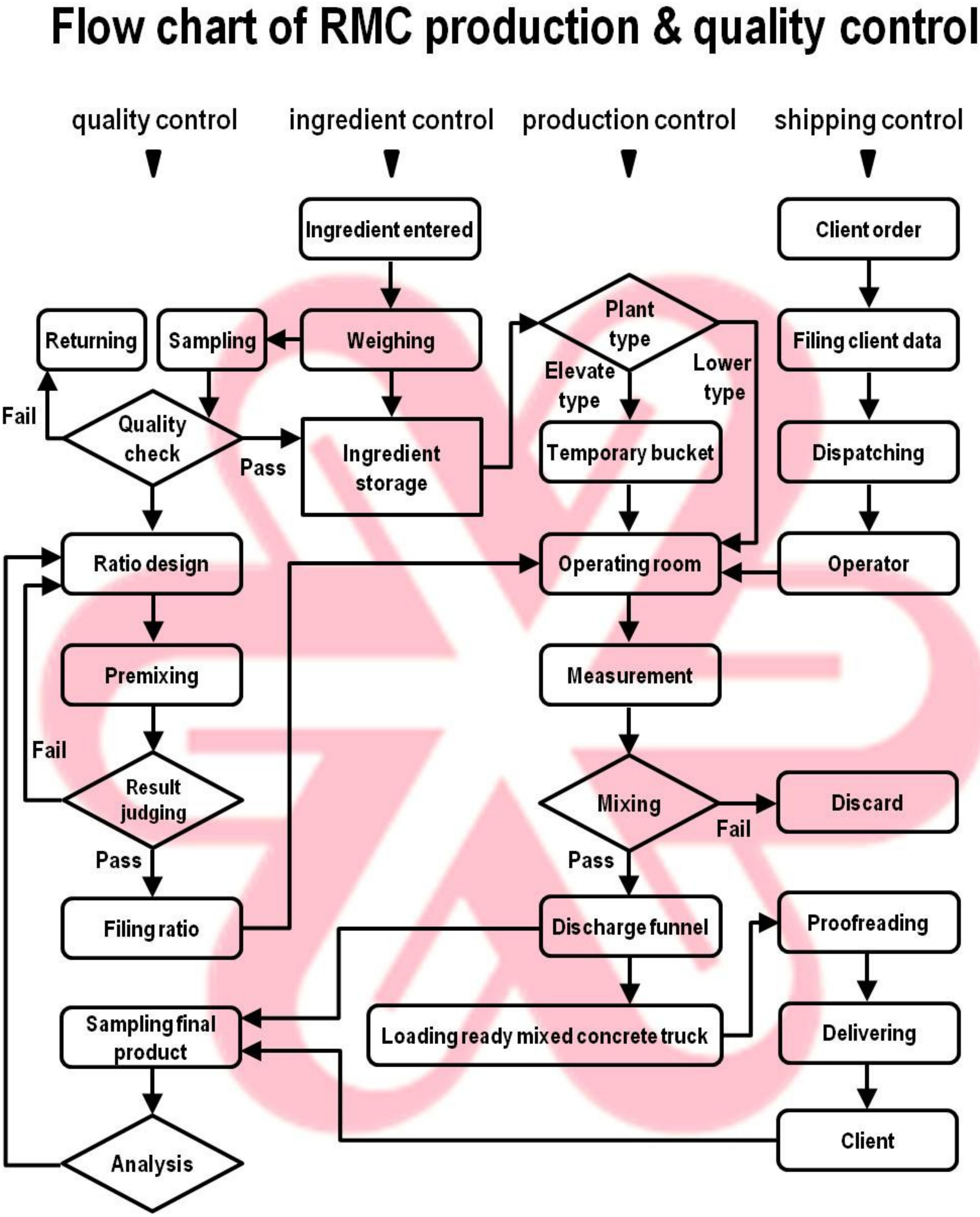
1. Main uses:

The ready-mix concrete industry processes cement products. Ready-mix concrete consists of four to five types of raw materials, cement, water, fine aggregates, coarse aggregates and selected admixtures (may include blast furnace slag, fly ash, silica fume, chemical admixtures), and are mixed by adopting accurate and precise formula and fully automatic measurement, before being transported to construction job sites by concrete mixer trucks.

Ready-mix concrete is delivered in a large volume and can be used quickly, which saves manpower and time required. It can also eliminate the piles of gravel by the roadside to reduce pollution, meeting the requirements of environmental protection. It is one of the main building materials used in public works and private building construction. Besides, the excellent quality and high strength makes it a necessity in the construction of contemporary buildings, ensuring the safety of building structures.

In order to meet the needs of various construction projects today, we have developed our concrete from the general-purpose concrete of the past to the contemporary high-performance concrete which offers high-strength, high-flow, high durability and low shrinkage. At the same time, we provide custom-made specialized concrete to meet customers' special needs and purposes for their construction projects.

2. Manufacturing processes of ready-mix concrete (RMC):



(III) Supply status of main raw materials:

1. Cement:

Mainly supplied by domestic cement manufacturers, and partially supplied by foreign cement manufacturers.

2. Construction sand and gravel:

In the northern region, sand and gravel materials are purchased from China by the Company's one-stop shop approach. In other regions, sand and gravel are from legally dredged streams at various grades. The main source of supply is Hualien Creek, Houlong Creek, Da-An Creek, Dajia River, Zhuoshui River and Laonong River.

(IV) The names of the top ten purchase (sales) parties and the amount and ratio of their purchase (sales) in the past two years:

1. Parties who buy more than 10% of goods sold in any one of the past two years:

In either 2019 and 2018, there were no clients who account for more than 10% of the total sales amount:

2. Parties who account for more than 10% of purchase in any one of the past two years:

In either 2019 and 2018, there were no clients who account for more than 10% of the total purchase amount:

(V) Production volume the most recent two years:

Unit: NT$1,000

Year / Product Name	2019			2018		
	Production capacity	Volume	Value	Production capacity	Volume	Value
Ready-mix concrete (M^3) -- Taiwan	9,000,000	6,399,580	12,207,695	9,000,000	6,413,812	10,824,702
Ready-mix concrete (M^3) -- Suzhou	2,000,000	1,461,541	3,280,014	2,000,000	1,443,032	2,864,897
Calcium silicate board and others (PU)	5,433,750	4,164,077	637,363	5,433,750	4,495,386	711,265
Clinker, cement (metric ton) -- Fujian	2,100,000	1,348,702	1,558,181	2,100,000	2,013,715	2,692,502
Total	-	-	17,683,253	-	-	17,093,366

(VI) Sales volume the most recent two years

Unit: NT$1,000

Year / Product Name	2019				2018			
	Domestic		Overseas		Domestic		Overseas	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ready-mix concrete (M^3) -- Taiwan	6,564,515	12,522,321	-	-	6,588,273	11,119,143	-	-
Ready-mix concrete (M^3) -- Suzhou	1,461,498	3,279,917	-	-	1,443,962	2,866,743	-	-
Clinker, cement -- Fujian	1,338,060	1,545,886	-	-	2,092,508	2,797,855	-	-
Calcium silicate board (including rockwool and glass wool)	4,169,897	939,992	-	-	4,343,700	990,551	8,100	2,246
Portland Type 1 cement		155,592	-	-	57,284	140,145	-	-
Income from port operation		92,222	-	-	-	66,826	-	-
Other		469,139	-	-	-	661,297	-	-
Total		19,005,069	-	-	-	18,642,560	8,100	2,246

III. Information about employees:

Information on employees for the most recent two years and up to the publication date of the annual report:

Goldsun Building Materials Co., Ltd.

Year		2018	2019	As of May 6, 2020
Number of Employees	Employees	541	542	543
	Technicians	2	2	2
	Regular workers	1	1	1
	Drivers	40	39	39
	Total	584	584	585
Average Age		43.41	43.77	43.76
Average Service Tenure		10.88	11.14	11.13
Distribution of Educational Background	Doctoral degree	0.51%	0.34%	0.34%
	Master's degree	3.94%	3.77%	4.10%
	College	46.92%	45.72%	45.30%
	Senior high School	41.44%	42.64%	42.74%
	Below senior high school	7.19%	7.53%	7.52%

Taipei Port Terminal Company Limited

Year		2018	2019	As of May 6, 2020
Number of Employees	Employees	7.0	8.0	8.0
	Technicians	19.0	19.0	20.0
	Regular workers	4.0	4.0	4.0
	Drivers	-	-	-
	Total	30.0	31.0	32.0

Average Age		37.7	38.5	38.8
Average Service Tenure		2.5	3.2	3.2
Distribution of Educational Background	Doctoral degree			
	Master's degree			
	College	30.0%	29.0%	28.1%
	Senior high School	66.7%	67.8%	68.8%
	Below senior high school	3.3%	3.2%	3.1%

Kuoyung Construction & Engineering Co., Ltd.

Year		2018	2019	As of May 6, 2020
Number of Employees	Employees	3.0	3.0	3.0
	Technicians	-	-	-
	Regular workers	-	-	-
	Drivers	-	-	-
	Total	3.0	3.0	3.0
Average Age		46.6	49.6	49.9
Average Service Tenure		7.5	6.8	7
Distribution of Educational Background	Doctoral degree			
	Master's degree	33.3%		
	College	66.6%	100.0%	100.0%
	Senior high School			
	Below senior high school			

Goldsun Nihon Cement Co., Ltd.

Year		2018	2019	As of May 6, 2020
Number of Employees	Employees	7.0	8.0	8.0
	Technicians	-	-	-
	Regular workers	-	-	-
	Drivers	-	-	-
	Total	7.0	8.0	8.0
Average Age		47	48	48.2
Average Service Tenure		10.8	8.6	8.9
Distribution of Educational Background	Doctoral degree			
	Master's degree			
	College	85.7%	87.5%	87.5%
	Senior high School	14.3%	12.5%	12.5%
	Below senior high school			

Wellpool Co., Ltd.

Year		2018	2019	As of May 6, 2020
Number of Employees	Director labor	125	124	119
	Indirect labor	4	4	4
	Management / Administrative / R&D personnel	31	31	31
	Total	160	159	154

Average Age		41.1	42.1	43
Average Service Tenure		7.04	7.8	8.7
Distribution of Educational Background	Doctoral degree	0.63%	0.63%	0.65%
	Master's degree	1.25%	1.26%	1.3%
	College	24.37%	24.53%	24.02%
	Senior high School	53.12%	52.38%	52.60%
	Below senior high school	20.63%	20.75%	21.43%

Goyu Building Materials Co., Ltd.

Year		2018	2019	As of May 6, 2020
Number of Employees	Employees	3.0	3.0	3.0
	Technicians	2.0	4.0	4.0
	Regular workers	-	-	-
	Drivers	-	-	-
	Total	5.0	7.0	7.0
Average Age		45.7	43.6	44.7
Average Service Tenure		0.4	1.2	1.2
Distribution of Educational Background	Doctoral degree			
	Master's degree	20.0%	14.3%	
	College	80.0%	85.7%	100.0%
	Senior high School	-	-	-
	Below senior high school	-	-	-

Goldsun Building Materials Co., Ltd. -- Suzhou Business Unit

Year		2018	2019	As of May 6, 2020
Number of Employees	Employees	46	45	45
	Technicians	64	62	62
	Regular workers			
	Drivers	2	2	2
	Total	112	109	109
Average Age		40.95	41.93	42.91
Average Service Tenure		10.09	10.77	11.45
Distribution of Educational Background	Doctoral degree	0	0	0
	Master's degree	1.30%	0.90%	0.90%
	College	26.48%	33.90%	33.90%
	Senior high School	27.78%	23%	23%
	Below senior high school	44.44%	42.20%	42.20%

IV. Environmental protection expenditure:

(I) Total amount of loss (including compensation and violation of environmental regulations discovered by environmental audit, which shall specify the date and document number of penalty, provisions of violation, content of violation and content of penalty) due to pollution as of the most recent year and the date of publication of the annual report. It also discloses the current and future potential estimates and countermeasures. If it cannot be reasonably estimated, please explain the fact:

Year of Penalty / Summary	2019	As of May 6, 2020
Pollution status (type, severity)	None (all have complied with requirements)	None (all have complied with requirements)
Compensated parties or the government agencies handing out the fines	None	None
Compensation amount or the status of punishment	None	None
Other losses	None	None

(II) Future countermeasures (including improvement) and their potential expenditures (including estimates for potential loss, disposal and compensation if not taking the countermeasures):

	2020
1. Proposed improvement measures to be adopted	
(1) Improvement plan:	None
(2) Expected environmental capital expenditure in the next three years:	
· Proposed purchase of pollution prevention equipment or content of expenditure	None
· Expected improvement	None
· Amount	None
(3) Impact after improvement:	
· Impact on net income	None
· Impact on competition position	None
2. Countermeasures not adopted:	
(1) Reasons for not adopting countermeasures:	Not applicable
(2) Pollution status:	Not applicable
(3) Possible loss and compensation amount:	Not applicable

(III) In order to implement consistent environmental protection policies, we allocate budgets for establishment of plants to achieve total recycling with pollution prevention and control equipment. In recent years, we have successively updated or added the pollution prevention and control equipment currently in the plants to comply with new regulatory requirements. For example: Grit basin, water meter, tire washing pool, closed aggregate bins and others.

1. The Company's environmental protection policies and implementation philosophy:

(1) The operations of factories must comply with the current environmental protection regulations, adhere to building good community relations and improve environmental quality to become a role model for the industry.

(2) All affiliated factories fully adopt industrial waste reduction and resource recovery measures to reduce operating costs and reinforce competitiveness.

(3) Parallel implementation of environmental protection and occupational safety and health measures at factories to strive for objectives of "Zero pollution to the environment" and "Zero disaster at factories."

2. Equipment improvement, manufacturing program change, recycling and reuse:

(1) Automatic recovery and recycling of waste (soil) water and wastes (sand, stones, mud) from equipment and converting them into resources. Waste water and wastes from car wash and over-time ready-mix concrete are treated to separate a variety of raw materials which are concentrated to complete the recovery and reuse processes to achieve the conversion.

(2) Raw materials (cement) are transported by high-efficiency pulsating dust collection equipment, so that the air pollution can meet the environmental protection standards. The recovery and reuse at the site are to ensure product quality.

(3) Raw materials (coarse and fine aggregates) are transported and stored in closed equipment, which integrate manufacturing and environmental protection in efforts to achieve zero pollution.

3. Management practices and performance:

(1) Factory management and inventory system

Closed equipment is used for raw materials delivery to plants, transportation, storage, metering, mixing and logistics. Equipment pollution caused during transportation, mixing and logistics by vehicles are washed manually or by machine. Waste (polluted) is then recovered, and wastes (sand, stone and mud) are converted into resources.

(2) Operations management system

The factory administrative management team establishes maintenance checkpoints for each plant and introduces a proposal system to improve the manufacturing process and equipment.

4. Training and promotion:

(1) Employee training

Participate in seminars on waste water treatment for technicians and industrial safety and health organized by the Environmental Protection Administration. Regularly hold education and training sessions on labor safety and health.

(2) Collaborate with government agencies to organize case studies (seminars or factory tours).

5. Others:

(1) Industrial safety and health:

Manufacturing, installation and maintenance of equipment have been designed to ensure safety and instruct employees of industrial safety and health knowledge.

(2) Environmental health:

Transport, storage, metering and mixing of various raw materials and the cleaning of roads within plants have been fully considered. A variety of software and hardware have been purchased and developed to meet the environmental health requirements and make the environment green, so that employees can enjoy a more comfortable work environment.

(3) Protection measures for work environment and employees' personal safety:

- Established the “Occupational Safety and Health Management Plan” and submitted it to the authority for recordkeeping (Taipei City Lao-Jian-Yi-Zi No. 09230172500).
- Established “Occupational Safety and Health Committee” which holds meetings regularly to protect the safety of employees for both the employer and employees.
- The environmental and fire protection inspection is conducted by external specialized vendors contracted by the Company. Local fire bureau office then conducts a secondary examination of the violations.
- Access control management: Access control is set up at offices' main gates. 24-hour surveillance systems are set up at public areas, corridors, elevators, driveways and emergency exits. Mobile communication is reinforced in underground parking lots and elevators to facilitate safety. Plants are equipped with 24-hour surveillance systems.
- First aid equipment: Each floor of offices is equipped with AED and emergency bells.
- Education on advocacy on safety: Labor safety personnel are gathered to undergo education and training. Plants also provide practical training on labor safety for workers based on their functions between February and March every year.

V. Labor relations

(I) Employee benefit plans, continuing education, training, retirement systems and the status of their implementation, as well as the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Main employee benefit measures:

(1) Insurance:

All employees of the Company participate in labor insurance and national health insurance policies. New hires participate in the employee group insurance policy.

(2) Employee health examination:

The Company conducts physical examinations when hiring. Employees are given regular health examinations in accordance with the requirements of the labor safety and health regulations.

(3) Welfare activities:

The Employee Welfare Committee regularly organizes domestic or overseas tours every year and a variety of team-building activities from time to time to encourage interaction of employees and their cohesion with the organization and work morale.

(4) Training and continuing education:

We organize training for new hires, managers at all levels and a variety of functional and professional skills, and encourage employees to participate in the continuing education programs at domestic universities or colleges to improve their work knowledge or skills or correct attitudes and behaviors to meet the needs of organization, increase the Company's overall performance and maximize the value of human resources.

(5) Retirement system and implementation progress:

The Company has established comprehensive retirement measures and a Labor Retirement Fund Supervisory Committee in accordance with the regulations to supervise the withdrawal and use of retirement funds. In addition, the Labor Pension Act came into effect on July 1, 2005. The Company allocates no less than 6% of employees' monthly salary to their pension plans.

2. Agreement between the employers and employees:

The Company values the rights and interests of employees and respects the opinions of the trade union. The employer and employees regularly or from time to time communicate to reach consummate agreements on disputes. There are no losses due to labor disputes, and the employer-employee relationship is coordinated and harmonious.

(II) Losses due to labor disputes, and the potential current and future amount, and response measures as of the most recent year and the date of publication of the annual report: None.

(III) Whether there are disputes, or employer-employee relationships which need to be coordinated: None.

VI. Important Contracts: None.

Six. Overview of Financial Status

I. Condensed balance sheet and income statement and accountants' auditing recommendations for the past five years

(I) Goldsun Group:

1. Condensed Consolidated Balance Sheet

Unit: NT$1,000

Item \ Year		Financial information for the past five fiscal years				
		2015	2016	2017	2018	2019
Current assets		17,615,632	14,343,429	11,334,642	12,529,732	14,905,806
Property, plant and equipment		28,111,254	22,194,139	9,227,807	8,154,592	7,041,334
Intangible assets		1,523,429	3,803,035	4,013,353	4,078,614	3,717,413
Other assets		15,566,879	12,803,365	10,130,500	10,946,142	11,380,440
Total assets		62,817,194	53,143,968	34,706,302	35,709,080	37,044,993
Current liabilities	Before distribution	17,483,166	27,864,755	9,606,201	11,021,908	9,955,912
	After distribution	17,339,366	27,864,755	10,298,701	11,368,158	Note 1
Non-current liabilities		17,626,966	6,387,365	3,980,096	4,106,880	5,613,214
Total Liabilities	Before distribution	34,629,939	34,252,120	13,586,297	15,128,788	15,569,126
	After distribution	34,773,739	34,252,120	14,278,797	15,475,038	Note 1
Equity attributable to shareholders of the parent company		23,054,508	17,538,732	19,682,502	19,482,295	20,384,349
Capital		14,680,003	14,280,003	13,850,003	13,850,003	13,850,003
Capital surplus		1,139,467	1,152,561	1,163,101	1,177,912	1,177,219
Retained earnings	Before distribution	6,799,614	2,011,833	4,790,063	4,603,083	5,352,154
	After distribution	6,655,814	2,011,833	4,097,563	4,256,833	Note 1
Other equity interests		461,471	104,374	(110,626)	(138,664)	15,012
Treasury stock		(26,047)	(10,039)	(10,039)	(10,039)	(10,039)
Non-controlling interests		5,132,747	1,353,116	1,437,503	1,097,997	1,091,518
Total equity	Before distribution	28,187,255	18,891,848	21,120,005	20,580,292	21,475,867
	After distribution	28,043,455	18,891,848	20,427,505	20,234,042	Note 1

Note 1: As of the date of publication of the annual report, the shareholders meeting has not yet been held.

2. Condensed Consolidated Comprehensive Income Statement

Unit: NT$1,000

Year / Item	Financial information for the past five fiscal years				
	2015	2016	2017	2018	2019
Operating revenue	28,848,228	25,999,313	16,413,796	18,644,806	19,005,069
Gross profit	238,414	(1,877,208)	1,053,047	1,407,877	1,290,471
Operating profit	(2,007,546)	(4,694,925)	3,063	449,982	364,231
Non-operating income and expenses	1,145,003	(4,136,040)	2,936,415	89,656	906,593
Pre-tax net profit	(862,543)	(8,830,965)	2,939,478	539,638	1,270,824
Net income for the year	(613,469)	(9,412,074)	2,868,733	591,187	1,185,961
Other comprehensive income or loss of the period (net after taxes)	(461,758)	(263,362)	(247,068)	(29,426)	161,018
Total comprehensive income for the year	(1,075,227)	(9,675,436)	2,621,665	561,761	1,346,979
Net income attributable to shareholders of the parent company	18,687	(4,689,933)	2,810,899	514,839	1,101,659
Net income attributable to non-controlling interests	(632,156)	(4,722,141)	57,834	76,348	84,302
Total comprehensive income attributable to shareholders of the parent company	(277,282)	(5,001,078)	2,563,230	485,808	1,262,246
Total comprehensive income attributable to non-controlling interests	(797,945)	(4,674,358)	58,435	75,953	84,733
Earnings per share	0.01	(3.27)	2.01	0.37	0.80

(II) Goldsun Company:

1. Condensed balance sheet

Unit: NT$1,000

Item \ Year		Financial information for the past five fiscal years				
		2015	2016	2017	2018	2019
Current assets		6,609,734	6,973,508	6,237,348	6,658,197	8,050,850
Property, plant and equipment		4,580,054	4,763,002	4,284,550	4,219,115	4,191,993
Investments accounted for using equity method		9,786	11,435	11,954	14,293	15,374
Other assets		22,272,858	17,747,537	19,018,018	19,800,639	20,033,309
Total assets		33,472,432	29,495,482	29,551,870	30,692,244	32,291,526
Current liabilities	Before distribution	6,730,149	8,381,481	8,575,863	9,440,848	8,872,485
	After distribution	6,873,949	8,381,481	9,268,363	9,787,098	Note 1
Non-current liabilities		3,687,775	3,575,269	1,293,505	1,769,101	3,034,692
Total Liabilities	Before distribution	10,417,924	11,956,750	9,869,368	11,209,949	11,907,177
	After distribution	10,561,724	11,956,750	10,561,868	11,556,199	Note 1
Capital		14,680,003	14,280,003	13,850,003	13,850,003	13,850,003
Capital surplus		1,139,467	1,152,561	1,163,101	1,177,912	1,177,219
Retained earnings	Before distribution	6,799,614	2,011,833	4,790,063	4,603,083	5,352,154
	After distribution	6,655,814	2,011,833	4,097,563	4,256,833	Note 1
Other equity interests		461,471	104,374	(110,626)	(138,664)	15,012
Treasury stock		(26,047)	(10,039)	(10,039)	(10,039)	(10,039)
Total equity	Before distribution	23,054,508	17,538,732	19,682,502	19,482,295	20,384,349
	After distribution	22,910,708	17,538,732	18,990,002	19,136,045	Note 1

Note 1: As of the date of publication of the annual report, the shareholders meeting has not yet been held.

2. Condensed comprehensive income statement

Unit: NT$1,000

Item \ Year	Financial information for the past five fiscal years				
	2015	2016	2017	2018	2019
Operating revenue	12,186,472	11,142,916	10,765,477	11,402,464	12,728,434
Gross profit	1,138,253	976,388	671,045	437,310	1,020,719
Operating profit	609,466	389,140	55,126	(114,252)	449,281
Non-operating income and expenses	(667,690)	(5,095,141)	2,751,886	619,069	673,433
Pre-tax net profit	(58,224)	(4,706,001)	2,807,012	504,817	1,122,714
Net income for the year	18,687	(4,689,933)	2,810,899	514,839	1,101,659
Other comprehensive income or loss of the period (net after taxes)	(295,969)	(311,145)	(247,669)	(29,031)	160,587
Total comprehensive income for the year	(277,282)	(5,001,078)	2,563,230	485,808	1,262,246
Earnings per share	0.01	(3.27)	2.01	0.37	0.80

(II) Names and opinions of auditors for the past five years:

Year \ Item	Name of accounting firm	CPAs	Opinions
2019	Ernst & Young Taiwan	Chien-Ru Yu, Hsin-Min	An unqualified opinion
2018	Ernst & Young Taiwan	Chien-Ru Yu, Hsin-Min	An unqualified opinion
2017	Ernst & Young Taiwan	Chien-Ru Yu, Hsin-Min	An unqualified opinion
2016	Ernst & Young Taiwan	Chien-Ru Yu, Hsin-Min	An unqualified opinion
2015	Ernst & Young Taiwan	Chien-Ru Yu,	A qualified opinion

II. Financial analysis for the past five years:

(I) Financial analysis for the past five years and the analysis of changes in various financial ratios in the past two years

1. Goldsun Group

Items to be analyzed	Year	Financial analyses for the past five fiscal years				
		2015	2016	2017	2018	2019
Capital structure (%)	Debt to asset ratio	55.13	64.45	39.15	42.37	42.03
	Long-term fund to property, plant and equipment ratio	161.27	113.90	272.01	302.74	384.72
Solvency %	Current ratio	100.76	51.48	117.99	113.68	149.72
	Quick ratio	82.34	44.20	101.26	97.19	137.36
	Times interest earned	(133.06)	(1,424.54)	2,269.79	465.93	1,092.95
Operating performance	Receivables turnover ratio (times)	3.79	3.78	2.58	2.78	2.51
	Days sales outstanding	96.31	96.56	141.47	131.30	145.42
	Average inventory turnover (times)	18.33	22.23	18.96	24.05	26.63
	Accounts payable turnover ratio (times)	7.71	8.28	4.90	6.10	6.31
	Average inventory turnover days	19.91	16.42	19.25	15.18	13.71
	Property, plant and equipment turnover (times)	1.07	1.03	1.05	2.15	2.50
	Total assets turnover (times)	0.45	0.45	0.37	0.53	0.52
Profitability	Return on total assets (%)	(0.48)	(15.40)	6.79	2.03	3.54
	Return on equity (%)	(2.10)	(39.98)	14.34	2.84	5.64
	Pre-tax income to paid-in capital (%)	(5.88)	(61.84)	21.22	3.90	9.18
	Net margin (%)	(2.13)	(36.20)	17.48	3.17	6.24
	Earnings per share (NT$)	0.01	(3.27)	2.01	0.37	0.80
Cash flow	Cash flow ratio (%)	10.27	(16.60)	(9.10)	0.24	7.83
	Cash flow adequacy ratio (%)	31.44	13.37	10.30	(0.64)	(9.10)
	Cash flow reinvestment ratio (%)	2.85	(19.70)	4.31	(3.60)	2.27
Leverage	Operating leverage	(1.64)	(0.28)	666.85	5.21	11.43
	Financial leverage	0.84	0.89	-0.02	1.49	1.54

Analysis of deviation of the past two years over 20%:

1. Long-term fund to property, plant and equipment ratio increased by 27%: Mainly due to the 37% in non-current liabilities.
2. Current and quick ratios increased by 32% and 41%, respectively: Mainly due to the 10% decrease in current liabilities.
3. Times interest earned increased by 134%: Mainly due to an increase of NT$730 million in pre-tax profits this year.
4. Return on assets and return on shareholders' equity up by 76% and 89%, respectively: Same as 3.
5. Pre-tax income to paid-in capital up by 135%: Same as 3.
6. Net margin and earnings per share increased by 97% and 116%, respectively: Same as 3.
7. Cash flow ratio down by 3,162%: Mainly due to the decrease in capital expenditure the past five years.
8. Cash flow adequacy ratio up by 1,322%: Mainly due to the decrease in net cash flow from operating activities the past five years.
9. Cash flow reinvestment ratio up by 163%: Same as 7.
10. Operating leverage up by 119%: Mainly due to the increase in operating income this year.

2. Goldsun Company

Items to be analyzed \ Year		Financial analyses for the past five fiscal years				
		2015	2016	2017	2018	2019
Capital structure (%)	Debt to asset ratio	31.12	40.54	33.40	36.52	36.87
	Long-term fund to property, plant and equipment ratio	583.89	443.29	489.57	503.69	558.66
Solvency %	Current ratio	98.21	83.20	72.73	70.53	90.74
	Quick ratio	86.14	74.54	63.37	62.22	81.18
	Times interest earned	42.72	(4,391.57)	2,888.52	614.09	1,182.39
Operating performance	Receivables turnover ratio (times)	2.90	2.75	2.68	2.70	2.65
	Days sales outstanding	125.86	132.73	136.19	135.19	137.74
	Average inventory turnover (times)	29.77	27.51	27.06	28.59	29.27
	Accounts payable turnover ratio (times)	6.44	6.98	7.03	6.89	7.43
	Average inventory turnover days	12.26	13.27	13.49	12.77	12.47
	Property, plant and equipment turnover (times)	2.81	2.39	2.38	2.68	3.03
	Total assets turnover (times)	0.35	0.35	0.36	0.38	0.40
Profitability	Return on total assets (%)	0.30	(14.62)	9.80	1.98	3.77
	Return on equity (%)	0.08	(23.11)	15.10	2.63	5.53
	Pre-tax income to paid-in capital (%)	(0.40)	(32.96)	20.27	3.64	8.11
	Net margin (%)	0.15	(42.09)	26.11	4.52	8.66
	Earnings per share (NT$)	0.01	(3.27)	2.01	0.37	0.80
Cash flow	Cash flow ratio (%)	9.27	3.62	2.77	(0.23)	(6.94)
	Cash flow adequacy ratio (%)	(0.27)	(3.44)	5.00	12.91	15.96
	Cash flow reinvestment ratio (%)	0.06	0.78	1.17	(3.47)	(4.29)
Leverage	Operating leverage	2.59	3.53	20.39	(7.83)	3.60
	Financial leverage	1.20	1.37	(1.21)	0.54	1.30

Analysis of deviation of the past two years over 20%:
1. Current and quick ratios increased by 29% and 30%, respectively: Mainly due to the 21% and 23% increase in current and quick assets, respectively.
2. Times interest earned increased by 93%: Mainly due to an increase of NT$600 million in net profit before tax this year.
3. Return on assets and return on shareholders' equity up by 90% and 110%, respectively: Mainly due to an increase of NT$600 million in net profit before tax this year.
4. Pre-tax income to paid-in capital up by 123%: Same as 2.
5. Net margin and earnings per share increased by 92% and 116%, respectively: Same as 3.
6. Cash flow ratio down by 2,917%: Mainly due to the decrease in net cash flow from operating activities this year.
7. Cash flow adequacy ratio up by 24%: Mainly due to the increase in net cash flow from operating activities the past five years.
8. Cash flow reinvestment ratio up down by 24%: Same as 6.
9. Operating leverage up by 146%: Mainly due to the increase in operating income this year.
10. Financial leverage up by 141%: Same as 8.

Note: The end of the table should list the following formula:

1. Financial structure

(1) Debt-to-asset ratio = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity analysis

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities

(3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating performance

(1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)

(2) Average collection days = 365 / Receivable turnover ratio

(3) Average inventory turnover = Cost of goods sold / average inventory

(4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)

(5) Average inventory turnover days = 365 / Inventory turnover

(6) Fixed asset turnover = Net sales / Average net value of fixed asset

(7) Total asset turnover = Net sales/ Average total asset

4. Profitability analysis

(1) Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets

(2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3) Net margin = Net income / Net sales

(4) Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (Net operating income - Variable operating costs and expenses) / Operating profit (Note 6)

(2) Financial leverage = Operating profit / (Operating profit - Interest expense)

Note 4: Pay attention to the following issues when making calculation for the earnings per share based on the above formula:

1. Calculation should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In case there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax,

dividend on preferred shares shall be subtracted from the net profit after tax; if there is a loss, no adjustment is made.

Note 5: Pay attention to the following issues when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures refers to the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Real property, plant and equipment value refers to the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, pay attention to their reasonableness and maintain consistency.

Note 7: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, pay attention to their reasonableness and maintain consistency.

III. Audit committee review of the most recent annual financial report:

Audit Committee Report

The board of directors has prepared the Company's 2019 business report, financial statements and proposals for profits distribution. The accounting firm Ernst & Young, Taiwan is commissioned to audit the Company's financial statements, and an audit report with an unqualified opinion has been issued. The business report, financial statements, and profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report.

Sincerely,

The 2020 Annual General Meeting

Goldsun Building Materials Co., Ltd.

Convener of the Audit Committee:

May 6, 2020

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2019 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of combined financial statements than the Consolidated Financial Statements.

Very truly yours,

GOLDSUN BUILDING MATERIALS CO., LTD.

Chairman: Hus, Lan-Ying

March 17, 2020

Independent Auditors' Report Translated from Chinese

To GOLDSUN BUILDING MATERIALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of GOLDSUN BUILDING MATERIALS CO., LTD. and its subsidiaries (the "Group") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matters section), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and their consolidated financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing, Certification of Financial Statements by Certified Public Accountants, No.1090360805 letter issued by the Financial Supervisory Commission on February 25, 2020 and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2019 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue Recognition</u>

Revenue from contracts with customers that recognized by the Group amounted to NT$18,841,885 thousand for the year ended December 31, 2019, and the main source of revenue is the sale of pre-mixed concrete, cement and calcium silicate board. The timing of sales was recognized when the performance obligations was satisfied that goods were delivered and accepted by the customers. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to:

1. Assessing the appropriateness of the accounting policy of revenue recognition and the process of generating and recognizing revenue; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition.

2. Selecting samples to perform tests of details, performing tests of transaction detail which included reviewing vouchers of selected samples and cash receipts record to confirm the performance obligations was satisfied.

3. Performing cutoff testing through periods before and after the balance sheet date by reviewing related documentation of selected samples.

4. Executing accounts receivable confirmation procedures to confirm with the Group's customers. Moreover, performing other alternative audit procedures if customers do not return confirmations.

We also consider the appropriateness of the disclosures of operating revenue. Please refer to Note 6.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$235,914 thousand, representing for 1% of consolidated total assets as of December 31, 2018. The related shares of profits (losses) from the associates and joint ventures under the equity method amounted to NT$(52,620) thousand, representing for(10)% of the consolidated net income (loss) before tax for the year ended December 31, 2018, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$0 thousand, representing for 0% of the consolidated other comprehensive income, net, for the year ended December 31, 2018.

Emphasis of Matter - Applying for New Accounting Standards

We draw attention to Note 3 of the consolidated financial statements, which describes the Company and its subsidiaries applied for the International Financial Reporting Standard 16, "Lease" starting from January 1, 2019, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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 2019 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Others

We have audited and expressed an unqualified opinion including an Emphasis of Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2019 and 2018.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 17, 2020

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and December 31, 2018
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2019		December 31, 2018	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$3,685,521	10	$2,334,885	7
Financial assets at fair value through profit or loss, current	4 and 6	949	-	51,332	-
Financial assets at fair value through other comprehensive income, current	4,6 and 8	723,269	2	574,891	2
Financial assets at amortized cost, current	4,6 and 8	108,030	-	305,010	1
Notes receivable, net	4,5 and 6	1,409,124	4	1,814,410	5
Accounts receivable, net	4,5 and 6	6,393,089	17	5,519,714	15
Accounts receivable-related parties, net	4,5,6 and 7	3,976	-	9,346	-
Other receivables	6	1,337,695	3	74,482	-
Other receivables-related parties	7	13,453	-	28,093	-
Current tax assets	4 and 6	680	-	-	-
Inventories, net	4 and 6	560,337	2	770,053	3
Prepayments	7	665,388	2	1,046,885	2
Other current assets		4,295	-	631	-
Total current assets		14,905,806	40	12,529,732	35
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,5,6 and 8	1,507,834	4	1,538,764	4
Financial assets at amortized cost, non-current	4,6 and 8	93,082	-	15,800	-
Investments accounted for under the equity method	4,5 and 6	873,871	2	1,008,570	3
Property, plant and equipment	4, 6, 7 and 8	7,041,334	19	8,154,592	23
Right-of-use assets	4,5,6 and 8	905,063	2	-	-
Investment property, net	4,5,6 and 8	6,152,817	18	6,461,585	18
Intangible assets	4 and 6	3,717,413	11	4,078,614	12
Deferred tax assets	4,5 and 6	489,393	1	640,488	2
Prepayment for equipment		32,715	-	221,276	1
Refundable deposits	6 and 7	75,387	-	54,762	-
Long-term receivable	4,5 and 6	1,247,705	3	892,415	2
Long-term prepaid rent	6	-	-	109,562	-
Other assets, non-current		2,573	-	2,920	-
Total non-current assets		22,139,187	60	23,179,348	65
Total assets		$37,044,993	100	$35,709,080	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and December 31, 2018
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31, 2019 Amount	%	As of December 31, 2018 Amount	%
Current liabilities					
Short-term loans	4,6 and 8	$2,930,000	9	$3,165,000	9
Short-term notes and bills payable	6 and 8	2,958,328	8	1,727,825	5
Notes payable		350,159	1	359,782	1
Notes payable - related parties	7	135	-	285	-
Accounts payable		2,120,618	6	2,599,070	7
Accounts payable - related parties	7	65,512	-	123,867	-
Other payables		852,840	2	1,078,775	3
Other payables - related parties	7	60	-	1,685	-
Current tax liabilities	4,5 and 6	91,404	-	60,757	-
Lease liabilities, current	4,5,6 and 7	82,645	-	-	-
Other current liabilities		132,699	-	89,873	-
Advanced receipts		33,512	-	238,989	1
Current portion of long-term bonds payable	6	-	-	1,000,000	3
Current portion of long-term loans	4 and 6	338,000	1	576,000	2
Total current liabilities	4,6 and 8	9,955,912	27	11,021,908	31
Non-current liabilities					
Long-term loans	4,6 and 8	3,949,836	10	3,149,431	9
Provisions, non-current	4 and 6	9,397	-	9,097	-
Deferred tax liabilities	4,5 and 6	636,007	2	640,333	2
Lease liabilities, non-current	4,5,6 and 7	748,960	2	-	-
Net defined benefit liabilities, non-current	4,5 and 6	217,346	1	240,257	1
Guarantee deposits	7	51,668	-	67,762	-
Total non-current liabilities		5,613,214	15	4,106,880	12
Total liabilities		15,569,126	42	15,128,788	43
Equity attributable to the parent					
Capital					
Common stock	4 and 6	13,850,003	38	13,850,003	39
Additional paid-in capital		1,177,219	3	1,177,912	3
Retained earnings					
Legal reserve		1,596,648	4	1,545,164	4
Special reserve		1,874,430	5	1,874,430	5
Unappropriated earnings		1,881,076	5	1,183,489	3
Other components of equity		15,012	-	(138,664)	-
Treasury stock		(10,039)	-	(10,039)	-
Total equity attributable to the parent company		20,384,349	55	19,482,295	54
Non-controlling interests	6	1,091,518	3	1,097,997	3
Total equity		21,475,867	58	20,580,292	57
Total liabilities and equity		$37,044,993	100	$35,709,080	100

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

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2019 Amount	2019 %	2018 Amount	2018 %
Operating revenue	4,5,6 and 7	$19,005,069	100	$18,644,806	100
Operating costs	6 and 7	(17,714,598)	(93)	(17,236,929)	(92)
Gross profit		1,290,471	7	1,407,877	8
Operating expenses	4,5,6 and 7				
Sales and marketing expenses		(194,248)	(1)	(177,418)	(1)
General and administrative expenses		(673,103)	(4)	(715,871)	(4)
Research and development expenses		(9,822)	-	(8,319)	-
Expected credit losses		(49,067)	-	(56,287)	-
Subtotal		(926,240)	(5)	(957,895)	(5)
Operating income		364,231	2	449,982	3
Non-operating income and loss	4,6 and 7				
Other income		180,414	1	237,911	1
Other gains and losses		724,527	4	(86,700)	-
Finance costs		(127,985)	(1)	(147,469)	(1)
Share of profit or loss of associates and joint ventures		129,637	1	85,914	-
Subtotal		906,593	5	89,656	-
Income before income tax		1,270,824	7	539,638	3
Income tax (expense) benefit	4,5 and 6	(84,863)	(1)	51,549	-
Net income		1,185,961	6	591,187	3
Other comprehensive income	4 and 6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(1,764)	-	(17,226)	-
Unrealized gains on fair value through other comprehensive income equity instrument investment		222,803	1	4,508	-
Income tax related to items that will not be reclassified		353	-	3,568	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(60,000)	-	(20,276)	
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		(374)	-	-	-
Total other comprehensive (loss) income, net of tax		161,018	1	(29,426)	-
Total comprehensive income		$1,346,979	7	$561,761	3
Net income attributable to:					
Shareholders of the parent		$1,101,659		$514,839	
Non-controlling interests		84,302		76,348	
		$1,185,961		$591,187	
Comprehensive income attributable to:					
Shareholders of the parent		$1,262,246		$485,808	
Non-controlling interests		84,733		75,953	
		$1,346,979		$561,761	
Earnings per share (NT$)	6				
Basic earnings per share		$0.80		$0.37	
Diluted earnings per share		$0.80		$0.37	

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

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company											
			Retained Earnings			Other Components of Equity						
Description	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at fair value through other comprehensive income	Unrealized Gain or Loss on Available-for-Sale Financial Assets	Treasury Stock	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2018	$13,850,003	$1,163,101	$1,392,890	$1,874,430	$1,522,743	$(416,583)	$-	$305,957	$(10,039)	$19,682,502	$1,437,503	$21,120,005
Impact of retroactive application	-	-	-	-	3,944	-	293,687	(305,957)	-	(8,326)	-	(8,326)
Balance as of January 1, 2019 after restatement	13,850,003	1,163,101	1,392,890	1,874,430	1,526,687	(416,583)	293,687	-	(10,039)	19,674,176	1,437,503	21,111,679
Appropriations and distributions of 2017 unappropriated earnings												
Legal reserve	-	-	152,274	-	(152,274)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(692,500)	-	-	-	-	(692,500)	-	(692,500)
Other changes in capital reserve												
Donated surplus	-	12,990	-	-	-	-	-	-	-	12,990	107	13,097
Net income in 2018	-	-	-	-	514,839	-	-	-	-	514,839	76,348	591,187
Other comprehensive (loss) income, net of tax in 2018	-	-	-	-	(13,263)	(20,276)	4,508	-	-	(29,031)	(395)	(29,426)
Total comprehensive income	-	-	-	-	501,576	(20,276)	4,508	-	-	485,808	75,953	561,761
Parent company's cash dividends received by subsidiaries	-	1,821	-	-	-	-	-	-	-	1,821	-	1,821
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(415,566)	(415,566)
Balance as of December 31, 2018	$13,850,003	$1,177,912	$1,545,164	$1,874,430	$1,183,489	$(436,859)	$298,195	$-	$(10,039)	$19,482,295	$1,097,997	$20,580,292
Balance as of January 1, 2019	$13,850,003	$1,177,912	$1,545,164	$1,874,430	$1,183,489	$(436,859)	$298,195	$-	$(10,039)	$19,482,295	$1,097,997	$20,580,292
Appropriations and distributions of 2018 unappropriated earnings												
Legal reserve	-	-	51,484	-	(51,484)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(346,250)	-	-	-	-	(346,250)	-	(346,250)
Other changes in capital reserve												
Donated surplus	-	11	-	-	-	-	-	-	-	11	-	11
Net income in 2019	-	-	-	-	1,101,659	-	-	-	-	1,101,659	84,302	1,185,961
Other comprehensive (loss) income, net of tax in 2019	-	-	-	-	(1,842)	(60,374)	222,803	-	-	160,587	431	161,018
Total comprehensive income	-	-	-	-	1,099,817	(60,374)	222,803	-	-	1,262,246	84,733	1,346,979
Parent company's cash dividends received by subsidiaries	-	910	-	-	-	-	-	-	-	910	-	910
The differences between the fair value of the consideration paid or received	-	(1,614)	-	-	(13,249)	-		-	-	(14,863)	(13,619)	(28,482)
from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries												
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,753	-	(8,753)	-		-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-		-	(77,593)	(77,593)
Balance as of December 31, 2019	$13,850,003	$1,177,219	$1,596,648	$1,874,430	$1,881,076	$(497,233)	$512,245	$-	$(10,039)	$20,384,349	$1,091,518	$21,475,867

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Description	2019	2018
Cash flows from operating activities:		
Profit before tax from continuing operations	$1,270,824	$539,638
Net income before tax	1,270,824	539,638
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	591,392	570,008
Amortization	107,809	105,632
Syndicated loan amortization	405	405
Expected credit losses	49,067	56,287
Interest expense	127,985	147,469
Interest revenue	(24,468)	(58,776)
Dividend income	(88,581)	(69,599)
Gain on disposal of associate	(31,294)	-
Gain on disposal of subsidiary	(478,145)	(4,568)
Share of gain of associates and joint ventures	(129,637)	(85,914)
Gain on disposal of property, plant and equipment	(17,249)	(44,414)
Gain on disposal of investment property	(297,874)	(59,470)
Gain on disposal of financial assets at fair value through profit or loss	(177)	(2,980)
loss of lease modification	38	-
Changes in operating assets and liabilities:		
Notes receivable, net	233,868	(139,495)
Accounts receivable, net	(880,899)	(1,202,745)
Accounts receivable-related parties, net	5,370	2,445
Other receivables	1,018,251	(29,135)
Other receivables-related parties	14,640	(2,468)
Inventories, net	2,286	(117,083)
Prepayments	249,721	(140,710)
Other current assets	(3,664)	2,531
Long-term receivable	(103,930)	58,915
Notes payable	(1,664)	69,250
Notes payable - related parties	(150)	(297)
Accounts payable	(288,885)	404,797
Accounts payable - related parties	(58,355)	48,582
Other payables	(156,003)	(156,545)
Other payables - related parties	(1,625)	80,808
Provisions, current	-	(243)
Other current liabilities	42,826	13,720
Advanced receipts	(143,748)	143,067
Lease liabilities, non-current	300	-
Net defined liabilities, non-current	(24,322)	(40,315)
Cash generated from operations	984,112	88,797
Interest received	24,455	58,776
Interest paid	(120,594)	(145,828)
Income tax paid	(108,734)	(40,856)
Net cash provided by (used in) operating activities	779,239	(39,111)
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	-	(139,505)
Disposal of subsidiary	(152,140)	(58,888)
Acquisition of property, plant and equipment	(440,654)	(607,857)
Proceeds from disposal of property, plant and equipment	19,821	307,823
Acquisition of investment property	(776)	(5,134)
Disposal of investment property	617,688	275,357
Proceeds from disposal of financial assets at fair value through profit or loss	49,868	312,750
Acquisition of financial assets at fair value through profit or loss	-	(170,000)
Capital deducted by cash of financial assets at fair value through other comprehensive income	2,378	2,475
Proceeds from disposal of financial assets at fair value through other comprehensive income	122,629	13,110
Acquisition of financial assets at fair value through other comprehensive income	(30,920)	(24,931)
Decrease (increase) in financial assets at amortized cost, current	196,980	(143,668)
Decrease in financial assets at amortized cost, non-current	(77,282)	(8,500)
Disposal of investments accounted for under the equity method	280,684	-
Acquisition of intangible assets	(54,361)	(23,058)
Increase in prepayment for equipment	(25,302)	(236,248)
(Increase)decrease in refundable deposits	(20,625)	16,014
Decrease in long-term prepaid rent	-	11,736
Decrease (increase) in other non-current assets	347	(3,878)
Dividends received	88,581	69,599
Net cash provided by (used in) investing activities	576,916	(412,803)
Cash flows from financing activities:		
(Decrease)increase in short-term loans	(235,000)	1,085,000
Increase(decrease) in short-term notes and bills payable	1,230,503	(70,565)
Increase in long-term loans	6,630,000	6,550,000
Decrease in long-term loans	(6,068,000)	(5,619,000)
Decrease in guarantee deposits	(16,094)	(5,879)
Decrease in bonds payable	(1,000,000)	(1,000,000)
Cash payments for the principal portion of the lease liability	(160,485)	-
Cash dividends paid	(346,250)	(692,500)
Donated surplus	51	12,990
Changes in non-controlling interests	(13,619)	134,765
Net cash provided by financing activities	21,106	394,811
Effect of exchange rate changes on cash and cash equivalents	(26,625)	26,828
Net increase(decrease) in cash and cash equivalents	1,350,636	(30,275)
Cash and cash equivalents at beginning of year	2,334,885	2,365,160
Cash and cash equivalents at end of year	$3,685,521	$2,334,885

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

1. History and organization

GOLDSUN BUILDING MATERIALS CO., LTD. ("The Group") was incorporated under the laws of the Republic of China ("R.O.C.") in November 1954. The Group is engaged mainly in the production and sales pre-mixed concrete and building rental. In March 1978, the Group listed its shares of stock on the Taiwan Stock Exchange ("TWSE"). The Group's registered office and the main business location is at 7F, No.8, Xinhu 1st Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of The Group and its subsidiaries (the "Group") for the years ended 31 December 2019 and 2018 were authorized for issue by the Board of Director's meeting on March 17, 2020.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2019. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

A. IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Group followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

1. Please refer to Note 4 for the accounting policies before or after January 1, 2019.

2. For the definition of a lease, the Group elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Group was permitted to apply IFRS 16 to

contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Group need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases and has no significant impact arised.

3. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Group measured and recognized those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019, and; the Group chose, on a lease liability basis, to measure the right-of-use asset, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before January 1, 2019.

On January 1, 2019, the Group's right-of-use asset and lease liability both increased by NT$890,985 thousand.

Besides, on January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the long-term rental prepayment of NT$109,562 thousand to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before January 1, 2019 as an alternative to performing an impairment review.

iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.

iv. Exclude initial direct costs from the measurement of the right-of-use asset on January 1, 2019.

v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(c) As at January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

i. The weighted average of the lessee 's incremental borrowing rate applied to the lease liability recognized on the balance sheet of January 1, 2019 is 1.15%

ii. The explanation for the difference of NT$68,685 thousand between:

1) operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate on January 1, 2019; and

2) lease liabilities recognized in the balance sheet as at January 1, 2019 is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as at December 31, 2018	$822,300
Discounted using the incremental borrowing rate on January 1, 2019	$805,617
Add: adjustments to the options to extend or terminate the lease that is reasonably certain to exercise	89,991
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	(3,307)
Less: adjustment to leases that meet and elect the underlying asset of low value	(1,316)
The carrying value of lease liabilities recognized as at January 1, 2019	$890,985

4. The Group is a lessor and has not made any adjustments. Please refer to Note 4 and Note 6 for the information relating to the lessor.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Definition of a Business - Amendments to IFRS 3	January 1, 2020
B	Definition of Material - Amendments to IAS 1 and 8	January 1, 2020
C	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020

A. Definition of a Business - Amendments to IFRS 3

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

B. Definition of a Material - Amendments to IAS 1 and 8

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

C. Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

a. highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

b. prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

c. IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

d. separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2020. The Group evaluates the abovementioned remaining standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by

FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 Insurance Contracts	January 1, 2021
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2022

A. IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint VenturesTo be determined by IASB

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

a. estimates of future cash flows;
b. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
c. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group evaluates the abovementioned remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which The Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If The Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Name of the investors	Name of subsidiaries	Nature of Business	December 31, 2019	December 31, 2018
The Company	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	Construction of civil and architectural construction projects	100%	100%
The Company	REI SHIN CONSTRUCTION CO., LTD	Real estate rental	100%	100%
The Company	GOLDSUN INVESTMENT CO., LTD	Investment	100%	100%
The Company	WELLPOOL CO., LTD. (Note 1)	Sales of calcium silicate board and other boards	51%	49% (Note1)
The Company	GOLDSUN NIHON CEMENT CO., LTD.	Cement import and sale	59%	59%
The Company	EASE GREAT INVESTMENTS LTD.	Investment holding	100% (Note3)	84%
The Company	TAIPEI PORT TERMINAL COMPANY LIMITED	International trade, warehousing and tally packaging	100% (Note3)	72%
The Company	HWA YA DEVELOPMENT CO., LTD. (Note 2)	Hotel operator	31%	31%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%) December 31, 2019	December 31, 2018
The Company	JIN SHUN MARITIME LTD.	Shipping	100%	100%
The Company	YUAN SHUN MARITIME LTD.	Shipping	100%	100%
The Company	JING SHUN MARITIME LTD.	Shipping	100%	100%
The Company	FENG SHUN MARITIME LTD.	Shipping	100%	100%
The Company	GIMPO MARINE CO., LTD.	Shipping	100%	100%
The Company	TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Investment	100%	100%
The Company	GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Interior renovation	100%	100%
The Company	GOYU BUILDING MATERIALS CO., LTD.	Sales of building materials and cement	65%	65%
RUEI SHIN CONSTRUCTIN CO., LTD	EASE GREAT INVESTMENTS LTD.	Investment holding	- (Note3)	16%
RUEI SHIN CONSTRUCTIN CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	International trade, warehousing and tally packaging	- (Note3)	28%
WELLPOOL CO., LTD.	GAPE-GOLDSUN CORPORATION	Sales of calcium silicate board and other boards	100%	100%
EASE GREAT INVESTMENTS LTD. (Samoa)	GOLDSUN INTERNATIONAL DEVELOPMENT CORP. (GOLDSUN INC., Cayman)(Note6)	Investment holding	100%	100%
EASE GREAT INVESTMENTS LTD. (Samoa)	GREAT SMART LTD.(Cayman) (Note5)	Investment holding	100%	100%
GOLDSUN INC., Cayman	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	Production and sales of Sales of pre-mixed concrete and cement	100%	100%
GOLDSUN INC., Cayman	TAICANG PORT GOLDSUN CONCRETE CO., LTD.	Production and sales of Sales of pre-mixed concrete and cement	100%	100%
GOLDSUN INC., Cayman	KUNSHAN GOLDSUN CONCRETE CO., LTD.	Production and sales of Sales of pre-mixed concrete and cement	100%	100%
GOLDSUN INC., Cayman	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Production and sales of Sales of pre-mixed concrete and cement	100%	100%
GOLDSUN INC., Cayman	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Production and sales of Sales of pre-mixed concrete and cement	100%	100%
GOLDSUN INC., Cayman	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Production and sales of Sales of pre-mixed concrete and cement	100%	100%
GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	Production and sales of cement	- (Note4)	100%

Note1: Although the percentage of ownership interests in WELLPOOL CO., LTD. is less than 50%. The Group determined that it has control over WELLPOOL CO., LTD. This is due to a combination of factors including the fact that the Company has been the single largest shareholder of WELLPOOL CO., LTD. since the inception of the investment; the remaining shareholding of other shareholders is dispersed; the Company could obtain proxies to achieve majority of voting right and have the ability to appoint the key management of WELLPOOL CO., LTD. who have the ability to direct the relevant activities.

Note2: The Company determined that it has control over HWA YA DEVELOPMENT CO., LTD. due to the contractual agreement with other shareholders of HWA YA DEVELOPMENT CO., LTD.

Note3: The Board of Directors of RUEI SHIN CONSTRUCTIN CO., LTD., has approved a proposal for reducing share capital on September,6 2019. RUEI SHIN CONSTRUCTIN CO., LTD., returned cash and all equity investment, including of TAIPEI PORT TERMINAL COMPANY LIMITED and EASE GREAT INVESTMENT LTD., for capital reduction. As of December 31, 2019, the Company owns 100% shares of TAIPEI PORT TERMINAL COMPANY LIMITED and EASE GREAT INVESTMENT LTD.

Note4: The Group disposed the subsidiary, GOLDSUN COMENT (FUJIAN) CO., LTD, in October 2019 and completed the capital transfer as of December 31, 2019. Please ref to Note 6(28) for more detail.

Note5: The Board of Directors of GREAT SMART LTD. approved a proposal of cash capital reduction by cash on November 6, 2019. The capital will be reduced USD 77,300 thousand. GREAT SMART LTD. completed the capital reduction USD 34,400 thousand in 2019, and remaining USD 40,000 thousand will be implemented in the future.

Note6: The Board of Directors of GOLDSUN INTERNATIONAL DEVELOPMENT CORP. approved a proposal of capital reduction by cash on November 6, 2019. GOLDSUN INTERNATIONAL DEVELOPMENT CORP. completed the capital reduction USD 9,062 thousand in 2019.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also The Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its own functional currency and items included in the financial statements of each foreign operation are measured at that functional currency. While preparing the Company's financial statements, the assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The partial disposals are accounted for as disposals when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

B. The Group holds the asset primarily for the purpose of trading

C. The Group expects to realize the asset within twelve months after the reporting period

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle

B. The Group holds the liability primarily for the purpose of trading

C. The liability is due to be settled within twelve months after the reporting period

D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities of 3 months from the date of acquisition).

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the delivery date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. assets in order to collect contractual cash flows and
b. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss or retained earnings as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This 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 assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of International Financial Reporting Standards 16 (Before January 1, 2019, International Accounting Standards 17), the Group uses the expected credit loss during the lifetime to measure Allowance for losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired
b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carryingamount and the consideration received or to be received including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss (for debt instruments) or directly in retained earnings (for equity instruments).

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the Company allocates the previous carrying amount of the larger financial asset between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. Any cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated that had been recognized in other comprehensive income, is recognized in profit or loss or directly in retained earnings.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Compnay assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

<u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E.Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost based on a weighted average cost basis.
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(12) Investments accounted for under the equity method

The Group's investment in its associate is accounted for under the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~55 years
Machinery and equipment	2~10 years
Transportation equipment	2~10 years
Office equipment	5 years
Right-of-use assets	2~50 years
Lease improvement	2~25 years
Other equipment	3~5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Investment property

The accounting policy from January 1, 2019 as follow:

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30~55 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Properties are transferred to or from investment properties due to actual use.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

The accounting policy before 1 January 2019 as follow:

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30~55 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

The accounting policy from January 1, 2019 as follow:

For contracts entered on or after January 1, 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

The Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and.
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. Cost of right-of-use asset contains:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before January 1, 2019 as follow:

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental revenue generated from operating lease is recognized over the lease term using the straight-line method. Contingent rents are recognized as revenue in the period in which they are earned.

(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Concession

A service concession arrangement is an arrangement whereby a government sector contracts with private sector to develop and operate infrastructure assets in the period of time. As a result, those service concession arrangements are assessed as having a finite useful life.

A summary of the policies applied to the Group's intangible assets is as follows:

	Mining right	Concession	Computer software
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on the unit of production basis over the estimated undeveloped reserves.	Amortized on a straight-line basis over the specified period of the operating and maintaining.	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Maintenance warranties

A provision is recognized for expected warranty claims on construction, based on past experience, management's judgement and other known factors.

(19) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(20) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Group sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is pre-mixed concrete and cement. Revenue are recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 90 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. The other part of the accounts receivable is the contract between the Group and the customer to deliver the promised goods or services to the customer, but the payment period is more than one year according to the contract. Therefore, the Group adjusts the transaction price for the time value of money. However, some of the contracts are subject to partial consideration for the customers before the transfer of the goods. The Group is obliged to undertake the subsequent transfer of the goods and is therefore recognized as a contract liability.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(22) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(23) Post-employment benefits

All regular employees of the Group and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Group and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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

(24) Share-based payment transactions

The cost of equity-settled transactions between the Group and employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(25) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 5% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(26) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. Operating lease commitment-Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, and accounts for the contracts as operating leases.

C. De facto control without a majority of the voting rights in subsidiaries

The Group does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4(3) for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note 6 for more details.

D. Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

E. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Group's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax assets of the Group as of December 31, 2019.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2019	2018
Cash on hand and petty cash	$5,717	$6,087
Checking accounts and demand deposits	2,889,952	1,541,305
Time deposits	653,561	666,186
Cash equivalents (Note)	136,291	121,307
Total	$3,685,521	$2,334,885

Note: The Cash equivalents is Bank’s short-term bill that have maturity within 3 months.

(2) Financial assets at fair value through profit or loss, current

	As of December 31,	
	2019	2018

	As of December 31,	
	2019	2018
Mandatorily measured at fair value through profit or loss:		
Fund	$949	$51,332

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2019	2018
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies' stocks	$1,516,095	$1,437,433
Unlisted companies' stocks	715,008	676,222
Total	$2,231,103	$2,113,655
Current	$723,269	$574,891
Non-current	1,507,834	1,538,764
Total	$2,231,103	$2,113,655

Please refer to Note 8 for more details on financial assets at fair value through other comprehensive income under pledge.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2019	2018
Time deposit	$115,330	$252,910
Restricted cash – demand deposits	85,782	67,900
Total	$201,112	$320,810
Current	$108,030	$305,010
Non-current	93,082	15,800
Total	$201,112	$320,810

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5) Notes receivable

	As of December 31,	
	2019	2018
Notes receivables arising from operating activities	$1,409,876	$1,816,162
Less: loss allowance	(752)	(1,752)
Total	$1,409,124	$1,814,410

Notes receivable were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(21) for more details on loss allowance and Note 12 for more details on credit risk

(6) Accounts receivable, accounts receivable - related parties, and long - term receivable

Accounts receivable and accounts receivable - related parties

	As of December 31,	
	2019	2018
Accounts receivable	$6,492,259	$5,644,135
Less: loss allowance	(99,170)	(124,421)
Subtotal	6,393,089	5,519,714
Accounts receivable - related parties	3,976	9,346
Less: loss allowance	-	-
Subtotal	3,976	9,346
Total	$6,397,065	$5,529,060

Long-term receivable

	As of December 31,	
	2019	2018
Construction retainage receivable	$665,433	$887,367
Overdue receivables	402,168	93,043
Subtotal	1,067,601	980,410
Less: loss allowance	(143,180)	(87,995)
Total	$924,421	$892,415

Accounts receivable and long - term receivable were not pledged.

Other long-term receivable

	As of December 31,	
	2019	2018
Receivable on sold of subsidiary	$323,284	$-

Please refer to Note 6(28) for more detail.

Accounts receivable are generally on 30-120 day terms. The total carrying amount as of December 31, 2019 and 2018 were NT$7,563,836 thousand and NT$6,633,891 thousand, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the years ended December 31, 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2019	2018
Raw materials	$196,468	$409,467
Building for sale	79,872	79,872
Land of construction	210,367	210,367
Work in process	26,738	17,090
Finished goods	46,892	53,257

	As of December 31,	
	2019	2018
Total	$560,337	$770,053

For the year ended December 31, 2019, the Group recognized the cost of inventories in expense amounted to NT$15,643,730 thousand, including gain from price recovery of inventories NT$2,366 thousand.

For the year ended December 31, 2018, the Group recognized the cost of inventories in expense amounted to NT$15,059,794 thousand, including gain from price recovery of inventories NT$315 thousand.

Inventories were not pledged.

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of December 31,			
	2019		2018	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
LIANYUAN CONCH CEMENT CO., LTD.	$740,528	20%	$616,269	20%
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	117,608	30%	126,860	30%
FU YANG PORT CO., LTD. (Note)	-	-	235,914	41%
RAIXIN QUALITY PRODUCTS LTD.	15,735	39%	29,527	39%
Total	$873,871		$1,008,570	

Note：The Group disposed the capital of FU YANG PORT CO., LTD. in July 2019. The consideration of disposal was RMB$65,328 thousand, and the gain of disposal was RMB$6,860 thousand.

The Group's investments listed above are not individually material. The aggregate carrying amount of the Group's investments in associates is NT$873,871 thousand and NT$1,008,570 thousand as of December 31, 2019 and 2018, respectively. The aggregate financial information as follows:

	For the years ended December 31,	
	2019	2018
Profit or loss from continuing operations	$129,637	$85,914
Other comprehensive income (post-tax)	(374)	-
Total comprehensive income	$129,263	$85,914

The associates had no contingent liabilities or capital commitments as of December 31, 2019 and 2018.

(9) Property, plant and equipment

A. Owner occupied property, plant and equipment (adopted IFRS 16 "Lease")

Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets and land Improvements	Construction in progress and equipment awaiting examination	Other equipment	Total

Cost:									
As of January 1, 2019	$3,670,003	$2,516,266	$4,859,517	$74,253	$2,414,908	$132,613	$545,129	$219,236	$14,431,925
Additions	-	26,858	94,485	2,888	46,564	1,641	256,971	11,247	440,654
Disposals	(431)	(3,811)	(71,505)	(2,196)	(83,629)	(430)	-	(30,352)	(192,354)
Disposal of subsidiaries	-	(854,902)	(2,086,302)	(48,634)	(49,613)	-	(1,008)	-	(3,040,459)
Transfers	(488,444)	14,571	5,543	-	215,574	(2,134)	409,672	868	155,650
Exchange effect	-	(49,603)	(92,104)	(2,518)	(28,122)	-	(38)	(370)	(172,755)
Other changes	-	-	(120)	-	-	-	-	-	(120)
As of December 31, 2019	$3,181,128	$1,649,379	$2,709,514	$23,793	$2,515,682	$131,690	$1,210,726	$200,629	$11,622,541
Depreciation:									
As of January 1, 2019	$-	$1,179,400	$3,503,593	$60,929	$1,012,696	$104,207	$-	$168,876	$6,029,701
Depreciation	-	80,678	199,359	2,286	132,295	14,417	-	12,685	441,720
Disposals	-	(3,643)	(70,412)	(1,944)	(83,035)	(430)	-	(30,318)	(189,782)
Disposal of subsidiaries	-	(303,269)	(1,465,475)	(40,926)	(39,326)	-	-	-	(1,848,996)
Transfers	-	-	-	-	-	(2,134)	-	225	(1,909)
Exchange effect	-	(19,973)	(65,557)	(2,079)	(8,775)	-	-	(35)	(96,419)
As of December 31, 2019	$-	$933,193	$2,101,508	$18,266	$1,013,855	$116,060	$-	$151,433	$4,334,315
Impairment:									
As of January 1, 2019	$215,335	$322	$987	$-	$30,720	$-	$-	$268	$247,632
Impairment	-	-	-	-	-	-	-	-	-
Exchange effect	-	-	-	-	(740)	-	-	-	(740)
As of December 31, 2019	$215,335	$322	$987	$-	$29,980	$-	$-	$268	$246,892
Net carrying amount as of:									
December 31, 2019	$2,965,793	$715,864	$607,019	$5,527	$1,471,847	$15,630	$1,210,726	$48,928	$7,041,334

Note: The Group adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

B. Property, plant and equipment (before adopted IFRS 16 "Lease")

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets and land Improvements	Construction in progress and equipment awaiting examination	Other equipment	Total
Cost:									
As of January 1, 2018	$3,695,708	$2,880,202	$4,967,917	$74,532	$2,461,984	$465,801	$943,996	$231,295	$15,721,435
Additions	-	13,342	114,824	2,877	232,688	3,420	225,249	15,457	607,857
Disposals	-	(81,531)	(178,630)	(1,234)	(320,849)	(321,401)	(23)	(14,957)	(918,625)
Disposal of subsidiaries	-	-	(1,712)	(733)	-	(15,207)	(443,262)	(13,549)	(474,463)
Transfers	(25,705)	(267,788)	22,949	(33)	-	-	(178,868)	133	(449,312)
Exchange effect	-	(27,959)	(68,908)	(1,419)	40,750	-	(1,963)	660	(58,839)
Other changes	-	-	3,077	263	335	-	-	197	3,872
As of December 31, 2018	$3,670,003	$2,516,266	$4,859,517	$74,253	$2,414,908	$132,613	$545,129	$219,236	$14,431,925
Depreciation:									
As of January 1, 2018	$-	$1,165,059	$3,450,496	$61,237	$989,384	$408,072	$-	$172,018	$6,246,266
Depreciation	-	88,295	246,781	2,373	130,191	23,290	-	12,744	503,674
Disposals	-	(49,574)	(156,806)	(1,111)	(112,806)	(321,401)	-	(13,518)	(655,216)
Disposal of subsidiaries	-	-	(625)	(387)	-	(5,754)	-	(3,308)	(10,074)
Transfers	-	(19,044)	(2,487)	-	-	-	-	99	(21,432)
Exchange effect	-	(5,336)	(33,766)	(1,183)	5,927	-	-	841	(33,517)
As of December 31, 2018	$-	$1,179,400	$3,503,593	$60,929	$1,012,696	$104,207	$-	$168,876	$6,029,701

Impairment:									
As of January 1, 2018	$215,335	$322	$987	$-	$30,450	$-	$-	$268	$247,362
Impairment	-	-	-	-	-	-	-	-	-
Exchange effect	-	-	-	-	270	-	-	-	270
As of December 31, 2018	$215,335	$322	$987	$-	$30,720	$-	$-	$268	$247,632
Net carrying amount as of:									
December 31, 2018	$3,454,668	$1,336,544	$1,354,937	$13,324	$1,371,492	$28,406	$545,129	$50,092	$8,154,592

Components of building that have different useful lives are main building structure, equipment of pre-mixed concrete, air conditioning units and elevators, which are depreciated over 55 years, 5~20 years, 8 years and 15 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

Part of the property, plant and equipment were held temporarily under third parties' names because of regulatory requirements. The relevant security procedures have been fully implemented.

(10) Investment property

	Land	Buildings	Total
Cost:			
As of January 1, 2019	$5,176,682	$2,527,583	$7,704,265
Additions from acquisitions	-	776	776
Disposals	(84,815)	(409,750)	(494,565)
Transfers	54,801	1,220	56,021
As of December 31, 2019	$5,146,668	$2,119,829	$7,266,497
As of January 1, 2018	$5,360,080	$2,262,346	$7,622,426
Additions from acquisitions	-	5,134	5,134
Disposals	(209,606)	(32,601)	(242,207)
Transfers	26,208	292,704	318,912
As of December 31, 2018	$5,176,682	$2,527,583	$7,704,265
Depreciation:			
As of January 1, 2019	$-	$1,229,726	$1,229,726
Depreciation	-	45,751	45,751
Disposals	-	(174,751)	(174,751)
As of December 31, 2019	$-	$1,100,726	$1,100,726
As of January 1, 2018	$-	$1,184,910	$1,184,910
Depreciation	-	66,334	66,334
Disposals	-	(26,320)	(26,320)
Transfers	-	4,802	4,802
As of December 31, 2018	$-	$1,229,726	$1,229,726
Impairment:			
As of January 1, 2019	$-	$12,954	$12,954
Impairment	-	-	-
Transfers	-	-	-
As of December 31, 2019	$-	$12,954	$12,954
As of January 1, 2018	$-	$12,954	$12,954
Impairment	-	-	-
Transfers	-	-	-
As of December 31, 2018	$-	$12,954	$12,954

	Land	Buildings	Total
Net carrying amount as of:			
December 31, 2019	$5,146,668	$1,006,149	$6,152,817
December 31, 2018	$5,176,682	$1,284,903	$6,461,585

	For the years ended December 31,	
	2019	2018
Rental income from investment property	$163,184	$161,051
Less: Direct operating expense generated from rental income of investment property	(84,251)	(115,316)
Total	$78,933	$45,735

Please refer to Note 8 for more details on investment property under pledge.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties was NT$19,928,251 thousand as of December 31, 2019. The fair value NT$7,748,662 thousand has been determined based on valuations performed by an independent valuer. The valuation method used are comparison approach and income approach. The remaining NT$12,179,589 thousand was assessed by the Group. The valuation method used is land development analysis approach which supporting by market evidence and current land value.

The fair value of investment properties was NT$20,068,271 thousand as of December 31, 2018. The fair value NT$13,563,730 thousand has been determined based on valuations performed by an independent valuer. The valuation method used are comparison approach and income approach. The remaining NT$6,504,541 thousand was assessed by the Group. The valuation method used is land development analysis approach which supporting by market evidence and current land value.

Part of the Investment property were held temporarily under third parties' names because of regulatory requirements. The relevant security procedures have been fully implemented.

(11) Intangible assets

	Mining right	Concession	Computer software	Total
Cost:				
As of January 1, 2019	$302,326	$3,966,110	$40,049	$4,308,485
Addition-acquired separately	16,681	28,682	8,998	54,361
Disposals	-	-	(7,704)	(7,704)
Disposal of subsidiaries	(307,694)	-	(1,006)	(308,700)
Transfers	-	-	(749)	(749)
Exchange effect	(11,313)	-	(75)	(11,388)
As of December 31, 2019	$-	$3,994,792	$39,513	$4,034,305
As of January 1, 2018	$132,563	$3,966,173	$34,513	$4,133,249
Addition-acquired separately	7,888	6,631	8,539	23,058
Disposals	-	-	(677)	(677)
Disposal of subsidiaries	-	(5,161)	(2,285)	(7,446)
Transfers	173,828	(1,533)	-	172,295
Exchange effect	(11,953)	-	(41)	(11,994)

	Mining right	Concession	Computer software	Total
As of December 31, 2018	$302,326	$3,966,110	$40,049	$4,308,485
Amortization:				
As of January 1, 2019	$5,456	$200,722	$23,693	$229,871
Amortization	5,394	94,316	8,099	107,809
Disposals	-	-	(7,704)	(7,704)
Disposal of subsidiaries	(10,453)	-	(1,006)	(11,459)
Exchange effect	-	-	(225)	(225)
Impact of exchange rate changes	(397)	-	(76)	(473)
Other changes	-	(927)	-	(927)
As of December 31, 2019	$-	$294,111	$22,781	$316,892
As of January 1, 2018	$1,219	$99,669	$19,008	$119,896
Amortization	4,335	94,894	6,403	105,632
Disposals	-	-	(677)	(677)
Disposal of subsidiaries	-	-	(1,000)	(1,000)
Exchange effect	(98)	-	(41)	(139)
Other changes	-	6,159	-	6,159
As of December 31, 2018	$5,456	$200,722	$23,693	$229,871
Net carrying amount as of:				
December 31, 2019	$-	$3,700,681	$16,732	$3,717,413
December 31, 2018	$296,870	$3,765,388	$16,356	$4,078,614

Recognized as amortized amount of intangible assets are as follows.

	2019	2018
Operating costs	$93,776	$100,013
Operating expenses	$14,033	$5,619

(12) Long-term prepaid rent

	As of December 31,	
	2019(Note)	2018
Land use rights		$109,562

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(13) Short-term loans

	As of December 31,	
	2019	2018

Unsecured bank loans	$1,666,000	$2,000,000
Secured bank loans	1,264,000	1,165,000
Total	$2,930,000	$3,165,000
Interest rates		
Credit bank loans	1.00%~1.07%	0.95%~1.08%
Secured bank loans	1.00%~1.09%	0.95%~1.12%

The Group's unused short-term lines of credits amount to NT$5,972,000 thousand and NT$6,442,000 thousand, as of December 31, 2019 and 2018, respectively.

Please refer to Note 8 for more details on assets pledged as security for short-term loans.

(14) Short-term notes and bills payable

	As of December 31,	
Guarantee institution	2019	2018
Guaranteed by bank	$2,960,000	$1,730,000
Less：Unamortised discount	(1,672)	(2,175)
Net	$2,958,328	$1,727,825
Interest rates	0.55%~1.048%	0.60%~0.92%

Please refer to Note 8 for more details on assets pledged as security for Short-term notes and bills payable.

(15) Bonds payable

	As of December 31,	
	2019	2018
Domestic secured bonds	$-	$1,000,000
Less：current portion	-	(1,000,000)
Net	$-	$-

The Company issued five-year domestic secured bonds with a face value of NT$2,000,000 thousand on December 25, 2014. The principal amount of the bonds is repaid in installments of NTD$1,000,000 when reach fourth and fifth year after the issue date. The interest is paid every year at the annual interest rate.

The domestic secured bonds were guaranteed by the Bank of Taiwan Co., Ltd. in accordance with the guarantee contract.

(16) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2019	Maturity date and terms of repayment
<u>Secured long-term loan</u>		
Syndicated loans from Bank of Taiwan Cooperative	$1,793,000	Effective October 11, 2018. Since the first use date, principal is repaid in 29 half-yearly payments; interest paid every quarter.
KGI Bank	220,000	Revolving use within the credit period and the repayment

		will be due in a lump-sum payment on the expiration of the term.
Bank of Taiwan	450,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Bank of Taiwan	500,000	Effective December 25, 2019. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Unsecured long-term loan		
KGI Bank	380,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Bank of Taiwan	450,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Bank of Taiwan	500,000	Effective December 25, 2019. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Subtotal	4,293,000	
Less: Organization cost	(5,164)	
	4,287,836	
Current portion	(338,000)	
Non-current portion	$3,949,836	
Interest rates	1.05%~2.0105%	

Lenders	As of December 31, 2018	Maturity date and terms of repayment
Secured long-term loan		
Syndicated loans from Bank of Taiwan Cooperative	$1,931,000	Effective October 11, 2018. Since the first use date, principal is repaid in 29 half-yearly payments; interest paid every quarter.
O-BANK	200,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
KGI Bank	231,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Bank of Taiwan	500,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be

		NTD$100,000 thousand; interest paid every month.
Unsecured long-term loan		
KGI Bank	369,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Bank of Taiwan	500,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Subtotal	3,731,000	
Less: Organization cost	(5,569)	
	$3,725,431	
Current portion	(576,000)	
Non-current portion	$3,149,431	
Interest rates	1.09%~2.015%	

TAIPEI PORT TERMINAL COMPANY LIMITED borrowed syndicated loans which is led by Bank of Taiwan Cooperative. The total credit line of the 20-year loan was NT$2,700,000 thousand and the loan agreement was signed in October 2011. Land use rights and part of property, plant and equipment acquired under the contract, Bulk & General Cargo Terminal No.2 of Taipei Port building and operating, were pledged as collateral for secured loans. When the Company become operation officially after completing the construction of the terminal, the Company need to comply two financial limited terms in the next fiscal year a) Ratio of Liability to Equity shall not exceed 200%; b) Interest Coverage Ratio may not be less than 2. In December 2018, No 2 bulk material distribution center was put into operation, , whose is responsible for East 10 11 12 dock's operation and 9 giant facilities.

If the financial limited term was violated, the Company need to improve the financial structure in 2020. If not, the Company should pay to bank the compensation fee which 0.05% of the outstanding principal balance to the bank since January 1, 2021.

Please refer to Note 8 for more details on assets pledged as security for long-term loans.

(17) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2019 and 2018 are NT$19,404 thousand and NT$19,248 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$38,390 thousand to its defined benefit plan during the 12 months beginning after December 31, 2019.

The average duration of the defined benefits plan obligation are 12 years and 11 years as of December 31, 2019 and 2018, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2019 and 2018:

	For the years ended December 31,	
	2019	2018
Current period service costs	$11,537	$12,007
Interest expense (income) of net defined benefit liabilities (assets)	2,372	3,225
Total	$13,909	$15,232

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of December 31,		
	2019	2018	2017
Defined benefit obligation	$492,135	$489,084	$476,845
Plan assets at fair value	(274,789)	(248,827)	(209,931)
Other non-current liabilities – Net defined benefit liabilities recognized on the consolidated balance sheets	$217,346	$240,257	$266,914

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2018	$476,845	$(209,931)	$266,914
Current period service costs	12,007	-	12,007
Net interest expense (income)	5,772	(2,547)	3,225
Subtotal	17,779	(2,547)	15,232
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(100)	-	(100)
Actuarial gains and losses arising from changes in financial assumptions	10,390	-	10,390
Experience adjustments	12,371	(5,435)	6,936
Subtotal	22,661	(5,435)	17,226
Payments from the plan	(28,201)	28,201	-
Contributions by employer	-	(59,115)	(59,115)
As of December 31, 2018	489,084	(248,827)	240,257
Current period service costs	11,537	-	11,537
Net interest expense (income)	4,825	(2,453)	2,372
Subtotal	16,362	(2,453)	13,909
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(355)	-	(355)
Actuarial gains and losses arising from changes in financial assumptions	14,689	-	14,689
Experience adjustments	(4,323)	(8,247)	(12,570)
Subtotal	10,011	(8,247)	1,764
Payments from the plan	(23,322)	23,322	-
Contributions by employer	-	(38,584)	(38,584)
As of December 31, 2019	$492,135	$(274,789)	$217,346

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2019	2018
Discount rate	0.69%~0.74%	0.93%~0.99%
Expected rate of salary increases	1.50%~2.00%	1.50%~2.00%

A sensitivity analysis for significant assumption as of December 31, 2019 and 2018 is, as shown below:

	Effect on the defined benefit obligation			
	2019		2018	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$(24,398)	$-	$(22,043)
Discount rate decreases by 0.5%	32,938	-	33,869	-
Future salary increases by 0.5%	32,507	-	33,505	-
Future salary decreases by 0.5%	-	(24,344)	-	(22,034)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(18) Provisions

	Maintenance warranties	Decommissioning, restoration and rehabilitation	Total
As of January 1, 2019	$4,596	$4,501	$9,097
Arising during the period	-	300	300
Unused provision reversed	-	-	-
As of December 31, 2019	$4,596	$4,801	$9,397
Current－Dec 31, 2019	$-	$-	$-
Non-current－Dec 31, 2019	4,596	4,801	9,397
As of Dec 31, 2019	$4,596	$4,801	$9,397
Current－Dec 31, 2018	$-	$-	$-
Non-current－Dec 31, 2018	4,596	4,501	9,097
As of Dec 31, 2018	$4,596	$4,501	$9,097

Maintenance warranties

A provision is recognized for expected warranty claims on construction, based on past experience, management's judgment and other known factors.

Decommissioning, restoration and rehabilitation

A provision has been recognized for decommissioning costs associated with a factory owned by the Group. The Group is committed to decommissioning the site as a result of the construction of the factory.

(19) Equity

A. Common stock

	As of December 31,	
	2019	2018
Authorized shares (thousand shares)	2,000,000	2,000,000
Authorized capital	$20,000,000	$20,000,000
Issued shares (thousand shares)	1,385,000	1,385,000
Issued capital	$13,850,003	$13,850,003

Each at a par value of NT$10 and each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2019	2018
Additional paid-in capital	$551,173	$551,173

Treasury share transactions	307,290	306,380
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	5	1,619
Changes in ownership interests in subsidiaries	187,289	187,289
Share-based payments	103,200	103,200
Donated surplus	13,001	12,990
Others	15,261	15,261
Total	$1,177,219	$1,177,912

According to the Company Act, the capital reserve shall not be used except for filling the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

As of December 31, 2019 and 2018, the Company's shares held by the subsidiaries were NT$10,039 thousand represented 3,641 thousand shares. These shares held by subsidiaries were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, the Company's annual earnings, if any, shall be distributed as follows:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items a. and b. as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's business environment is stable, the dividend policy shall be determined pursuant to factors such as the profitability and its future funding requirements, as well as stockholders 'interest, balancing dividends and the Company's long-term financial planning. It could be paid in cash or the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, a company needs distribute the legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to fill the deficit of a company. When a company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital, by issuing new shares or by distributing cash in proportion to the number of shares held by each shareholder.

Following the adoption of TIFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under

IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company did not reverse special reserve to retained earnings for the period ended December 31, 2019 and 2018 as a result of the use, disposal of or reclassification of related assets. As of December 31, 2019 and 2018, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$1,874,430 both.

Details of the 2018 earnings distribution and dividends per share as approved and resolved by the shareholders' meeting on June 20, 2019, are as follows:

	Appropriation of earnings	Dividend per share (NT$)
	2018	2018
Legal reserve	$51,482	$-
Common stock-cash dividend	346,250	0.25

The appropriation of 2019 unappropriated retained earnings has not yet been approved by the Board of Directors and resolved by the stockholder during their meeting as of the reporting date. Information about the appropriation of retained earnings of the Company as approved by the Board of Directors and resolved by the shareholders' will be posted in the "Market Observation Post System" on the website of the TWSE.

Please refer to Note 6(23) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,	
	2019	2018
Beginning balance	$1,097,997	$1,437,503
Profit attributable to non-controlling interests	84,302	76,348
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Remeasurements of defined benefit plan	431	(395)
Donated surplus	40	107
Acquisition of subsidiary	-	98,000
Acquisition of additional interest in a subsidiary	(13,619)	-
Acquisition of new shares in subsidiary not in proportionate to ownership interest	-	36,872
Acquisition of cash divided in a subsidiary	(77,633)	(72,139)
Losing control of subsidiaries	-	(478,299)
Ending balance	$1,091,518	$1,097,997

(23) Operating revenue

	For the years ended December 31, 2019	2018
Revenue from contracts with customers		
Sale of goods revenue	$17,974,371	$17,583,033
Other operating revenue	867,514	900,722
Subtotal	18,841,885	18,483,755
Lease revenue	163,184	161,051
Total	$19,005,069	$18,644,806

Analysis of revenue from contracts with customers during the year 2019 and 2018 is as follows:

A. Disaggregation of revenue

For the year ended December 31, 2019

	Taiwan Segment	Cement Segment in Mainland China	Pre-mixed concrete Segment in Mainland China	Total
Sale of goods	$13,150,248	$3,279,917	$1,544,206	$17,974,371
Others	865,558	276	1,680	867,514
Total	$14,015,806	$3,280,193	$1,545,886	$18,841,885
Timing of revenue recognition :				
At a point in time	$14,015,806	$3,280,193	$1,545,886	$18,841,885

For the year ended December 31, 2018

	Taiwan Segment	Cement Segment in Mainland China	Pre-mixed concrete Segment in Mainland China	Total
Sale of goods	$11,918,435	$2,866,743	$2,797,855	$17,583,033
Others	897,320	1,643	1,759	900,722
Total	$12,815,755	$2,868,386	$2,799,614	$18,483,755
Timing of revenue recognition :				
At a point in time	$12,815,755	$2,868,386	$2,799,614	$18,483,755

B. Contract assets and contract liabilities

	For the years ended December 31, 2019	2018
Contract liabilities (Advance receipts)	$26,272	$44,542

C. Assets recognized from costs to fulfil a contract

None.

(21) Expected credit losses

	For the years ended December 31,	
	2019	2018
Operating expenses – Expected credit (gains) losses		
Notes receivable	$(1,000)	$(37)
Accounts receivable	(21,857)	57,257
Long-term receivable	71,924	(933)
Total	$49,067	$56,287

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses (loss ratio of 0 %).

The Group measures the loss allowance of its accounts receivables (including note receivables, accounts receivables and long-term receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at December 31, 2019 and 2018 is as follow:

A. The Group considers the Companying of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

December 31, 2019

Group 1: The total carrying amount of notes receivable is NT$1,409,876 thousand, its loss allowance amounting to NT$752 thousand which is measured at expected credit loss ratio of 0~15%.

Group 2:		Overdue				
	Not yet due	90-180 days	181-365 days	1 -2 years	>=2 years	Total
Gross carrying amount	$4,128,741	$801,891	$706,795	$677,925	$180,883	$6,496,235
Loss ratio	-%	3%	3%	5%	10%	
Lifetime expected credit losses	2,093	26,582	19,501	32,817	18,177	99,170
Total	$4,126,648	$775,309	$687,294	$645,108	$162,706	$6,397,065

Group 3: The total carrying amount of overdue receivables is NT$420,168 thousand, its loss allowance amounting to NT$131,027 thousand. Due to the customer with higher credit risk, the loss allowance is measured at expected credit loss ratio of 70%~100%.

Group 4: Construction retainage receivable is money held back by a customer until the construction is completed, usually exceed one year and interest-free.

		Overdue				
	Not yet due	90-180 days	181-365 days	1 -2 years	>=2 years	Total
Gross carrying amount	$-	$304,724	$110,618	$109,485	$140,606	$665,433
Loss ratio	-%	-%	2%	3%	5%	
Lifetime expected credit losses	-	-	1,980	3,717	6,456	12,153
Subtotal	$-	$304,724	$108,638	$105,768	$134,150	$653,280

December 31, 2018

Group 1: The total carrying amount of notes receivable is NT$1,816,162 thousand, its loss allowance amounting to NT$1,752 thousand which is measured at expected credit loss ratio of 0~15%.

Group 2:

		Overdue				
	Not yet due	90-180 days	181-365 days	1 -2 years	>=2 years	Total
Gross carrying amount	$3,534,243	$827,101	$505,202	$535,895	$251,040	$5,653,481
Loss ratio	-%	3%	3%	7%	19%	
Lifetime expected credit losses	3,092	22,004	14,100	38,038	47,187	124,421
Total	$3,531,151	$805,097	$491,102	$497,857	$203,853	$5,529,060

Group 3: The gross carrying amount of overdue receivables is NT$93,043 thousand, its loss allowance amounting to NT$74,853 thousand. Due to the customer with higher credit risk, the loss allowance is measured at expected credit loss ratio of 80%~100%.

Group 4: Construction retainage receivable is money held back by a customer until the construction is completed, usually exceed one year and interest-free.

		Overdue				
	Not yet due	90-180 days	181-365 days	1 -2 years	>=2 years	Total
Gross carrying amount	$187,263	$170,865	$233,746	$210,756	$84,737	$887,367
Loss ratio	-%	-%	1%	3%	5%	
Lifetime expected credit losses	-	-	2,440	6,318	4,384	13,142
Subtotal	$187,263	$170,865	$231,306	$204,438	$80,353	$874,225

B. The movement in the loss allowance of Accounts receivable, accounts receivable and long-term receivable during the period ended December 31, 2019 and 2018 is as follows:

	Notes receivable	Accounts receivable	Long-term receivable
2019.1.1	$1,752	$124,421	$87,995
Addition/(reversal) for the current period	(1,000)	(21,857)	71,924
Write off	-	(3,394)	(16,739)
2019.12.31	$752	$99,170	$143,180

	Notes receivable	Accounts receivable	Long-term receivable
2018.1.1 (in accordance with IAS 39)	$1,789	$68,950	$97,037
Transition adjustment to retained earnings	-	-	-
Beginning balance (in accordance with IFRS 9)	1,789	68,950	97,037
Addition/(reversal) for the current period	(37)	57,257	(933)
Write off	-	(1,786)	(8,109)
2018.12.31	$1,752	$124,421	$87,995

(22) Leases

A. Group as a lessee (adopted IFRS 16 "Lease")

The Group leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 3 to 40 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

a. Amount recognized in the balance sheet

(a) Right-of-use Assets

The carrying amount of right-of-use assets

	As of December 31,	
	2019	2018(Note)
Land	$842,991	
Buildings	57,908	
Transportation equipment	4,164	
Total	$905,063	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the years ended December 31, 2019, the Group's additions to right-of-use assets amounting to NT$81,907 thousand.

(b) Lease Liabilities

	As of December 31,	
	2019	2018(Note)
Lease Liabilities	$831,605	
Current	82,645	

	As of December 31,	
	2019	2018(Note)
Noncurrent	748,960	

Please refer to Note 6(24) finance costs for interest expenses resulted from lease liabilities; please refer to Note 12(5) liquidity risk management for maturity analysis of lease liabilities on December 31,2019.

Note: The Company adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	As of December 31,	
	2019	2018(Note)
Land	$84,664	
Buildings	17,664	
Transportation equipment	1,593	
Total	$103,921	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2019	2018(Note)
The expenses relating to short-term leases	$2,779	
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,038	

Note: The Company adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

d. Cash outflows related to leasing activities

During the years ended December 31, 2019, the Group's total cash outflows for leases amounting to NT$164,302 thousand.

e. Other information related to leasing activities

Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. The Company as a lessee (adopted IAS 17)

The Group has entered commercial leases on lands, buildings and equipment. These leases have an average life of three to five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2019 and 2018, are as follows:

	As of December 31,	
	2019(Note)	2018
Within one year		$117,733
Over one year but within five years		307,745
Over five years		396,822
Total		$822,300

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2019	2018
Minimum lease payments		$111,132

Note: The Company adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

C. Group as a lessor (adopted IFRS 16 "Lease")

Please refer to Note 6(10) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	As of December 31,	
	2019	2018(Note)
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$163,184	

Note: The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Please refer to Note 6(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2019 are as follows:

	As of December 31,	
	2019	2018(Note)
Not later than one year	$100,521	

	As of December 31,
Later than one year but not later than two years	97,643
Later than two years but not later than three years	96,547
Later than three years but not later than four years	85,912
Later than four years but not later than five years	98,094
Later than five years	596,254
Total	$1,074,971

Note: The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. The Group is the lessor—operating lease (disclosure related to the application of IAS 17)

The Group has entered commercial property leases with three to sixteen years remaining terms. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2019 and 2018, are as follows:

	As of December 31,	
	2019(Note)	2018
Within one year		$280,830
Over one year but within five years		616,906
Over five years		334,030
Total		$1,231,766

Contingent rentals recognized as revenue are as follows:

	As of December 31,	
	2019(Note)	2018
Contingent rentals recognized as revenue		$19,044

Note: The Company adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(23) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2019 and 2018:

	For the years ended December 31,					
	2019			2018		

Employ						
Sala ries						
Labo r and						

health insurance						
Pension						
Other employee benefits expense						
Deprec						
Amorti						

According to the Articles of Incorporation, 3% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2019, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2019 both to be 3% of profit of the current year, recognized as employee benefits expense. A resolution was passed at a Board of Directors meeting held on March 17, 2020 to distribute NT$35,831 thousand in cash as employees' compensation and remuneration to directors both of 2019. No material differences exist between the estimated amount and the actual distribution.

A resolution was passed at a Board of Directors meeting held on March 22, 2019 to distribute NT$16,111 thousand in cash as employees' compensation and remuneration to directors both of 2018. No material differences exist between the estimated amount and the actual distribution.

(24) Non-operating income and expenses

A. Other income

	For the years ended December 31, 2019	2018
Interest income		
Financial assets measured at amortized cost	$24,468	$58,776
Dividend income	88,581	69,599
Others	67,365	109,536
Total	$180,414	$237,911

B. Other gains and losses

	For the years ended December 31, 2019	2018
Gain on disposal of property, plant and equipment	$17,249	$44,414
Gain on disposal of Investment property	297,874	59,470
Gain on disposal of subsidiaries (Note)	478,145	4,568
Gain on disposal of associates	31,294	-
Foreign exchange loss, net	(55,868)	(40,206)
Gain on financial assets at fair value through profit or loss	177	2,980
Other expense-others	(44,344)	(157,926)
Total	$724,527	$(86,700)

Note: Please refer to Note 6(28) for more detail.

C. Finance costs

	For the years ended December 31, 2019	2018
Interest on borrowings from bank	$(104,852)	$(119,737)
Interest on bonds payable	(14,000)	(27,732)
Interest on lease liabilities	(9,133)	(Note)
Total	$(127,985)	$(147,469)

Note: The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(28) Components of other comprehensive income

For the year ended December 31, 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(1,764)	$-	$(1,764)	$353	$(1,411)
Unrealized gains on fair value through other comprehensive income equity instrument investment	222,803	-	222,803	-	222,803
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(60,000)	-	(60,000)	-	(60,000)
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(374)	-	(374)	-	(374)
Total of other comprehensive (loss) income	$160,665	$-	$160,665	$353	$161,018

For the year ended December 31, 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(17,226)	$-	$(17,226)	$3,568	$(13,658)
Unrealized gains on fair value through other comprehensive income equity instrument investment	4,508	-	4,508	-	4,508
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(20,276)	-	(20,276)	-	(20,276)
Total of other comprehensive (loss) income	$(32,994)	$-	$(32,994)	$3,568	$(29,426)

(29) Income tax

Based on the amendments to the Income Tax Act announced on February 7, 2018, The Company's applicable corporate income tax rate for the year ended December 31, 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

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

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2019	2018
Current income tax expense (income):		
Current income tax charge	$153,997	$87,625
Adjustments in respect of current income tax of prior periods	(3,418)	(2,643)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(204,414)	(111,282)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	180,795	45,616
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(42,097)	(57,533)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(13,332)
Total income tax (income) expense	$84,863	$(51,549)

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2019	2018
Deferred tax expense:		
Remeasurements of defined benefit plans	$353	$3,568

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2019	2018
Accounting profit before tax from continuing operations	$1,270,824	$539,638
Tax at the domestic rates applicable to profits in the country concerned	$242,125	$110,135
Tax effect of revenues exempt from taxation	(151,569)	2,761
Tax effect of non-deductible expenses from taxation	2,820	7,620
Tax effect of deferred tax assets / liabilities	(32,725)	(165,252)
Others	45	(418)
Basic tax	21,291	-
5%/10% surtax on unappropriated retained earnings	6,294	7,215
Adjustments in respect of current income tax of prior periods	(3,418)	(2,643)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(10,967)
Total income tax expense recognized in (profit) or loss	$84,863	$(51,549)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Disposal of subsidiaries	Ending balance as of December 31, 2019
Temporary differences					

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Disposal of subsidiaries	Ending balance as of December 31, 2019
Unrealized exchange losses	$3,130	$458	$-	$-	$3,588
Unrealized exchange gains	(5,007)	4,269	-	-	(738)
Loss allowance	23,332	4,458	-	-	27,790
Inventory valuation losses	2,612	(473)	-	-	2,139
Impairment losses	112,120	206,863	-	-	318,983
Components of buildings	29,302	69	-	(3,772)	25,599
Defined benefit liabilities	80,231	(4,936)	353	-	75,648
Increment tax on land value payable	(635,268)	(1)	-	-	(635,269)
Unrealized gains from financial assets	(58)	58	-	-	-
Others	1,526	389	-	-	1,915
Unused taxable loss	255,184	(12,387)	-	(209,066)	33,731
Unused tax credits	133,051	(133,051)	-	-	-
Deferred tax (expense)/income		$65,716	$353	$(212,838)	
Net deferred tax assets/(liabilities)	$155				$(146,614)
Reflected in balance sheet as follows:					
Deferred tax assets	$640,488				$489,393
Deferred tax liabilities	$(640,333)				$(636,007)

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences				
Unrealized exchange losses	$7,701	$(4,571)	$-	$3,130
Unrealized exchange gains	(150)	(4,857)	-	(5,007)
Loss allowance	15,519	7,813	-	23,332
Inventory valuation losses	2,274	338	-	2,612
Impairment losses	6,866	105,254	-	112,120
Components of buildings	28,351	951	-	29,302
Defined benefit liabilities	72,727	3,936	3,568	80,231
Increment tax on land value payable	(635,268)	-	-	(635,268)
Unrealized gains or losses from financial assets	-	(58)	-	(58)
Others	2,514	(988)	-	1,526
Unused taxable loss	104,184	151,000	-	255,184
Unused tax credits	255,338	(122,287)	-	133,051
Deferred tax (expense)/income		$136,531	$3,568	
Net deferred tax assets/(liabilities)	$(139,944)			$155
Reflected in balance sheet as follows:				
Deferred tax assets	$495,474			$640,488
Deferred tax liabilities	$(635,418)			$(640,333)

The following table contains information of the unused tax losses in Taiwan of the Group:

		Unused tax losses		
Occurred year	Deficit amounts	2019	2018	Last credit year
2009	$467,159	$-	$168,460	2019
2010	12,307	455	455	2020
2011	479	479	479	2021

2012	475	475	475	2122
2013	54,247	1,220	54,247	2023
2014	661	661	661	2024
2015	776	776	776	2025
2016	1,459	1,459	1,459	2026
2017	112,524	3,263	112,524	2027
2018	209,176	134,688	81,268	2028
2019	168,470	168,470	-	2029
		$311,946	$420,804	

The following table contains information of the unused tax losses in Mainland Chain of the Group:

		Unused tax losses as of		
Occurred year	Deficit amounts	2019	2018	Last credit year
2014	$77,307	$-	77,201	2019
2015	343,516	-	163,023	2020
2016	409,630	51,451	409,481	2021
2017	114,238	10,975	114,238	2022
		$62,426	$763,943	

Details of the Company's unused tax credit are as follows:

		Unused balance		
Laws and regulations	Credits item	2019	2018	Last credit year
Statute for Promoting Private Participation in Public Construction	Investment tax credits	$-	$146,102	2019
		60,000	60,000	2020
		$60,000	$206,102	

Unrecognized deferred tax assets

As of December 31, 2019, and 2018, deferred tax assets that have not been recognized amount to NT$676,232 thousand and NT$795,215 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2019, and 2018, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT$273,009 thousand and NT$172,666 thousand, respectively.

As of December 31, 2019, the assessment of the income tax returns of the Group and its subsidiaries is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2017	None.
KUNYUNG CONSTRUCTION &	Assessed and approved up to 2017	

	The assessment of income tax returns	Notes
ENGINEERING CO., LTD		
RUEI SHIN CONSTRUCTIN CO., LTD.	Assessed and approved up to 2017	
GOLDSUN INVESTMENT CO., LTD.	Assessed and approved up to 2017	
WELLPOOL CO., LTD.	Assessed and approved up to 2017	
GAPE-GOLDSUN CORPORATION	Assessed and approved up to 2017	
GOLDSUN NIHON CEMENT CO., LTD.	Assessed and approved up to 2017	
TAIPEI PORT TERMINAL COMPANY LIMITED	Assessed and approved up to 2016	
HUA YA DEVELOPMENT CO., LTD.	Assessed and approved up to 2017	
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Assessed and approved up to 2018	

(30) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2019	2018
A.Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,101,659	$514,839
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,381,359	1,381,359
Basic earnings per share (NT$)	$0.80	$0.37

	For the years ended December 31,	
	2019	2018
B.Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,101,659	$514,839
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	1,381,359	1,381,359
Effect of dilution:		

	For the years ended December 31, 2019	2018
Employee bonus-stock (in thousands)	2,488	1,927
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,383,847	1,383,286
Diluted earnings per share (NT$)	$0.80	$0.37

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(31) Changes in ownership interests in subsidiaries

A. Acquisition of shares issued by subsidiaries

In 2019, the Company acquired an additional 2% of the voting shares of WELLPOOL CO., LTD., increasing its ownership to 51%. A cash consideration of NT$28,128 thousand was paid to the non-controlling interest shareholders. Therefore, the difference between the actual acquisition and the book value, amounting to NT$1,614 thousand and NT$13,249 thousand recognized as a decrease in paid-in capital and unappropriated earnings, respectively.

B. Disposal of subsidiary

The Board of Directors of the Company resolved on October 3,2019 to dispose of 100% equity of GOLDSUN COMENT (FUJIAN) CO., LTD. GREAT SMART LTD., that owns the 100% shareholding of GOLDSUN COMENT (FUJIAN) CO., LTD. signed an equity transfer agreement with the buyer On October 10, 2019. The Group has completed the equity transfer on October 11, 2019 and has lost control.

(a) Consideration of disposal: NT$1,616,421 thousand (net of costs and expenses that may be incurred in equity transactions)

It is agreed in the equity transfer agreement that the equity transfer price shall be paid in three installments 30%, 50% and 20% before November 10, 2019, April 10, 2020, and October 10, 2021, respectively. The first installment was postponed until January 21, 2020. The receivables recognized as other receivable for the first and second phases were NT$1,293,137 thousand as of December 31, 2019. The remaining amount recognized as long-term receivable for the third phases was NT$323,284 thousand.

(b) Analysis of assets and liabilities of subsidiary as of the date losing control

	Carrying amount
Cash and cash equivalents	$152,140
Notes receivable	172,418
Accounts receivable	29,381
Other receivable	34,524
Inventories	207,430
Prepayments	131,776
Property, plant and equipment	1,209,946
Right-of-use assets	1,590
Intangible asset	358,054
Deferred tax asset	201,607
Notes payable	(7,959)

Accounts payable	(189,567)
Other payable	(58,888)
Advance payment	(61,729)
Long-term loans (other payables)	(1,227,629)
Other payables	(5,120)
Total net assets	$947,974

(c) Gain on disposal of subsidiary

Consideration collected	$1,616,421
Reduce: Net disposal assets	(947,974)
Reduce: Exchange differences on translation of foreign	(190,302)
Gain on disposal of subsidiary	$478,145

C. Losing control of subsidiaries

RAIXIN QUALITY PRODUCTS LTD.

On October 22, 2018, the shareholders meeting of RAIXIN QUALITY PRODUCTS LTD. approved a capital reduction to cover accumulated deficits and issuance of Common Stock. The Company and GOLDSUN INNOVATIVE BUILDING MATERIALS CO., did not subscribe new shares proportionately to its ownership interests. Hence, the Group's shareholding percentage changed from 54% to 23%, which resulted in losing control.

Since October 31, 2018, RAIXIN QUALITY PRODUCTS LTD. was no longer subsidiaries of the Company which was accounted for using the equity method as associate. The Company measured assets and liabilities acquired at fair value. The difference between the book value and fair value, amounting to NT$4,568 thousand, had been recognized as gain on disposal of subsidiary.

Analysis of assets and liabilities of RAIXIN QUALITY PRODUCTS LTD. as of the date losing control:

	Carrying amount
Cash and cash equivalents	$58,371
Notes and accounts receivable	4,216
Others receivable	47
Inventories	10,420
Prepayments	10,659
Other current assets	12
Property, plant and equipment	12,970
Intangible asset	1,285
Deferred tax asset	6,319
Other non-current assets	3,939
Notes and accounts payable	(5,905)
Other payable	(7,938)
Other current liabilities	(4,090)
Other non-current liabilities	(204)
Total net assets	90,101
Carrying value of non-controlling interest	(59,780)
Net disposal assets	$30,321

Gain on disposal of subsidiary

Fair value of residual interest.	$34,889
Reduce：net disposal assets	(30,321)
Gain on disposal of subsidiary	$4,568

FU YANG PORT CO., LTD.

On June 19, 2018, the board of directors of FU YANG PORT CO., LTD. approved the proposal of transfer of director's shareholdings. Since June 19, 2018, FU YANG PORT CO., LTD. was no longer subsidiaries of the Company which was accounted for using the equity method as associate. The Company measured assets and liabilities acquired at fair value.

Analysis of assets and liabilities of FU YANG PORT CO., LTD. as of the date losing control:

	Carrying amount
Cash and cash equivalents	$517
Others receivable	314,869
Prepayment	24,401
Property, plant and equipment	451,419
Intangible assets	5,161
Other payables	(79,281)
Other current liabilities	(23)
Total net assets	717,063
Carrying value of non-controlling interest	(422,981)
Net disposal assets	$294,082

As if gain on disposal of subsidiary

Fair value of residual interest.	$294,082
Reduce：net disposal assets	(294,082)
As if gain on disposal of subsidiary	$-

(29) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	For the years ended December 31, 2019	2018
WELLPOOL CO., LTD. and its subsidiary	Taiwan	49%	51%

Note: The holding percentage mentioned above is disclosed as the comprehensive holding percentage. The company mentioned above own subsidiaries, and thus the financial information mentioned below is consolidated financial information.

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2019	2018

WELLPOOL CO., LTD. and its subsidiary	$523,072	$514,712

Profit/(loss) allocated to material non-controlling interest:

	For the years ended December 31,	
	2019	2018
WELLPOOL CO., LTD. and its subsidiary	$91,100	$87,983

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

WELLPOOL CO., LTD. and its subsidiary

Summarized information of profit or loss:

	For the years ended December 31,	
	2019	2018
Operating revenue	$939,992	$992,797
Profit of (loss) for the period from continuing operations	180,464	173,211
Total comprehensive income for the period	181,335	172,434

Summarized information of financial position:

	As of December 31,	
	2019	2018
Current assets	$448,264	$415,979
Non-current assets	762,998	794,963
Current liabilities	140,026	184,849
Non-current liabilities	13,522	12,790

Summarized cash flow information:

	For the years ended December 31,	
	2019	2018
Operating activities	$310,155	$173,571
Investing activities	(16,365)	(44,021)
Financing activities	(169,790)	(175,978)
Net decrease in cash and cash equivalents	124,000	(46,428)

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
TAIWAN SECOM CO., LTD. and subsidiary	Group with significant influence over the Group

RAIXIN QUALITY PRODUCTS LTD.(Note)	Associate
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	Associate
TRUST SANDSTONE CO., LTD.	Other related party
CPMI Corporation	Other related party

Note: Beginning from October 22, 2018, the Company accounts for its investment as an associate given the fact that the Company reduced the ownership percentage.

Significant transactions with related parties

(1) Sales - Other operating revenue

	For the years ended December 31,	
	2019	2018
Group with significant influence over the Group	$-	$916
Associates	70	-
Other related party	34,842	90,963
Total	$34,912	$91,879

The sales price and term to related parties are equivalent to third parties.

(2) Purchase

	For the years ended December 31,	
	2019	2018
Group with significant influence over the Group	$628,090	$730,720

The purchase price to the above related parties was determined through agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(3) Accounts receivable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$827	$668
Associates	-	3
Other related party	3,149	8,675
Total	$3,976	$9,346

(4) Notes payable - related parties

	As of December 31,

	2019	2018
Group with significant influence over the Group	$135	$285

(5) Accounts payable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$65,512	$121,938
Other related party	-	1,929
Total	$65,512	$123,867

(6) Other receivable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$13,445	$23,721
Other related party	8	4,372
Total	$13,453	$28,093

(7) Other payable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$60	$1,685

(8) Guarantee deposits

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$11	$-

(9) Prepayments

	As of December 31,	
	2019	2018
Associates		
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	$129,224	$134,148

(10) Lease-related parties

A. Rental income and deposits received:

a. Lease income

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$10,088	$11,444
Associates	28	22
Other related party	610	920
Total	$10,726	$12,386

b. Guarantee deposits

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$898	$1,227
Other related party	104	104
Total	$1,002	$1,331

B. Lease expense

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$148	$3,619

C. Right-of-use assets

	As of December 31,	
	2019	2018(Note)
Group with significant influence over the Group	$1,163	

Note: The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. Lease liabilities

	As of December 31,	
	2019	2018(Note)
Group with significant influence over the Group	$1,171	

Note: The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

E. Interest on lease liabilities

	As of December 31,	
	2019	2018
Group with significant influence over the Group	$26	$-

(11) The Group has purchased equipment which were recognized as property plant and equipment amounted to NT33,664 thousand and NT$4,304 thousand for the years ended December 31, 2019 and 2018, respectively.

(12) Key management personnel compensation

	As of December 31,	
	2019	2018(Note)
Short-term employee benefits	$81,252	$79,800
Post-employment benefits	218	194
Total	$81,470	$79,994

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount		
Assets pledged for security	December 31, 2019	December 31, 2018	Secured liabilities
Financial assets at fair value through other comprehensive income, current	$537,510	$498,400	Bank loan、C/P
Financial assets at fair value through other comprehensive income, non-current	778,221	855,675	Bank loan、C/P
Securities (Note)	807,000	766,500	Bank loan、C/P
Financial assets measured at amortized cost, current	71,130	135,775	Restricted account、Loan guarantee
Financial assets measured at amortized cost, non-current	93,082	15,800	Performance guarantee
Investment property	1,512,943	1,213,497	Bank loan、C/P
Property, plant and equipment－Land and building	3,545,432	3,317,906	Bank loan、C/P
Intangible assets－Concession	2,676,359	1,846,900	Bank loan
Guarantee deposits	20,000	20,000	Performance guarantee
Total	$10,041,677	$8,670,453	

Note: The Group's subsidiaries which were consolidated by the Company.

9. Commitments and contingencies

(1) Promissory notes issued by the Group to secure bank loans and construction performance amounted to NT$3,135,825 thousand as of December 31, 2019.

(2) The Group's unused letters of credit for importing raw materials amounted to NTD29,451 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

(1) RUEI SHIN CONSTRUCION CO., LTD., a subsidiary, plan to transfer part of its independently operated business to a newly incorporated company, REIXIN ASSET MANAGEMENT INC., that the Company own 100% share. The transferred business value is estimated 1,000,000 thousand. The Company will obtain 100,000 thousand new shares issued by REIXIN ASSET MANAGEMENT INC. as consideration. The division reference date is set on January 1, 2020.

(2) For the purpose of maintaining the Company's credit and stockholders' rights, the Company resolved at its board meeting on March 17, 2020 to repurchase stock according to the R.O.C. Securities and Exchange Act. The Company will repurchase its shares from the open market. It is estimated that 10 million shares will be repurchased, and the price will be NT$8 to NT$13. The repurchased shares are expected to be retired completely.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2019	2018
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$949	$51,332
Financial assets at fair value through other comprehensive income	2,231,103	2,113,655
Financial assets measured at amortized cost:		
Cash and equivalent cash (excluding cash on hand)	3,679,804	2,328,798
Financial assets measured at amortized cost	201,112	320,810

Notes receivable	1,409,124	1,814,410
Accounts receivable (including related parties)	6,397,065	5,529,060
Other receivables (including related parties)	1,351,148	102,575
Long-term receivables	1,247,705	892,415
Refundable deposits	75,387	54,762
Total	$16,593,397	$13,207,817

Financial liabilities

	As of December 31,	
	2019	2018
Financial liabilities at amortized cost:		
Short-term loans	$2,930,000	$3,165,000
Short-term notes and bills payable	2,958,328	1,727,825
Notes payable (including related parties)	350,294	360,067
Accounts payable (including related parties)	2,186,130	2,722,937
Other payables (including related parties)	852,900	1,080,460
Lease liability	831,605	(Note)
Bonds payable (including due in one year)	-	1,000,000
Long-term loan (including due in one year)	4,287,836	3,725,431
Guarantee deposits	51,668	67,762
Total	$14,448,761	$13,849,482

Note: The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk includes currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. In other words, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analyses as follows:

When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2019 and 2018 is decreased/increased by NT$34,507 thousand and NT$39,905 thousand, respectively.

When NTD strengthens/weakens against CNY by 10%, the profit for the years ended December 31, 2019 and 2018 is decreased/increased by NT$1,090 thousand and NT$1,613 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at floating interest rates, bank borrowings with fixed interest rates and floating interest rates.

The Group manages its interest rate risk by maintaining a balanced portfolio of fixed and floating interest loans and debts.

The interest rate sensitivity analysis is performed on items assumed to be possessed for a fiscal year and exposed to interest rate risk as of the end of the reporting period, including borrowings with floating interest rates. The analysis indicates that when the interest rates increase / decrease by ten basis points, the Group's profit would decrease / increase by NT$7,062 thousand and NT$6,405 thousand for the years ended December 31, 2019 and 2018, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For the year ended December 31, 2019 and 2018, an increase/decrease of 10% in the price of the listed equity securities classified as financial assets at fair value through other comprehensive income could have an impact of NT$151,610 thousand an NT$143,743 thousand on the equity attributable to the Group, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2019 and 2018, amounts receivables from top ten customers are minor compared to the total accounts receivables of the Group. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for contract assets and trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with floating interest rates is extrapolated based on the approaching effective rate as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2019					
Borrowings	$3,331,482	$1,677,975	$1,342,427	$1,193,764	$7,545,648
Short-term notes and bills payable	2,960,000	-	-	-	2,960,000
Notes payable	350,294	-	-	-	350,294
Accounts payable	2,186,130	-	-	-	2,186,130
Other payables	852,900	-	-	-	852,900
Lease liabilities	140,281	309,974	221,123	381,214	1,052,592

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2018					
Borrowings	$4,144,926	$341,543	$1,401,946	$1,355,545	$7,243,960
Short-term notes and bills payable	1,730,000	-	-	-	1,730,000
Notes payable	360,067	-	-	-	360,067
Accounts payable	2,722,936	-	-	-	2,722,936
Other payables	1,080,460	-	-	-	1,080,460
Bonds payable	1,014,000	-	-	-	1,014,000

Note:

1. Including cash flows resulted from short-term leases or leases of low-value assets.
2. Information about the maturities of lease liabilities is provided in the table below:

	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	> 15 years	Total
Lease liabilities	$140,281	$531,097	$238,286	$20,181	$122,747	$1,052,592

(6) Reconciliation for liabilities arising from financing activities

Information of reconciliation of liabilities for the year ended December 31, 2019:

	Short-term loans	Short-term notes and bills payable	Bonds payable (including due in one year)	Long-term loans (including due in one year)	Lease liabilities	Guarantee deposits	Balance of liabilities arising from financing activities
2019.1.1	$3,165,000	$1,727,825	$1,000,000	$3,725,431	$890,985	$67,762	$10,577,003
Cash flow	(235,000)	1,230,503	(1,000,000)	562,000	(160,485)	(16,094)	380,924
Non-cash change	-	-	-	405	101,105	-	101,510
2019.12.31	$2,930,000	$2,958,328	$-	$4,287,836	$831,605	$51,668	$11,059,437

Information of reconciliation of liabilities for the year ended December 31, 2018:

	Short-term loans	Short-term notes and bills payable	Bonds payable (including due in one year)	Long-term loans (including due in one year)	Guarantee deposits	Balance of liabilities arising from financing activities

2018.1.1	$2,280,000	$1,798,390	$2,000,000	$2,664,026	$73,641	$8,816,057
Cash flow	1,085,000	(70,565)	(1,000,000)	1,061,000	(5,879)	1,069,556
Non-cash change	-	-	-	-405	-	-405
2018.12.31	$3,365,000	$1,727,825	$1,000,000	$3,505,432	$67,762	$9,886,018

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and beneficiary certificates etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public Group and private Group equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities). The income method assesses the recoverable amount based on the present value of the financial assets that are expected to be received from cash dividends or disposals at the market

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Among the fair value of the Group's financial assets and financial liabilities measured at amortized cost, cash and cash equivalents, trade receivables, trade payable and other current liabilities whose carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$949	$-	$-	$949
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	1,516,095	-	715,008	2,231,103

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$51,332	$-	$-	$51,332
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	1,437,433	-	676,222	2,113,655

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	Measured at fair value through other comprehensive income
	Stock
Beginning balances as of January 1, 2019	$676,222
Capital deducted by cash	(2,378)
Total gains recognized for the year ended December 31, 2019:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	41,164
Ending balances as of December 31, 2019	$715,008

	Assets
	Measured at fair value through other comprehensive income
	Stock
Beginning balances as of January 1, 2018	$616,347
Acquisition/Issuance	24,777
Capital deducted by cash	(2,475)
Total gains recognized for the year ended December 31, 2018:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	37,573
Ending balances as of December 31, 2018	$676,222

Total profits and losses recognized in profit or loss for the years ended December 31, 2019 in the table above contain gains or losses related to assets on hand in the amount of NT$0 thousand.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	Earnings per share	9.21~28.36	The higher the earnings, the higher the fair value of the stocks	10% increase (decrease) in the earnings would result in increase (decrease) in the Group's equity by NT$2,351 thousand
Stocks	Income approach	Discount rate	9.71~15.08	The higher the discount rate, the lower the fair value of the stocks	10% increase (decrease) in the discount rate would result in increase (decrease) in the Group's equity by NT$137 thousand
Stocks	Asset approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT$287 thousand

As of December 31, 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	Earnings per share	5.63~22.2	The higher the earnings, the higher the fair value of the stocks	10% increase (decrease) in the earnings would result in increase (decrease) in the Group's equity by NT$19,329 thousand
Stocks	Income approach	Discount rate	9.71~15.08	The higher the discount rate, the lower the fair value of the stocks	10% increase (decrease) in the discount rate would result in increase (decrease) in the Group's equity by NT$12,620 thousand
Stocks	Asset approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT$633 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	$-	$-	$19,928,251	$19,928,251

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	$-	$-	$20,068,271	$20,068,271

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Unit: Foreign currency: thousands, NTD: thousands)

	As of 31 December, 2019		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$11,510	29.98	$345,070
CNY	2,528	4.31	10,896
Non-monetary items:			
USD	24,701	29.98	740,536

	As of 31 December, 2018		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$12,990	30.72	$399,053
CNY	3,609	4.47	16,132

Non-monetary items:			
USD	31,870	30.72	979,046

The above information is disclosed based on the carrying amount of foreign currency (after conversion of functional currency).

The Group's entities' functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies.

The foreign exchange gain(loss) was NT$(55,868) thousand and NT$(40,206) thousand for the years ended December 31, 2019 and 2018, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. <u>Additional disclosure</u>

(1) Information at significant transactions

a. Financing provided to other: Please refer to Attachment 1.
b. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
c. Securities held: Please refer to Attachment 3.
d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million and 20 percent of the capital stock: None.
e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock: None.
f. Disposal of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock: Attachment 4.
g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of the capital stock: Attachment 5.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: None.
i. Financial instruments and derivative transactions: None.
j. Significant intercompany transactions between consolidated entities: Please refer to Attachment 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Attachment 7.

(3) Information on investments in mainland China

a. Names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, percentage of ownership, investment income recognized, carrying amount, accumulated inward remittance of earnings, and upper limit on investment of investees in Mainland China: Please refer to Attachment 8.

b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1, 2, 5 and 6.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

(1) Taiwan Segment: segment engages in productions and sales of pre-mixed concrete in Taiwan.

(2) Pre-mixed concrete Segment in Mainland China: segment engages in productions and sales of pre-mixed concrete in Mainland China.

(3) Cement Segment in Mainland China: segment engages in productions and sales of cement in Mainland China.

(4) Others: segment engages in productions and sales of calcium silicate board, shipping, warehousing, real estate rental and investment.

A. Information on profit or loss of the reportable segment:

For the year ended December 31, 2019

	Taiwan Segment	Cement Segment in Mainland China	Pre-mixed concrete Segment in Mainland China	Subtotal	Other	Adjustment and elimination	Consolidated
Revenue							
External customer	$12,728,434	$3,280,193	$1,545,886	$17,554,513	$1,450,556	$-	$19,005,069
Inter-segment	60,735	-	-	60,735	986,118	(1,046,853)	-
Total revenue	$12,789,169	$3,280,193	$1,545,886	$17,615,248	$2,436,674	$(1,046,853)	$19,005,069
Segment profit	$1,122,715	$275,117	$226,072	$1,623,904	$33,726	$(386,806)	$1,270,824

For the year ended December 31, 2018

	Taiwan Segment	Cement Segment in Mainland China	Pre-mixed concrete Segment in Mainland China	Subtotal	Other	Adjustment and elimination	Consolidated
Revenue							
External customer	$11,329,183	$2,868,386	$2,799,614	$16,997,183	$1,647,623	$-	$18,644,806
Inter-segment	73,281	-	-	73,281	1,055,614	(1,128,895)	-
Total revenue	$11,402,464	$2,868,386	$2,799,614	$17,070,464	$2,703,237	$(1,128,895)	$18,644,806
Segment profit	$504,817	$176,576	$651,714	$1,333,107	$(116,078)	$(677,391)	$539,638

[1] Revenue from Taiwan Segment, Cement Segment in Mainland China and Pre-mixed concrete Segment in Mainland China that are operating segments that do not meet the quantitative thresholds for reportable segments.

[2] Inter-segment revenue is eliminated on consolidation and recorded under the "adjustment and elimination" column. All other adjustments and eliminations are disclosed below.

B. Information on assets and liabilities of the reportable segment:

As of December 31, 2019

	Taiwan	Cement	Pre-mixed	Subtotal	Other	Adjustment	Consolidated

	Segment	Segment in Mainland China	concrete Segment in Mainland China			and elimination	
Assets							
Investment accounted for under the equity method	$15,735	$117,608	$-	$133,343	$740,528	$-	$873,871
Segment assets	$32,291,526	$4,367,898	$-	$36,659,424	$15,646,497	$(15,260,928)	$37,044,993
Segment liabilities	$11,907,177	$1,239,448	$-	$13,146,625	$4,558,389	$(2,135,888)	$15,569,126

As of December 31, 2018

	Taiwan Segment	Cement Segment in Mainland China	Pre-mixed concrete Segment in Mainland China	Subtotal	Other	Adjustment and elimination	Consolidated
Assets							
Investment accounted for under the equity method	$29,527	$126,860	$852,183	$1,008,570	$-	$-	$1,008,570
Segment assets	$30,692,244	$8,128,015	$6,169,815	$44,990,074	$10,232,486	$(19,513,480)	$35,709,080
Segment liabilities	$11,209,949	$1,774,198	$1,804,417	$14,788,564	$2,523,731	$(2,183,507)	$15,128,788

ATTACHMENT 1 : Financing provided to others for the year ended December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

No. (Note 1)	Name of financing provider	Name of counter party	Account (Note 2)	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing activity(Note 3)	Amount of sales to (purchase from) counter-party	Reason for financing	Allowance for doubtful accounts	Assets pledged Item	Assets pledged Value	Limit of financing amount for individual counter-party(Note 4)	Limit of total financing amount (Note 4)
1	GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	Other receivable	USD 40,000 (NTD 1,264,000)	-	-	-	2	$-	Operating	$-	-	-	USD 157,552 (NTD 4,723,410)	USD 157,552 (NTD 4,723,410)
2	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Long-term receivable	RMB 16,000 (NTD 69,440)	RMB 16,000 (NTD 68,960)	RMB 16,000 (NTD 68,960)	2.01%	2	-	Operating	-	-	-	RMB 361,421 (NTD 1,556,812)	RMB 361,421 (NTD 1,556,812)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Long-term receivable	RMB 32,000 (NTD 147,200)	RMB 30,000 (NTD 129,300)	RMB 30,000 (NTD 129,300)	2.01%	2	-	Operating	-	-	-	RMB 361,421 (NTD 1,556,812)	RMB 361,421 (NTD 1,556,812)
3	RUEI SHIN CONSTRUCTIN CO., LTD	GREAT SMART LIMITED.,	Long-term receivable	USD 7,000 (NTD 221,200)	-	-	-	2	-	Operating	-	-	-	USD 40,544 (NTD 1,215,518)	USD 40,544 (NTD 1,215,518)
		GOYU BUILDING MATERIALS CO., LTD.	Long-term receivable	NTD 80,000	NTD 80,000	NTD 80,000	1.80%	2	-	Operating	-	-	-	NTD 1,215,518	NTD 1,215,518
		GIMPO MARINE CO., LTD.	Long-term receivable	NTD 115,000	NTD 115,000	NTD 115,000	1.45%	2	-	Operating	-	-	-	NTD 1,215,518	NTD 1,215,518
		GOLDSUN BUILDING MATERIALS CO., LTD.	Long-term receivable	NTD 1,375,000	NTD 890,000	NTD 890,000	1.28%	2	-	Operating	-	-	-	NTD 1,215,518	NTD 1,215,518
4	TAICANG PORT GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 8,000 (NTD 36,800)	-	-	2.01%	2	-	Operating	-	-	-	RMB 141,813 (NTD 610,856)	RMB 141,813 (NTD 610,856)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Other receivable	RMB 68,000 (NTD 299,200)	RMB 68,000 (NTD 293,080)	RMB 68,000 (NTD 293,080)	2.01%	2	-	Operating	-	-	-	RMB 141,813 (NTD 610,856)	RMB 141,813 (NTD 610,856)
5	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	KUNSHAN GOLDSUN CONCRETE CO., LTD.	Other receivable	RMB 5,000 (NTD 21,700)	RMB 5,000 (NTD 21,550)	RMB 5,000 (NTD 21,550)	2.01%	2	-	Operating	-	-	-	RMB 210,219 (NTD 905,514)	RMB 210,219 (NTD 905,514)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 42,000 (NTD 193,200)	RMB 42,000 (NTD 181,020)	RMB 42,000 (NTD 181,020)	2.01%	2	-	Operating	-	-	-	RMB 210,219 (NTD 905,514)	RMB 210,219 (NTD 905,514)
6	GOLDSUN INTERNATION DEVELOPMENT CORP.	GREAT SMART LIMITED.,	Long-term receivable	USD 7,000 (NTD 219,730)	-	-	-	2	-	Operating	-	-	-	USD 208,703 (NTD 6,256,902)	USD 208,703 (NTD 6,256,902)

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Fill in if the nature of financial statement account is financing.

Note 3: The method of filling out the capital loan and nature is:

(1) For business transactions fill in "1"

(2) For short-term financing funds necessity fill in "2"

Note 4: GREAT SMART LTD., GOLDSUN (CHANGSHU) CONCRETE CO., LTD., TAICANG PORT GOLDSUN CONCRETE CO., LTD., GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD. and GOLDSUN INTERNATION DEVELOPMENT CORP. shall not exceed double of the net asset value from the latest financial statement. RUEI SHIN CONSTRUCTIN CO., LTD shall not exceed the 40% net asset value from the latest financial statement.

ATTACHMENT 2 : Endorsement/Guarantee provided to others for the year ended December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

No. (Note 1)	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the lastest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Guarantee provided by Parent Company (Note 7)	Guarantee provided by A Subsidiary (Note 7)	Guarantee provided to Subsidiaries in Mainland China (Note 7)
		Name of endorsees	Relationship (Note 2)										
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.(Note8)	3	$4,076,870	$-	$-	$-	$-	-	$10,192,175	Y		Y
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOYU BUILDING MATERIALS CO., LTD.	6	4,076,870	78,000	78,000	52,000	-	0.38%	10,192,175	Y		
1	RUEI SHIN CONSTRUCTIN CO., LTD	GOLDSUN BUILDING MATERIALS CO., LTD.	2	6,077,590	3,604,000	3,584,000	1,234,000	-	29.49%	6,077,590		Y	
2	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	452,757	196,972	107,750	72,720	-	23.80%	452,757			Y
3	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	778,406	485,530	371,738	238,063	-	47.76%	778,406			Y
4	TAICANG PORT GOLDSUN CONCRETE CO., LTI	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	305,428	92,690	-	-	-	-	305,428			Y
5	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	609,105	321,195	217,655	162,562	-	35.73%	609,105			Y
6	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	632,744	286,580	216,578	124,397	-	34.23%	632,744			Y
7	KUNSHAN GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	348,517	181,033	77,580	54,489	-	22.26%	348,517			Y

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in propotion to its ownership.

Note 3: The procedure of endorsement is showed as the follows:

(1) For the Company, the endorsement / guarantee amount limit for a single entity that shall not exceed 20% of the Company's net asset value from the latest financial statement;

the total amount shall not exceed 50% of net asset value from the latest financial statement.

(2) RUEI SHIN CONSTRUCTIN CO., LTD endorsement / guarantee amount limit for a single entity and total that shall not exceed double of the net asset value from the latest financial statement.

Other subsidiary, the endorsement / guarantee amount limit for a single entity and total that should not exceed 100% net assets value both from the latest financial statement.

Note 4: The maximum endorsements/guarantees amount current year.

Note 5: All endorsements/guarantees that have been approved by bank shall be calculated in ending balance.

Note 6: Please fill in the actual amount provided by the endorsers.

Note 7: Parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the parent company, or endorsement/guarantee for entities in China shall fill in "Y" 。

Note 8: The Company diposoed the subsidiary, GOLDSUN COMENT (FUJIAN) CO., LTD, in October, 2019 and completed the capital transfer as of December 31, 2019. Please ref to Note 6(28) on FY2019 consolidated financial statement for more detail.

ATTACHMENT 3 : Securities held as of December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

Names of companies held	Type and name of securities	Relationship with the Company	Financial statement account	December 31, 2019 Units (thousand) / bonds / shares (thousand)	Carrying amount	Percentage of ownership (%)	Fair value/Net assets value	Remark
GOLDSUN BUILDING MATERIALS CO., LTD.	Stock-							
	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income, current	15,771,523	$689,216	-	$689,216	12,300 thousand shares provide for loan guarantee
	TAIWAN SECOM CO., LTD	Investor under the equity method	Financial assets at fair value through other comprehensive income, non-current	4,217,669	374,529	1%	374,529	4,200 thousand shares provide for loan guarantee
	O-BANK		Financial assets at fair value through other comprehensive income, non-current	32,320,000	252,420	1%	252,419	25,000 thousand shares provide for loan guarantee
	TAIWAN AIRPORT SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	7,405,200	210,011	17%	210,012	7,405 thousand shares provide for loan guarantee
	GLOBAL SECURITIES FINANCE CORPORATION		Financial assets at fair value through other comprehensive income, non-current	700,837	6,682	-	6,682	
	FUHWA VENTURE CAPITAL INC.		Financial assets at fair value through other comprehensive income, non-current	259,875	2,874	5%	2,874	
	OVERSEAS INVESTMENT & DEVELOPMENT CORP.		Financial assets at fair value through other comprehensive income, non-current	2,000,000	18,420	2%	18,420	
	ANFENG SPRING ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	150,000	2,262	5%	2,262	
	GUO CHANG MARITIME CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	250,000	2,427	10%	2,427	
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	Stock-							
	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Financial assets at fair value through other comprehensive income, non-current	278,477	4,010	-	4,010	Included in treasury shares
	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income, current	779,253	34,053	-	34,053	
	TAIWAN SECOM CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	1,868,000	165,878	-	165,878	
GOLDSUN INVESTMENT CO., LTD	Stock-							
	EVERTERMINAL. CO., LTD		Financial assets at fair value through other comprehensive income, non-current	1,429,653	10,322	1%	10,322	
RUEI SHIN CONSTRUCTIN CO., LTD	Stock-							
	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Financial assets at fair value through other comprehensive income, non-current	3,362,641	48,422	-	48,422	Included in treasury shares
TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Capital-							
	FUZHOU SANSHUN STONE MATERIAL CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	-	437,678	19%	437,678	
	FUJIAN HENGZHONG SAND STONE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	-	24,331	19%	24,331	
GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Fund -							
	BOSERA FUNDS		Financial assets at fair value through profit or loss, current	220,218	949	-	949	

附表五：取得不動產之金額達新臺幣三億元或實收資本額百分之二十以上：

單位：新臺幣千元

取得不動產之公司	財產名稱	事實發生日	交易金額	價款支付情形	交易對象	關係	交易對象為關係人者，其前次移轉資料				取得目的及使用情形	價格決定之依據	其他約定事項
							所有人	與發行人之關係	移轉日期	金額			
惠普(股)公司	土地	106.06.06	$506,500	款項全數付清	睿信建設(股)有限公司	關係人	國產建材實業(股)公司	母公司	093.11.01	$132,591	係供惠普(股)公司國浦廠生產防火建材使用。	參考歐亞不動產估價師聯合事務所估價，並經交易雙方議價後決定。	無
	房屋建築		13,500						103.10.08	13,990			

ATTACHMENT 4 : Acquisition of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock

(Unit:Foreign currency: thousands, NT$: thousands)

Real estate disposed by	Real estate acquired	Date of the event	Date of acquisition	Book value	Transaction amount	Status of payment	Gain (loss) on disposal	Counterparty	Relationship with the	Reason for disposal	Basis or reference used in setting the price	Other commitments
GOLDSUN BUILDING MATERIALS CO., LTD.	No.227-315, Xingnan section, Zhongli district., Taoyuan city	2018.10.5	2007.5.25	$84,814	$472,187	Fully paid	$387,373	TransGlobe Life Insurance Inc	Third party	Revitalize assets and increase capital utilization efficiency	Firm: Dmdedl. Real Estate Appraisers Firm Valuation amount : $614,000 thousand	None.
	No.12, Zhongmei Rd, Zhongli district., Taoyuan city			235,016	145,535		(89,481)					

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

ATTACHMENT 5: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of capital stock for the year ended December 31, 2019 (Unit: foreign currency: thousands, NTD: thousands)

Company	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN EXPRESS & LOGISTICS CO., LTD.	Associate Company	NOTE1	$623,906	NOTE1	Net 30 days	$-	-	$(62,790)	-2.07%	
TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	(401,504)	3%	Net 30 days	-	-	6,130	0%	
GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	(430,461)	3%	Net 30 days	-	-	91,838	1.38%	

Note 1: The Company provided the services of shipping cement to GOLDSUN BUILDING MATERIALS CO., LTD. and accounted to "Other operating income".

Attachment 6: Significant intercompany transactions between consolidated entities

(Unit:Foreign currency: thousands, NTD: thousands)

No.	Company	Counter-party	Relationship	Account	Amount	Term	As a percentage of total assets or revenues
	Year of 2019						
0	GOLDSUN BUILDING MATERIALS CO., LTD.	WELLPOOL CO., LTD.	1	Accounts receivables	$14,822	(Note 4)	0.08%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	1	Other payables	890,000	Interest rate:1.28%	4.65%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN NIHON CEMENT CO., LTD.	1	Cost of goods sold	430,461	(Note 4)	2.25%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN NIHON CEMENT CO., LTD.	1	Accounts payables	91,838	(Note 4)	0.48%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GIMPO MARINE CO., LTD.	1	Other receivables	18,668	(Note 4)	0.10%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	TAIPEI PORT TERMINAL COMPANY LIMITED	1	Cost of goods sold	401,504	(Note 4)	2.09%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	TAIPEI PORT TERMINAL COMPANY LIMITED	1	Accounts payables	6,130	(Note 4)	0.03%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	JIN SHUN MARITIME LTD.	1	Cost of goods sold	53,552	(Note 4)	0.28%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	YUAN SHUN MARITIME LTD.	1	Cost of goods sold	89,599	(Note 4)	0.47%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	FENG SHUN MARITIME LTD.	1	Cost of goods sold	32,228	(Note 4)	0.17%
1	WELLPOOL CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Cost of goods sold	50,378	(Note 4)	0.26%
1	WELLPOOL CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts payables	14,822	(Note 4)	0.08%
2	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	430,461	(Note 4)	2.25%
2	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts receivables	91,838	(Note 4)	0.48%
3	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	3	Accounts receivables	152,400	(Note 4)	0.80%
4	TAIPEI PORT TERMINAL COMPANY	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	383,581	(Note 4)	2.00%
4	TAIPEI PORT TERMINAL COMPANY	KUNYUNG CONSTRUCTION & ENGINEERING CO.,	3	Property, plant and equipment	134,054	(Note 4)	0.70%

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:

(1) 0 is for the parent company.

(2) Each subsidiary is numbered from 1.

Note 2: The relationship between related parties are as follows:

(1) Parent company and subsidiary.

(2) Subsidiary and Parent company.

(3) Subsidiary and subsidiary.

Note 3: Transaction amount is stated as a ratio of total assets or total revenues. Ratios of assets or liabilities accounts are calculated as ending balance divided by total assets, and ratios of profit or loss accounts are calculated as accumulated amount for the year divided by total revenues.

Note 4: The Company's sales to related parties are handled according to the general sales conditions; its collection period is equivalent to ordinary customers.

Note 5: The important transaction of this form may be determined by the company according to the principle of materiality.

ATTACHMENT 7: Names, locations and related information of investee companies (Not including investment in Mainland China) (Unit:Foreign currency: thousands, NTD: thousands)

Investor Company	Investee Company	Location	Main business and products	Original / investment amount		Investment as of December 31, 2019			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
GOLDSUN BUILDING MATERIALS CO., LTD.	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	Taipei, TW	Construction of civil and architectural construction projects	$835,000	$835,000	30,000,000	100%	$374,383	$13,590	$13,579	
	REI SHIN CONSTRUCTION CO., LTD	Taipei, TW	Real estate rental, sale and development	- (Note2)	1,285,045	180,000,000 (Note2)	100%	2,642,376	(38,551)	(38,635)	
	WELLPOOL CO., LTD.	Taipei, TW	Sales of calcium silicate board and other boards	300,754	272,626	18,224,389	51%	534,642	180,463	89,364	15,000 thousand shares provide for loan guarantee
	EASE GREAT INVESTMENTS LTD.	Samoa	Investment and holding	5,971,837 (USD 178,462) (Note2)	4,918,315 (USD 149,462)	178,462,000 (Note2)	100% (Note2)	6,793,332	501,716	494,407	
	GOLDSUN INVESTMENT CO., LTD	Taipei, TW	Investment	53,500	53,500	3,996,000	100%	29,489	1,296	1,296	
	GOLDSUN NIHON CEMENT CO., LTD.	Kaohsiung, TW	Cement import and sale	119,121	119,121	11,460,000	59%	166,781	975	573	
	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	2,477,200 (Note2)	1,800,000	250,000,000 (Note2)	100% (Note2)	2,375,728	(148,702)	(123,472)	
	TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Hong Kong	Investment	480,289 (USD 15,436)	480,289 (USD 15,436)	116,686,664	100%	463,204	(8)	(8)	
	HWA YA DEVELOPMENT CO., LTD.	Taipei, TW	Hotel operator	196,928	196,928	15,714,108	31%	159,307	(3,893)	(1,195)	
	GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Taipei, TW	Sales of ready-mixed concrete and cement products	60,000	60,000	6,000,000	100%	21,739	(8,234)	(8,234)	
	RAIXIN QUALITY PRODUCTS LTD.	Taipei, TW	Upholstery and sales of furniture	41,000	41,000	1,913,333	16%	6,479	(35,619)	(5,679)	Associate

ATTACHMENT 7: Names, locations and related information of investee companies (Not including investment in Mainland China)

(Unit:Foreign currency: thousands, NTD: thousands)

Investor Company	Investee Company	Location	Main business and products	Original / investment amount: Ending balance	Original / investment amount: Beginning balance	Investment as of December 31, 2019: Number of shares	Investment as of December 31, 2019: Percentage of ownership (%)	Investment as of December 31, 2019: Book value	Net income (loss) of investee	Investment income (loss) recognized	Note
GOLDSUN BUILDING MATERIALS CO., LTD.	JIN SHUN MARITIME LTD.	Hong Kong	Shipping	$314,216 (USD 10,000)	$314,216 (USD 10,000)	78,000,000	100%	$146,954	$(16,351)	$(16,351)	
	YUAN SHUN MARITIME LTD.	Hong Kong	Shipping	1,198,017 (USD 38,900)	1,198,017 (USD 38,900)	303,420,000	100%	1,144,520	9,180	9,180	
	JING SHUN MARITIME LTD.	Hong Kong	Shipping	(Note1)	(Note1)	1	100%	(23,899)	1,222	1,222	
	FENG SHUN MARITIME LTD.	Hong Kong	Shipping	(Note1)	(Note1)	1	100%	3,217	4,540	4,540	
	GOYU BUILDING MATERIALS CO., LTD.	Chiayi, TW	Sales of building materials	182,000	182,000	18,200,000	65%	170,279	(13,053)	(8,360)	
	GIMPO MARINE CO., LTD.	New Taipei City, TW	Shipping	100,000	100,000	10,000,000	100%	84,779	(14,589)	(14,589)	
RUEI SHIN CONSTRUCTIN CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	(Note2)	700,000	(Note2)	(Note2)	-	(148,702)	-	
RUEI SHIN CONSTRUCTIN CO., LTD	EASE GREAT INVESTMENTS	Samoa	Investment and holding	(Note2)	898,577 (USD 29,000)	(Note2)	(Note2)	-	501,716	-	
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	Taipei, TW	Upholstery and sales of furniture	48,667	48,667	2,733,334	23%	9,256	(35,619)	-	Associates
WELLPOOL CO., LTD.	GAPE-GOLDSUN CORPORATION	Taipei, TW	Sales of calcium silicate board and other boards	1,283	1,283	100,000	100%	1,462	13	-	
EASE GREAT INVESTMENTS LTD.	GREAT SMART LTD.	Cayman	Investment and holding	2,531,767 (USD 78,000)	3,645,095 (USD 112,300)	78,000,000	100%	2,361,705 (USD 78,776)	278,404	-	
	GOLDSUN INTERNATIONAL DEVELOPMENT CORP.	Cayman	Investment and holding	1,874,333 (USD 57,100) (Note4)	2,171,797 (USD 66,162)	57,100,000	100%	3,128,451 (USD 104,351)	220,038	-	

Note 1: YUAN SHUN MARITIME LTD. invested the entity in debt to equity swap.

Note 2:The Board of Directors of RUEI SHIN CONSTRUCTIN CO., LTD., has approved a proposal for reducing share capital on September,6 2019. RUEI SHIN CONSTRUCTIN CO., LTD., returned some of cash and all equity investment, shareholding of TAIPEI PORT TERMIN COMPANY LIMITED and EASE GREAT INVESTMENT LTD., for capital reduction. As of Decmber 31, 2019, the Compnay has a 100% shareholding in TAIPEI PORT TERMINAL COMPANY LIMITED and EASE GREAT INVESTMENT LTD.

Note 3: The Board of Directors of GREAT SMART LTD. approved a proposal of cash capital reduction on Norvember 6, 2019. The capital will be reduced USD 77,300 thouasnd, the Company completed the capital reduction USD 34,400 thouasnd in 2019. and remaining USD 40,000 thouasnd will be implemented in the future.

Note 4: The Board of Directors of GOLDSUN INTERNATIONAL DEVELOPMENT CORP. approved a proposal of cash capital reduction on Norvember 6, 2019. the Company completed the capital reduction USD 9,062 thouasnd in 2019.

ATTACHMENT 8: Investment in Mainland China (Unit:Foreign currency: thousands, NTD: thousands)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2019	Accumulated inward remittance of earnings as of December 31, 2019
					Outflow	Inflow						
GOLDSUN CONCRETE (SUZHOU) CO., LTD.	Production and sales of ready-mixed concrete and cement products	$402,217 (USD 11,882)	(Note 1)	$402,217 (USD 11,882)	$-	$-	$402,217 (USD 11,882)	$2,799 (Note 8)	100%	$2,799 (Note 8)	$452,757 (Note 8)	$-
GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Production and sales of ready-mixed concrete and cement products	459,388 (USD 14,200)	(Note 1)	459,388 (USD 14,200)	-	-	459,388 (USD 14,200)	30,794 (Note 8)	100%	30,794 (Note 8)	778,406 (Note 8)	-
TAICANG PORT GOLDSUN CONCRETE CO., LTD.	Production and sales of ready-mixed concrete and cement products	198,678 (USD 5,960)	(Note 1)	198,678 (USD 5,960)	-	-	198,678 (USD 5,960)	5,022 (Note 8)	100%	5,022 (Note 8)	305,428 (Note 8)	-
GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Production and sales of ready-mixed concrete and cement products	197,939 (USD 5,960)	(Note 1)	197,939 (USD 5,960)	-	-	197,939 (USD 5,960)	55,248 (Note 8)	100%	55,248 (Note 8)	609,105 (Note 8)	-
KUNSHAN GOLDSUN CONCRETE CO., LTD.	Production and sales of ready-mixed concrete and cement products	131,864 (USD 4,000)	(Note 1)	131,864 (USD 4,000)	-	-	131,864 (USD 4,000)	38,461 (Note 8)	100%	38,461 (Note 8)	348,517 (Note 8)	-
GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Production and sales of ready-mixed concrete and cement products	198,527 (USD 5,960)	(Note 1)	198,527 (USD 5,960)	-	-	198,527 (USD 5,960)	56,192 (Note 8)	100%	56,192 (Note 8)	632,744 (Note 8)	-
FU YANG PORT CO., LTD.(Note 5)	Sandstone processing	782,516 (USD 24,256)	(Note 1)	322,625 (USD 10,000)	-	-	322,625 (USD 10,000)	-	-	-	-	-
GOLDSUN COMENT (FUJIAN) CO., LTD.(Note 6)	Production and sales of cement	2,369,969 (USD 72,500)	(Note 2)	2,369,969 (USD 72,500)	-	-	2,369,969 (USD 72,500)	-	-	(369,262) (Note 6, 8)	-	-
LIANYUAN CONCH CEMENT CO., LTD.	Cement production and	2,383,120 (USD 74,800)	(Note 2)	376,549 (USD 10,800)	-	-	376,549 (USD 10,800)	763,078 (Note 8)	20%	152,616 (Note 8)	740,528 (Note 8)	-
FUZHOU SANSHUN STONE MATERIAL CO., LTD.	Sandstone processing	1,016,143 (USD 33,503)	(Note 3)	453,555 (USD 14,566)	-	-	453,555 (USD 14,566)	-	19%	-	437,678 (Note 7)	-
FUJIAN HENGZHONG SAND STONE CO., LTD.(Note9)	Sandstone processing	134,790 (RMB 30,000)	(Note 3)	24,777 (USD 810)	-	-	24,777 (USD 810)	-	19%	-	24,331 (Note 7)	-
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	Sandstone processing	465,000 (RMB 100,000)	(Note 4)	-	-	-	-	(30,782) (Note 8)	30%	(9,235) (Note 8)	117,608 (Note 8)	-

Accumulated investment in Mainland China as of December 31, 2019	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$5,136,088 (USD 156,638)	$4,787,876 (USD 159,702)	$12,885,520 (Note 10)

Note 1: The Company established EASE GREAT INVESTMENTS LTD. in a third region. The Company reinvested in GOLDSUN INTERNATIONAL DEVELOPMENT CORP. (through EASE GREAT INVESTMENTS LTD.) and then invested in Mainland China.

Note 2: The Company established EASE GREAT INVESTMENTS LTD. in a third region. The Company reinvested in GREAT SMART LTD. (through EASE GREAT INVESTMENTS LTD.) and then invested in Mainland China.

Note 3: The Company established TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED. in a third region and then invested in Mainland China.

Note 4: Indirect investment through GOLDSUN (CHANGSHU) CONCRETE CO., LTD.

Note 5: The company diposoed the associate, FU YANG PORT CO., LTD. in July, 2019 and completed the capital transfer as of December 31, 2019. The transaction details of the subsidiaries refer to 2019 consolidated financial statement Note 6(8).

Note 6: The Company diposoed the subsidiary, GOLDSUN COMENT (FUJIAN) CO., LTD, in October, 2019 and completed the capital transfer as of December 31, 2019. Please ref to Note 6(28) on FY2019 consolidated financial statement for more detail.

Note 7: Company recognized the investment as " Financial assets at fair value through other comprehensive income, non-current".

Note 8: Amount was recognized based on the audited financial statements.

Note 9: The name was changed from LUOYUAN HENGZHONG SAND STONE CO., LTD. to FUJIAN HENGZHONG SAND STONE CO., LTD. in 2018.

Note 10: The Company is based on the new regulations promulgated by the Ministry of Economic Affairs in the Republic of China in 2008. The calculation method for the mainland area is 60% of the net value or the combined net value, whichever is higher.

Independent Auditors' Report Translated from Chinese

To GOLDSUN BUILDING MATERIALS CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of GOLDSUN BUILDING MATERIALS CO., LTD. (the "Company") as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, , based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for 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 Parent Company Only 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2019 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue Recognition</u>

Revenue from contracts with customers that recognized by the Company amounted to NT$12,650,345 thousand for the year ended December 31, 2019, and the main source of revenue is the sale of pre-mixed concrete. The timing of sales was recognized when the performance obligations was satisfied that goods were delivered and accepted by the customers. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to:

1. Assessing the appropriateness of the accounting policy of revenue recognition and the process of generating and recognizing revenue; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition.

2. Selecting samples to perform tests of details, performing tests of transaction detail which included reviewing vouchers of selected samples and cash receipts record to confirm the performance obligations was satisfied.

3. Performing cutoff testing through periods before and after the balance sheet date by reviewing related documentation of selected samples.

4. Executing accounts receivable confirmation procedures to confirm with the Company's customers. Moreover, performing other alternative audit procedures if customers do not return confirmations.

We also consider the appropriateness of the disclosures of operating revenue. Please refer to Note 4 and 6.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates, which statements reflected investments accounted for under the equity method of NT$235,914 thousand, representing 1% of the total assets as of December 31, 2018. The related shares of (losses) profits from the associates and joint ventures under the equity method amounted to NT$(52,620) thousand, representing (10)% of the net income/(loss) before income tax for the years ended December 31, 2018, and the related shares of other comprehensive loss from the associates and joint ventures under the equity method amounted to NT$0 thousand, representing 0% of the comprehensive loss for the years ended December 31, 2018. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

Emphasis of Matter - Applying for New Accounting Standards

As stated in Note 3 to the parent company only financial statements, the Company applied the International Financial Reporting Standard 16, "Leases" starting from January 1, 2019, and elected not to restate the parent company only financial statements for prior periods. Our conclusion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent company only 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 parent company only 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditor's 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 parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Company 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 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 17, 2020

Notice to Readers
The accompanying financial statements are intended only to present the financial position, results of operations 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.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

GOLDSUN BUILDING MATERIALS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2019 and December 31, 2018
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2019		December 31, 2018	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$1,187,454	4	$576,887	2
Financial assets at fair value through other comprehensive income, current	4,5,6 and 8	689,216	3	551,324	2
Financial assets at amortized cost, current	4,6 and 8	106,630	-	245,610	1
Notes receivable, net	4,5 and 6	899,115	3	897,517	3
Accounts receivable, net	4,5 and 6	4,230,172	13	3,546,174	12
Accounts receivable - related parties, net	4,5,6 and 7	17,575	-	26,531	-
Other receivables		37,773	-	2,407	-
Other receivables - related parties	7	34,376	-	27,934	-
Inventories, net	4,5 and 6	404,808	1	395,080	1
Prepayments	7	443,731	1	388,733	1
Total current assets		8,050,850	25	6,658,197	22
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,5,6 and 8	869,625	3	890,627	3
Investments accounted for under the equity method	4,5,6 and 8	15,093,310	47	15,230,809	50
Property, plant and equipment	4, 6 and 8	4,191,993	13	4,219,115	14
Right-of-use assets	4 and 6	628,107	2	-	-
Investment property, net	4,5,6 and 8	2,903,814	9	3,193,062	10
Intangible assets	4 and 6	15,374	-	14,293	-
Deferred tax assets	4,5 and 6	438,048	1	440,756	1
Prepayment for equipment		1,397	-	7,715	-
Refundable deposits	8	53,349	-	18,973	-
Long-term receivable	4,5 and 6	45,659	-	18,189	-
Long-term prepaid rent		-	-	508	-
Total non-current assets		24,240,676	75	24,034,047	78
Total assets		$32,291,526	100	$30,692,244	100

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

GOLDSUN BUILDING MATERIALS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2019 and December 31, 2018
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31, 2019 Amount	%	December 31, 2018 Amount	%
Current liabilities					
Short-term loans	4,6 and 8	$2,910,000	9	$2,700,000	9
Short-term notes and bills payable	6 and 8	2,608,730	8	1,727,825	6
Notes payable		-	-	1,089	-
Accounts payable		1,272,567	4	1,524,822	5
Accounts payable - related parties	7	163,436	-	191,167	1
Other payables		580,660	2	533,013	2
Other payables - related parties	7	890,000	3	1,375,000	4
Current tax liabilities	4,5 and 6	19,170	-	5,122	-
Lease liabilities, current	4,6 and 7	97,310	-	-	-
Other current liabilities		123,055	-	85,606	-
Advanced receipts		7,557	-	197,204	1
Current portion of long-term bonds payable	4,6 and 8	-	-	1,000,000	3
Current portion of long-term loans	4,6 and 8	200,000	1	100,000	-
Total current liabilities		8,872,485	27	9,440,848	31
Non-current liabilities					
Long-term loans	4,6 and 8	2,300,000	7	1,500,000	5
Provisions, non-current	4 and 6	4,800	-	4,500	-
Deferred tax liabilities	4,5 and 6	738	-	4,803	-
Lease liabilities, non-current	4,6 and 7	496,045	2	-	-
Net defined benefit liabilities, non-current	4,5 and 6	206,029	1	227,790	1
Guarantee deposits	7	27,080	-	32,008	-
Total non-current liabilities		3,034,692	10	1,769,101	6
Total liabilities		11,907,177	37	11,209,949	37
Equity attributable to the parent					
Capital					
Common stock	4 and 6	13,850,003	43	13,850,003	45
Additional paid-in capital	6	1,177,219	4	1,177,912	4
Retained earnings	6				
Legal reserve		1,596,648	5	1,545,164	5
Special reserve		1,874,430	5	1,874,430	6
Unappropriated earnings		1,881,076	6	1,183,489	4
Total Retained earnings		5,352,154	16	4,603,083	15
Other components of equity	6	15,012	-	(138,664)	(1)
Treasury stock	6	(10,039)	-	(10,039)	-
Total equity		20,384,349	63	19,482,295	63
Total liabilities and equity		$32,291,526	100	$30,692,244	100

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

English Translation of Financial Statements Originally Issued in Chinese

GOLDSUN BUILDING MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2019 Amount	2019 %	2018 Amount	2018 %
Operating revenue	4,5,6 and 7	$12,728,434	100	$11,402,464	100
Operating costs	6 and 7	(11,707,715)	(92)	(10,965,154)	(96)
Gross profit		1,020,719	8	437,310	4
Operating expenses	4,5,6 and 7				
Sales and marketing expenses		(138,045)	(1)	(132,114)	(1)
General and administrative expenses		(374,442)	(3)	(366,010)	(4)
Research and development expenses		(9,822)	-	(8,319)	-
Expected credit losses		(49,129)	-	(45,119)	-
Subtotal		(571,438)	(4)	(551,562)	(5)
Operating income (loss)		449,281	4	(114,252)	(1)
Non-operating income and loss	4,6 and 7				
Other income		109,876	1	114,632	1
Other gains and losses		269,644	2	(15,264)	-
Finance costs		(103,725)	(1)	(98,196)	(1)
Share of profit or loss of associates and joint ventures		397,638	3	617,897	5
Subtotal		673,433	5	619,069	5
Income before income tax		1,122,714	9	504,817	4
Income tax (expense) benefit	4,5 and 6	(21,055)	-	10,022	-
Net income		1,101,659	9	514,839	4
Other comprehensive income	4 and 6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(2,854)	-	(16,101)	-
Unrealized gains on fair value through other comprehensive income equity instrument investment		222,803	2	4,508	-
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss		441	-	(383)	-
Income tax related to items that will not be reclassified		571	-	3,221	-
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		(60,374)	(1)	(20,276)	-
Total other comprehensive (loss) income, net of tax		160,587	1	(29,031)	-
Total comprehensive income		$1,262,246	10	$485,808	4
Earnings per share (NT$)	6				
Basic earnings per share		$0.80		$0.37	
Diluted earnings per share		$0.80		$0.37	

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

GOLDSUN BUILDING MATERIALS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other Components of Equity				
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at fair value through other comprehensive income	Unrealized Gain or Loss on Available-for-Sale Financial Assets	Treasury Stock	
Balance as of January 1, 2018	$13,850,003	$1,163,101	$1,392,890	$1,874,430	$1,522,743	$(416,583)	$-	$305,957	$(10,039)	$19,682,502
Impact of retroactive application	-	-	-	-	3,944	-	293,687	(305,957)	-	(8,326)
Balance as of January 1, 2018 after restatement	13,850,003	1,163,101	1,392,890	1,874,430	1,526,687	(416,583)	293,687	-	(10,039)	19,674,176
Appropriations and distributions of 2017 unappropriated earnings										
Legal reserve	-	-	152,274	-	(152,274)	-	-	-	-	-
Cash dividends	-	-	-	-	(692,500)	-	-	-	-	(692,500)
Other changes in capital reserve										
Donated surplus	-	12,990	-	-	-	-	-	-	-	12,990
Net income in 2018	-	-	-	-	514,839	-	-	-	-	514,839
Other comprehensive (loss) income, net of tax in 2018	-	-	-	-	(13,263)	(20,276)	4,508	-	-	(29,031)
Total comprehensive income	-	-	-	-	501,576	(20,276)	4,508	-	-	485,808
Parent company's cash dividends received by subsidiaries	-	1,821	-	-	-	-	-	-	-	1,821
Balance as of December 31, 2018	$13,850,003	$1,177,912	$1,545,164	$1,874,430	$1,183,489	$(436,859)	$298,195	$-	$(10,039)	$19,482,295
Balance as of January 1, 2019	$13,850,003	$1,177,912	$1,545,164	$1,874,430	$1,183,489	$(436,859)	$298,195	$-	$(10,039)	$19,482,295
Appropriations and distributions of 2018 unappropriated earnings										
Legal reserve	-	-	51,484	-	(51,484)	-	-	-	-	-
Cash dividends	-	-	-	-	(346,250)	-	-	-	-	(346,250)
Other changes in capital reserve										
Donated surplus	-	11	-	-	-	-	-	-	-	11
Net income in 2019	-	-	-	-	1,101,659	-	-	-	-	1,101,659
Other comprehensive (loss) income, net of tax in 2019	-	-	-	-	(1,842)	(60,374)	222,803	-	-	160,587
Total comprehensive income	-	-	-	-	1,099,817	(60,374)	222,803	-	-	1,262,246
Parent company's cash dividends received by subsidiaries	-	910	-	-	-	-	-	-	-	910
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	(1,614)	-	-	(13,249)	-	-	-	-	(14,863)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,753	-	(8,753)	-	-	-
Balance as of December 31, 2019	$13,850,003	$1,177,219	$1,596,648	$1,874,430	$1,881,076	$(497,233)	$512,245	$-	$(10,039)	$20,384,349

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

English Translation of Financial Statements Originally Issued in Chinese

GOLDSUN BUILDING MATERIALS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Description	2019	2018
Cash flows from operating activities:		
Profit before tax from continuing operations	$1,122,714	$504,817
Net income before tax	1,122,714	504,817
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	290,723	199,662
Amortization	6,725	5,035
Expected credit losses	49,129	45,119
Interest expense	103,725	98,196
Interest revenue	(11,906)	(12,131)
Dividend income	(77,415)	(61,134)
Gain on disposal of investments	-	(1,839)
Gain on disposal of subsidiary	-	(4,568)
Share of gain of associates and joint ventures	(397,639)	(617,897)
Gain on disposal of property, plant and equipment	(17,832)	(5,744)
(Gain) loss on disposal of investment property	(297,874)	6,282
Loss on lease modification	38	-
Changes in operating assets and liabilities:		
Notes receivable, net	(1,473)	43,790
Notes receivable - related parties, net	-	12,726
Accounts receivable, net	(667,034)	(575,483)
Accounts receivable - related parties, net	8,956	(14,415)
Other receivables	(35,366)	(174)
Other receivables - related parties	(6,442)	(2,284)
Inventories, net	(9,728)	(23,086)
Prepayments	(71,770)	41,737
Long-term receivable	(93,688)	(7,507)
Notes payable	(1,089)	968
Accounts payable	(252,255)	243,660
Accounts payable - related parties	(27,731)	6,882
Other payables	49,390	(80,160)
Other current liabilities	29,085	14,042
Advanced receipts	(189,647)	193,783
Net defined liabilities, non-current	(24,043)	(43,811)
Cash generated from operations	(522,447)	(33,534)
Interest received	11,906	12,131
Income tax paid	(105,468)	(96,555)
Net cash used in operating activities	(616,009)	(117,958)
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	19,206	11,592
Acquisition of property, plant and equipment	(181,090)	(119,200)
Proceeds from disposal of investment property	617,688	-
Acquisition of investment property	(195)	(3,376)
Capital deducted by cash of financial assets at fair value through other comprehensive income	2,378	2,475
Decrease (increase) in financial assets at amortized cost	138,980	(84,741)
Acquisition of financial assets at fair value through other comprehensive income	(30,920)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	122,630	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	32,239
Acquisition of investments accounted for under the equity method	(28,128)	(308,733)
Cash returns from capital reduction of subsidiaries	239,278	-
Acquisition of intangible assets	(8,331)	(7,374)
Decrease in prepayment for equipment	6,318	954
(Increase) decrease in refundable deposits	(34,376)	1,681
Decrease in long-term prepaid rent	-	1,617
Dividends received	339,383	140,600
Net cash provided by (used in) investing activities	1,202,821	(332,266)
Cash flows from financing activities:		
Increase in short-term loans	210,000	450,000
Increase (decrease) in short-term notes and bills payable	880,905	(70,565)
(Decrease) increase in other payables - related parties	(485,000)	600,000
Decrease in bonds payable	(1,000,000)	(1,000,000)
Increase in long-term loans	5,400,000	6,550,000
Decrease in long-term loans	(4,500,000)	(5,550,000)
Decrease in guarantee deposits	(4,928)	(1,346)
Donated surplus	(31)	12,885
Cash dividends paid	(346,250)	(692,500)
Cash payments for the principal portion of the lease liability	(130,941)	-
Net cash provided by financing activities	23,755	298,474
Net increase (decrease) in cash and cash equivalents	610,567	(151,750)
Cash and cash equivalents at beginning of year	576,887	728,637
Cash and cash equivalents at end of year	$1,187,454	$576,887

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

1. History and organization

GOLDSUN BUILDING MATERIALS CO., LTD. ("the Company") was incorporated under the laws of the Republic of China ("R.O.C.") in November 1954. The Company is engaged mainly in the production and sales pre-mixed concrete and building rental. In March 1978, the Company listed its shares of stock on the Taiwan Stock Exchange ("TWSE"). The Company's registered office and the main business location is at 7F, No.8, Xinhu 1st Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2019 and 2018 were authorized for issue by the Board of Directors on March 17, 2020.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2019. The nature and the impact of each new standard and amendment that has a material effect on the Company is described below:

A. IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Company followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

5. Please refer to Note 4 for the accounting policies before or after January 1, 2019.

6. For the definition of a lease, the Company elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Company was permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4

but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Company need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assessed most of the contracts are, or contain, leases and has no significant impact arised.

7. The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Company measured and recognized those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019, and; the Company chose, on a lease liability basis, to measure the right-of-use asset, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before January 1, 2019.

On January 1, 2019, the Company's right-of-use asset and lease liability both increased by NT$678,725 thousand.

Besides, on January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Company reclassified the long-term rental prepayment of NT$508 thousand to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Company used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before January 1, 2019 as an alternative to performing an impairment review.
iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.

iv. Exclude initial direct costs from the measurement of the right-of-use asset on January 1, 2019.
v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(c) As at January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

i. The weighted average of the lessee 's incremental borrowing rate applied to the lease liabilities recognized in the balance sheet on January 1, 2019 was 1.15%.
ii. The explanation for the difference of NT$376,448 thousand between:
1) operating lease commitments disclosed applying IAS 17 as at 31 December 2018,
discounted using the incremental borrowing rate on January 1, 2019; and
2) lease liabilities recognized in the balance sheet as at January 1, 2019 is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as at December 31, 2018	$302,277
Discounted using the incremental borrowing rate on January 1, 2019	$274,419
Add: adjustments to the options to extend or terminate the lease that is reasonably certain to exercise	404,970
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	(664)
The carrying value of lease liabilities recognized as at January 1, 2019	$678,725

8. The Company is a lessor and has not made any adjustments. Please refer to Note 4 and Note 6 for the information relating to the lessor.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Definition of a Business - Amendments to IFRS 3	January 1, 2020
B	Definition of Material - Amendments to IAS 1 and 8	January 1, 2020
C	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020

A. Definition of a Business - Amendments to IFRS 3

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

B. Definition of a Material - Amendments to IAS 1 and 8

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

C. Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

a. highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

b. prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

c. IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

d. separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2020. Apart from item explained below, the remaining standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 Insurance Contracts	January 1, 2021
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2022

A. IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

a. estimates of future cash flows;
b. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
c. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The abovementioned standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Company holds the asset primarily for the purpose of trading
C. The Company expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its

classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities of 3 months from the date of acquisition).

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the delivery date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. assets in order to collect contractual cash flows and
b. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss or retained earnings as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   iii. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   iv. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired
b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carryingamount and the consideration received or to be received including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss (for debt instruments) or directly in retained earnings (for equity instruments).

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the Company allocates the previous carrying amount of the larger financial asset between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. Any cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated that had been recognized in other comprehensive income, is recognized in profit or loss or directly in retained earnings.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Compnay assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a Company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented

risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost based on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for under the equity method

The investment in a subsidiary is according to “Rule Governing the Preparation of Financial Statements 21 by Securities Issuers”. Therefore, profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements. According to IFRS 10 — Consolidated Financial Statements , agreeing with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

The Company’s investment in its associate is accounted for under the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the Company’s related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorata basis.

When the associate issues new stock, and the Company’s interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

For investments of joint control units except for assets held for sale, the company also adoped equity method. Joint control unit means that the Company has joint control and involves in foundation of company, partnership, or other units.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~55 years
Machinery and equipment	2~10 years
Transportation equipment	2~10 years
Right-of-use assets	2~50 years
Other equipment	3~5 years
Lease improvement	2~20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The accounting policy from January 1, 2019 as follow:

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Company that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30~55 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

The accounting policy before January 1, 2019 as follow:

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Company that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30~50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

The accounting policy from January 1, 2019 as follow:

For contracts entered on or after January 1, 2019, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

The Company elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

F. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
G. variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
H. amounts expected to be payable by the lessee under residual value guarantees;
I. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and.
J. payments of penalties for terminating the lease, if the lease term reflects the lessee

exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. Cost of right-of-use asset contains:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before January 1, 2019 as follow:

Company as a lessee

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental revenue generated from operating lease is recognized over the lease term using the straight-line method. Contingent rents are recognized as revenue in the period in which they are earned.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life (3~5 years)

Internally generated or acquired   Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(17) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(18) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is pre-mixed concrete and cement. Revenue are recognized based on the consideration stated in the contract.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 90 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. The other part of the accounts receivable is the contract between the Company and the customer to deliver the promised goods or services to the customer, but the payment period is more than one year according to the contract. Therefore, the Company adjusts the transaction price for the time value of money. However, some of the contracts are subject to partial consideration for the customers before the transfer of the goods. The Company is obliged to undertake the subsequent transfer of the goods and is therefore recognized as a contract liability.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Compnay receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(22) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company’s parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management made the following judgments, which have the most significant effect on the amounts recognized in the parent company only financial statements:

A. Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. Operating lease commitment - Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, and accounts for the contracts as operating leases.

C. De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4(3) for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note 6 for more details.

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax assets of the Company as of December 31, 2019.

E. Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2019	2018
Cash on hand and petty cash	$4,590	$4,610
Checking accounts and demand deposits	872,696	341,337
Time deposits	239,232	159,815
Cash equivalents (Note)	70,936	71,125
Total	$1,187,454	$576,887

Note: The Cash equivalents is Bank's short-term bill that have maturity within 3 months.

(2) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2019	2018
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	$1,316,165	$1,248,735
Unlisted companies stocks	242,676	193,216
Total	$1,558,841	$1,441,951
Current	$689,216	$551,324
Non-current	869,625	890,627
Total	$1,558,841	$1,441,951

Please refer to Note 8 for more details on financial assets at fair value through other comprehensive income under pledge.

(3) Financial assets measured at amortized cost

	As of December 31,	
	2019	2018

Time deposit	$106,630	$245,610

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4) Notes receivable

	As of December 31,	
	2019	2018
Notes receivables arising from operating activities	$899,573	$898,100
Less: loss allowance	(458)	(583)
Subtotal	$899,115	897,517

Notes receivable were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6(19) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable, accounts receivable from related parties, and long-term receivables

Accounts receivable and accounts receivable - related parties

	As of December 31,	
	2019	2018
Accounts receivable	$4,299,431	$3,632,397
Less: loss allowance	(69,259)	(86,223)
Subtotal	4,230,172	3,546,174
Accounts receivable - related parties	17,575	26,531
Less: loss allowance	-	-
Subtotal	17,575	26,531
Total	$4,247,747	$3,572,705

Long-term receivable

	As of December 31,	
	2019	2018
Overdue receivables	$167,896	$90,947
Less: loss allowance	(122,237)	(72,758)
Total	$45,659	$18,189

Accounts receivable were not pledged.

Accounts receivable are generally on 90~120 day terms. The total carrying amount as of December 31, 2019 and 2018 were NT$4,484,902 thousand and NT$3,749,875 thousand, respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for the years ended December 31, 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of December 31,	
	2019	2018
Raw materials	$114,568	$104,840
Building for sale	79,872	79,872
Land of construction	210,368	210,368
Total	$404,808	$395,080

The cost of inventories recognized in expenses amounted to NT$9,579,000 thousand and NT$8,772,995 thousand for the years ended December 31, 2019 and 2018, respectively.

No inventories were pledged.

(7) Investments accounted for under the equity method

	As of December 31,			
	2019		2018	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
RUEI SHIN CONSTRUCTIN CO., LTD	$2,642,376	100%	$4,773,122	100%
GOLDSUN INVESTMENT CO., LTD.	29,489	100%	28,251	100%
WELLPOOL CO., LTD.	534,642	51%	498,591	49%
GOLDSUN NIHON CEMENT CO., LTD.	166,781	59%	177,668	59%
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	374,383	100%	392,683	100%
EASE GREAT INVESTMENT LTD. (Note)	6,793,332	100%	5,284,249	84%
HUA YA DEVELOPMENT CO., LTD.	159,307	31%	160,501	31%
TAIPEI PORT TERMINAL COMPANY LIMITED (Note)	2,375,728	100%	1,817,399	72%
JIN SHUN MARITIME LIMITED	146,954	100%	166,864	100%
YUAN SHUN MARITIME LIMITED	1,144,520	100%	1,163,629	100%
JING SHUN MARITIME LIMITED	(23,899)	100%	(25,706)	100%
FENG SUN MARITIME LIMITED	3,217	100%	(1,225)	100%
TAIWAN BUILDING MATERIALS (HONG KONG) LMITED	463,204	100%	474,646	100%
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	21,739	100%	29,973	100%
GOYU BUILDING MATERIALS CO., LTD	170,279	65%	178,639	65%
GIMPO MARINE CO., LTD.	84,779	100%	99,367	100%
Subtotal	15,086,831		15,218,651	
Investments in associates:				
RAIXIN QUALITY PRODUCTS LTD.	6,479	16%	12,158	16%
Total	$15,093,310		$15,230,809	

Note1: The Board of Directors of RUEI SHIN CONSTRUCTIN CO., LTD., has approved a proposal for reducing share capital on September,6 2019. RUEI SHIN CONSTRUCTIN CO., LTD., returned cash and all equity investment, including TAIPEI PORT TERMINAL COMPANY LIMITED and EASE GREAT INVESTMENT LTD., for capital reduction. As of Decmber 31, 2019, the Compnay has a 100% shareholding in TAIPEI PORT TERMINAL COMPANY LIMITED and EASE GREAT INVESTMENT LTD.

A. Investments in subsidiaries

Investments in subsidiaries was accounted for investment accounted for under equity method when preparing the parent company only financial statements.

Please refer to Note 8 for more details on Investments in subsidiaries under pledge.

B. Investments in associates

Investment in the associate has not a quoted market price as of December 31, 2019 and 2018.

No investments in associates were pledged.

The summarized financial information of the associate is as follows:

	For the years ended December 31,	
	2019	2018
Loss from continuing operations	$(5,679)	$(5,362)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$(5,679)	$(5,362)

The associates had no contingent liabilities or capital commitments as of December 31, 2019 and 2018.

(8) Property, plant and equipment

C. Owner occupied property, plant and equipment (adopted IFRS 16 "Lease")

	Land	Buildings	Machinery and equipment	Transportation equipment	Lease improvement	Construction in progress and equipment awaiting examination	Other equipment	Total
Cost:								
As of January 1, 2019	$2,933,661	$1,092,365	$1,720,171	$1,006,089	$129,045	$230,705	$109,781	$7,221,817
Additions	-	7,061	49,327	39,762	1,642	81,174	2,124	181,090
Disposals	(431)	(3,335)	(34,911)	(83,454)	(430)	-	(1,554)	(124,115)
Transfers	(488,444)	11,621	3,650	-	-	416,009	749	(56,415)
As of December 31, 2019	$2,444,786	$1,107,712	$1,738,237	$962,397	$130,257	$727,888	$111,100	$7,222,377
Depreciation:								
As of January 1, 2019	$-	$637,364	$1,434,111	$740,448	$100,689	$-	$88,781	$3,001,393
Depreciation	-	32,032	48,700	47,655	14,367	-	7,444	150,198
Disposals	-	(3,335)	(34,549)	(82,891)	(430)	-	(1,536)	(122,741)
Transfers	-	-	-	-	-	-	225	225
As of December 31, 2019	$-	$666,061	$1,448,262	$705,212	$114,626	$-	$94,914	$3,029,075
Impairment:								
As of January 1, 2019	$-	$322	$987	$-	$-	$-	$-	$1,309
Impairment	-	-	-	-	-	-	-	-
As of December 31, 2019	$-	$322	$987	$-	$-	$-	$-	$1,309
Net carrying amount as of:								
December 31, 2019	$2,444,786	$441,329	$288,988	$257,185	$15,631	$727,888	$16,186	$4,191,993

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. Property, plant and equipment (before adopted IFRS 16 "Lease")

	Land	Buildings	Machinery and equipment	Transportation equipment	Lease improvement	Construction in progress and equipment awaiting examination	Other equipment	Total
Cost:								
As of January1, 2018	$2,952,180	$1,092,145	$1,726,346	$1,079,213	$126,066	$195,767	$100,633	$7,272,350
Additions	-	6,767	35,273	23,088	3,247	40,792	10,033	119,200
Disposals	-	(6,665)	(44,262)	(96,212)	(268)	-	(985)	(148,392)
Transfers	(18,519)	118	2,814	-	-	(5,854)	100	(21,341)
As of December 31, 2018	$2,933,661	$1,092,365	$1,720,171	$1,006,089	$129,045	$230,705	$109,781	$7,221,817
Depreciation:								
As of January 1, 2018	$-	$610,096	$1,425,951	$782,108	$85,959	$-	$82,377	$2,986,491
Depreciation	-	32,896	51,861	50,402	14,998	-	7,289	157,446
Disposals	-	(5,628)	(43,701)	(92,062)	(268)	-	(885)	(142,544)
As of December 31, 2018	$-	$637,364	$1,434,111	$740,448	$100,689	$-	$88,781	$3,001,393
Impairment:								
As of January 1, 2018	$-	$322	$987	$-	$-	$-	$-	$1,309
Impairment	-	-	-	-	-	-	-	-
As of December 31, 2018	$-	$322	$987	$-	$-	$-	$-	$1,309
Net carrying amount as of:								
December 31, 2018	$2,933,661	$454,679	$285,073	$265,641	$28,356	$230,705	$21,000	$4,219,115

The major components of the buildings are main building structure and pre-mixed equipments, which are depreciated 55 years or 5~ 20 years.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Investment property

	Land	Buildings	Total
Cost:			
As of January 1, 2019	$2,554,416	$1,629,177	$4,183,593
Additions from acquisitions	-	195	195
Disposals	(84,815)	(408,902)	(493,717)

	Land	Buildings	Total
Transfers	54,801	1,219	56,020
As of December 31, 2019	$2,524,402	$1,221,689	$3,746,091
As of January 1, 2018	$2,535,394	$1,643,741	$4,179,135
Additions from acquisitions	-	3,376	3,376
Disposals	-	(19,852)	(19,852)
Transfers	19,022	1,912	20,934
As of December 31, 2018	$2,554,416	$1,629,177	$4,183,593
Depreciation:			
As of January 1, 2019	$-	$982,458	$982,458
Depreciation	-	25,649	25,649
Disposals	-	(173,903)	(173,903)
As of December 31, 2019	$-	$834,204	$834,204
As of January 1, 2018	$-	$953,812	$953,812
Depreciation	-	42,216	42,216
Disposals	-	(13,570)	(13,570)
As of December 31, 2018	$-	$982,458	$982,458
Impairment:			
As of January 1, 2019	$-	$8,073	$8,073
Impairment	-	-	-
As of December 31, 2019	$-	$8,073	$8,073
As of January 1, 2018	$-	$8,073	$8,073
Impairment	-	-	-
As of December 31, 2018	$-	$8,073	$8,073
Net carrying amount as of:			
December 31, 2019	$2,524,402	$379,412	$2,903,814
December 31, 2018	$2,554,416	$638,646	$3,193,062

	For the years ended December 31,	
	2019	2018
Rental income from investment property	$78,089	$110,764
Less：Direct operating expense generated from rental income of investment property	(74,112)	(82,932)
Total	$3,977	$27,832

Please refer to Note 8 for more details on investment property under pledge.

The fair value of investment properties was NT$9,237,919 thousand as of December 31, 2019. The fair value NT$5,321,131 thousand has been determined based on valuations performed by an independent valuer. The valuation method used are comparison approach and income approach. The remaining NT$3,916,788 thousand was assessed by the Company. The valuation method used is land development analysis approach which supporting by market evidence and current land value.

The fair value of investment properties was NT$9,287,806 thousand as of December 31, 2018. The fair value NT$4,032,215 thousand has been determined based on valuations performed by an independent valuer. The valuation method used are comparison approach and income approach. The remaining NT$5,255,591 thousand was assessed by the Company. The valuation method used is land development analysis approach which supporting by market evidence and current land value.

Part of the Investment property were held temporarily under third parties' names because of regulatory requirements. The relevant security procedures have been fully implemented.

(10) Intangible assets

	For the years ended December 31,	
	2019	2018
Cost:		
Beginning Balance	$33,834	$27,138
Addition-acquired separately	8,331	7,374
Disposals	(7,704)	(678)
Transfers	(750)	-
Ending Balance	$33,711	$33,834
Amortization:		
Beginning Balance	$19,541	$15,184
Amortization	6,725	5,035
Disposals	(7,704)	(678)
Transfers	(225)	-
Ending Balance	$18,337	$19,541
Net carrying amount as of:		
Ending Balance	$15,374	$14,293

Recognized as amortized amount of intangible assets are as follows.

	2019	2018
Operating costs	$670	$336
Operating expenses	$6,055	$4,699

(11) Short-term loans

	As of December 31,	
	2019	2018
Unsecured bank loans	$1,646,000	$1,950,000
Secured bank loans	1,264,000	750,000
Total	$2,910,000	$2,700,000
Interset rates		
Credit bank loans	1.000~1.070%	0.950%~1.100%
Secured bank loans	1.000~1.070%	0.950%~1.120%

Please refer to Note 8 for more details on assets pledged as security for short-term loans.

The Company's unused short-term lines of credits amount to NT$5,842,000 thousand and NT$6,292,000 thousand as of December 31, 2019 and 2018, respectively.

(12) Short-term notes and bills payable

Guarantee institution	As of December 31, 2019	2018
Guaranteed by bank	$2,610,000	$1,730,000
Less：Unamortised discount	(1,270)	(2,175)
Net	$2,608,730	$1,727,825
Interest rates	0.56~0.87%	0.60%~0.92%

Please refer to Note 8 for more details on assets pledged as security for Short-term notes and bills payable.

(13) Bonds payable

	Interest rates	As of December 31, 2019	2018
Domestic secured bonds	1.4%	$-	$1,000,000
Less：current portion		-	(1,000,000)
Net		$-	$-

The Company issued five-year domestic secured bonds with a face value of NT$2,000,000 thousand on December 25, 2014. The principal amount of the bonds is repaid in installments of NTD$1,000,000 when reach fourth and fifth year after the issue date. The interest is paid every year at the annual interest rate.

The domestic secured bonds were guaranteed by the Bank of Taiwan Co., Ltd. in accordance with the guarantee contract.

(14) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2019	Maturity date and terms of repayment
Secured Long-term Loan from Bank of KGI	$220,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Unsecured Long-term Loan from Bank of KGI	380,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Secured Long-term Loan from Bank of Taiwan	500,000	Effective December 25, 2019. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.

Unsecured Long-term Loan from Bank of Taiwan	500,000	Effective December 25, 2019. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Secured Long-term Loan from Bank of Taiwan	450,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Unsecured Long-term Loan from Bank of Taiwan	450,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Subtotal	2,500,000	
Less: current portion	(200,000)	
Total	$2,300,000	
Interest rates	1.05%~1.40%	

Lenders	As of December 31, 2018	Maturity date and terms of repayment
Secured Long-term Loan from KGI Bank	$231,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Unsecured Long-term Loan from KGI Bank	369,000	Revolving use within the credit period and the repayment will be due in a lump-sum payment on the expiration of the term.
Secured Long-term Loan from Bank of Taiwan	500,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Unsecured Long-term Loan from Bank of Taiwan	500,000	Effective December 25, 2018. Principal is repaid in 10 half-yearly payments, the 2nd to 4nd payments will be NTD$25,000 thousand, 5nd to 8nd payments will be NTD$50,000 thousand and 9nd to 10nd payments will be NTD$100,000 thousand; interest paid every month.
Subtotal	1,600,000	
Less: current portion	(100,000)	
Total	$1,500,000	
Interest rates	1.09%~1.40%	

Please refer to Note 8 for more details on assets pledged as security for long-term loans.

(15) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C.. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2019 and 2018 are NT$13,008 thousand and NT$12,417 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$37,549 thousand to its defined benefit plan during the 12 months beginning after December 31, 2019.

The average duration of the defined benefits plan obligation are 12 years and 11 years as of December 31, 2019 and 2018, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2019 and 2018:

	For the years ended December 31,	
	2019	2018
Current period service costs	$10,873	$11,386
Interest expense (income) of net defined benefit liabilities (assets)	2,255	3,066
Total	$13,128	$14,452

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	2019.12.31	2018.12.31	2018.1.1
Defined benefit obligation	$463,742	$460,440	$450,734
Plan assets at fair value	(257,713)	(232,650)	(195,233)
Other non-current liabilities - Net defined benefit liabilities recognized on the balance sheets	$206,029	$227,790	$255,501

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2018	$450,734	$(195,233)	$255,501
Current period service costs	11,386	-	11,386
Net interest expense (income)	5,409	(2,343)	3,066
Subtotal	16,795	(2,343)	14,452
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(98)	-	(98)
Actuarial gains and losses arising from changes in financial assumptions	9,060	-	9,060
Experience adjustments	12,150	(5,011)	7,139
Subtotal	21,112	(5,011)	16,101
Payments from the plan	(28,201)	28,201	-
Contributions by employer	-	(58,264)	(58,264)
As of December 31, 2018	460,440	(232,650)	227,790
Current period service costs	10,873	-	10,873
Net interest expense (income)	4,558	(2,303)	2,255
Subtotal	15,431	(2,303)	13,128
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(324)	-	(324)
Actuarial gains and losses arising from changes in financial assumptions	14,038	-	14,038
Experience adjustments	(3,178)	(7,682)	(10,860)
Subtotal	10,536	(7,682)	2,854
Payments from the plan	(22,665)	22,665	-
Contributions by employer	-	(37,743)	(37,743)
As of December 31, 2019	$463.742	$(257,713)	$206,029

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2019	2018
Discount rate	0.74%	0.99%
Expected rate of salary increases	1.50%	1.50%

A sensitivity analysis for significant assumption as of December 31, 2019 and 2018 is, as shown below:

	Effect on the defined benefit obligation			
	2019		2018	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$(23,067)	$-	$(20,612)
Discount rate decreases by 0.5%	31,519	-	32,307	-
Future salary increases by 0.5%	31,114	-	31,967	-
Future salary decreases by 0.5%	-	(23,023)	-	(20,610)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(16) Provisions, non-current

Decommissioning, restoration and rehabilitation

	As of December 31,	
	2019	2018
Beginning balance	$4,500	$4,500
Reversal	300	-
Ending balance	$4,800	$4,500

A provision has been recognized for decommissioning costs associated with a factory owned by the Company. The Company is committed to decommissioning the site as a result of the construction of the factory.

(20) Equity

A. Common stock

	As of December 31,	
	2019	2018
Authorized shares (thousand shares)	2,000,000	2,000,000
Authorized capital	$20,000,000	$20,000,000
Issued shares (thousand shares)	1,385,000	1,385,000
Issued capital	$13,850,003	$13,850,003

Each at a par value of NT$10 and each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2019	2018
Additional paid-in capital	$551,173	$551,173
Treasury share transactions	307,290	306,380

The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	5	1,619
Changes in ownership interests in subsidiaries	187,289	187,289
Share-based payments	103,200	103,200
Donated surplus	13,001	12,990
Others	15,261	15,261
Total	$1,177,219	$1,177,912

According to the Company Act, the capital reserve shall not be used except for filling the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

As of December 31, 2019 and 2018, the Company's shares held by the subsidiaries were NT$10,039 thousand represented 3,641 thousand shares. These shares held by subsidiaries were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, the Company's annual earnings, if any, shall be distributed as follows:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items a. and b. as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's business environment is stable, the dividend policy shall be determined pursuant to factors such as the profitability and its future funding requirements, as well as stockholders'interest, balancing dividends and the Company's long-term financial planning. It could be paid in cash or the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, a company needs distribute the legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to fill the deficit of a company. When a company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital, by issuing new shares or by distributing cash in proportion to the number of shares held by each shareholder.

Following the adoption of TIFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

The Company did not reverse special reserve to retained earnings for the period ended December 31, 2019 and 2018 as a result of the use, disposal of or reclassification of related assets. As of Decebber 31, 2019 and 2018, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$1,874,430 both.

Details of the 2018 earnings distribution and dividends per share as approved and resolved by the shareholders’ meeting on June 20, 2019, are as follows:

	Appropriation of earnings	Dividend per share (NT$)
	2018	2018
Legal reserve	$51,482	$-
Common stock-cash dividend	346,250	0.25

The appropriation of 2019 unappropriated retained earnings has not yet been approved by the Board of Directors and resolved by the stockholder during their meeting as of the reporting date. Information about the appropriation of retained earinings of the Company as approved by the Board of Directors and resolved by the shareholders’ will be posted in the “Market Observation Post System” on the website of the TWSE.

Please refer to Note 6(21) for further details on employees’ compensation and remuneration to directors and supervisors.

(18) Operating revenue

	For the years ended December 31,	
	2019	2018
Revenue from contracts with customers		
Sale of goods revenue	$12,522,321	$11,119,143
Other operating revenues	128,024	172,557
Subtotal	12,650,345	11,291,700
Lease revenue	78,089	110,764
Total	$12,728,434	$11,402,464

Analysis of revenue from contracts with customers during the year 2019 and 2018 is as follows:

	2019	2018
Timing of revenue recognition:		
At a point in time	$12,650,345	$11,291,700

(19) Expected credit losses

	Period ended 31 Dec.	
	2019	2018
Operating expenses – Expected credit (gains) losses		
Notes receivable	$(125)	$(691)
Accounts receivable	(16,964)	38,182
Long-term receivable	66,218	7,628
Total	$49,129	$45,119

Please refer to Note 12 for more details on credit risk.

The credit risk for the Company's financial assets at fair value through other comprehensive income and financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses (loss ratio of 0 %).

The Company measures the loss allowance of its accounts receivable (including note receivables, accounts receivables and long-term receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2019 and 2018 is as follow:

A. The Company considers the Companying of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

December 31, 2019

Group 1: The total carrying amount of notes receivable is NT$899,573 thousand, its loss allowance amounting to NT$458 thousand which is measured at expected credit loss ratio of 0~3%.

Group 2:

		Overdue				
	Not yet due	90-180 days	181-365 days	1-2 years	>=2 years	Total
Gross carrying amount	$3,103,809	$809,889	$310,643	$68,955	$23,710	$4,317,006
Loss ratio	-%	3%	5%	30%	37%	
Lifetime expected credit losses	-	24,297	15,532	20,686	8,744	69,259
Total	$3,103,809	$785,592	$295,111	$48,269	$14,966	$4,247,747

Group 3: The total carrying amount of long-term receivable is NT$167,896 thousand, its loss allowance amounting to NT$122,237 thousand which is measured at expected credit loss ratio of 70~80% .

December 31, 2018

Group 1: The total carrying amount of notes receivable is NT$898,100 thousand, its loss allowance amounting to NT$583 thousand which is measured at expected credit loss ratio of 0~3%.

Group 2:

		Overdue				
	Not yet due	90-180 days	181-365 days	1-2 years	>=2 years	Total
Gross carrying	$2,666,235	$678,937	$204,681	$64,642	$44,433	$3,658,928

amount						
Loss ratio	-%	3%	5%	30%	82%	
Lifetime expected credit losses	-	20,368	10,234	19,393	36,228	86,223
Total	$2,666,235	$658,569	$194,447	$45,249	$8,205	$3,572,705

Group 3: The total carrying amount of long-term receivable is NT$90,947 thousand, its loss allowance amounting to NT$72,758 thousand which is measured at expected credit loss ratio of 80% .

B. The movement in the loss allowance of trade receivables during the period ended December 31, 2019 and 2018 is as follows:

	Notes receivable	Accounts receivable	Long-term receivable
January 1, 2019	$583	$86,223	$72,758
Addition/(reversal) for the current period	(125)	(16,964)	66,218
Write off	-	-	(16,739)
December 31, 2019	$458	$69,259	$122,237
January 1, 2018 (in accordance with IAS 9)	$1,274	$49,016	$73,239
Adjustment for the beginning balance	-	-	-
Beginning balance (in accordance with IFRS 39)	1,274	49,016	73,239
Addition/(reversal) for the current period	(691)	38,182	7,628
Write off	-	(975)	(8,109)
December 31, 2018	$583	$86,223	$72,758

(20) Leases

A. Company as a lessee (adopted IFRS 16 "Lease")

The Company leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 2 to 10 years.

The Company’s leases effect on the financial position, financial performance and cash flows are as follow:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

As of December 31,

	2019	2018 (Note)
Land	$568,693	
Buliding	56,746	
Transportation equipment	2,668	
Total	$628,107	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the years ended December 31, 2019, the Company's additions to right-of-use assets amounting to NT$80,051 thousand.

(b) Lease liabilities

	As of December 31,	
	2019	2018 (Note)
Lease liabilities	$593,555	
Current	97,310	
Non-current	496,045	

Please refer to Note 6(22) finance costs for interest expenses resulted from lease liabilities; please refer to Note 12(5) liquidity risk management for maturity analysis of lease liabilities on December 31,2019.

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2019	2018 (Note)
Land	$99,458	
Buliding	14,186	
Transportation equipment	1,232	
Total	$114,876	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2019	2018 (Note)
The expenses relating to short-term leases	$839	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2019, the Company's total cash outflows for leases amounting to NT$131,780 thousand.

e. Other imformation relating to leasing activities

Extension and termination options

Some of the Company's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company.

After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. The Company as a lessee (adopted IAS 17)

The Company has entered into commercial property leases of lands, buildings and equipments with one to nine years remaining terms.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2019 and 2018, are as follows:

	As of December 31,	
	2019 (Note)	2018
Within one year		$63,000
Over one year but within five years		136,957
Over five years		102,320
Total		$302,277

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2019 (Note)	2018
Minimum lease payments		$77,505

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

C. Company as a lessor (adopted IFRS 16 "Lease")

Please refer to Note 6(9) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2019	2018 (Note)
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$78,089	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Please refer to Note 6(8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2019 are as follow:

	As of December 31,	
	2019	2018 (Note)
Not later than one year	$43,278	
Later than one year but not later than two years	52,723	
Later than two years but not later than three years	51,627	
Later than three years but not later than four years	40,993	
Later than four years but not later than five years	53,789	
Later than five years	394,291	
Total	$636,701	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. Operating lease commitments - Company as lessor (adopted IAS 17)

The Company has entered into commercial property leases with three to sixteen years remaining terms. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2019 and 2018, are as follows:

As of December 31,	
2019 (Note)	2018

	As of December 31,	
	2019 (Note)	2018
Within one year		$224,330
Over one year but within five years		604,620
Over five years		356,671
Total		$1,185,621

The contingent rent recognized as income was as follow:

	As of December 31,	
	2019 (Note)	2018
Contingent rent recognized as income		$19,044

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(21) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2019 and 2018:

	For the years ended December 31,					
	2019			2018		

Employ						
Salaries	$497,459	$251,921	$749,380	$433,644	$272,246	$705,890
Labor and health insurance	23,089	18,232	41,321	21,188	18,691	39,879
Pension	16,070	10,066	26,136	15,902	10,967	26,869
Remuneration to directors	-	53,251	53,251	-	31,131	31,131
Deprec	216,393	74,330	290,723	176,852	22,810	199,662

Amorti	670	6,055	6,725	336	4,699	5,035

Note1: The Company’s average headcount were 596 and 595 employees for the years ended December 31,2019 and 2018, repectively. There were 11 and 11 non-employee directors for the years ended December 31, 2019 and 2018, repectively.

Note2: The Company's average employee benefit expenses for the years ended December 31, 2019 and 2018 amounted to NT$1,396 thousand and NT$1,323 thousand, respectively.

Note3: The Company's average wages and salaries for the years ended December 31, 2019 and 2018 amounted to NT$1,281 thousand and NT$1,209 thousand, repectively. Average salary expense increased by 5.96%.

According to the Articles of Incorporation, 3% of profit of the current year is distributable as employees’ compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on profit of the year ended December 31, 2019, the Company estimated the amounts of the employees’ compensation and remuneration to directors and supervisors for the year ended December 31, 2019 both to be 3% of profit of the current year, recognized as employee benefits expense. A resolution was passed at a Board of Directors meeting held on March 17, 2020 to distribute NT$35,831 thousand in cash as employees’ compensation and remuneration to directors both of 2019. No material differences exist between the estimated amount and the actual distribution.

A resolution was passed at a Board of Directors meeting held on March 22, 2019 to distribute NT$16,111 thousand in cash as employees’ compensation and remuneration to directors both of 2018. No material differences exist between the estimated amount and the actual distribution.

(22) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2019	2018
Interest income		
Financial assets measured at amortized cost	$11,906	$12,131
Dividend income	77,415	61,134
Other income-others	20,555	41,367
Total	$109,876	$114,632

B. Other gains and losses

	For the years ended December 31,	
	2019	2018
Gains on disposal of property, plant and equipment	$17,832	$5,744
Gains(losses) on disposal of investment property	297,874	(6,282)
Gains on disposal of investment	-	1,839
Gains on disposal of subsidiary (Note)	-	4,568
Foreign exchange (gains) loss, net	(13,326)	10,489
Other expense-others	(32,736)	(31,622)
Total	$269,644	$(15,264)

Note: Please refer to Note6(26) for more information.

C. Finance costs

	For the years ended December 31,	
	2019	2018
Interest on borrowings from bank	$70,458	$70,418
Interest on bonds payable	14,000	14,000
Interest on lease liabilities	5,603	(Note)
Interest on borrowings from related party	13,664	13,778
Total	$103,725	$98,196

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(23) Components of other comprehensive income

For the year ended December 31, 2019

	Arising during the period	Reclassification adjustments during the	Other comprehensive income, before	Income tax relating to components of	Other comprehensive income, net of

		period	tax	other comprehensive income	tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(2,854)	$-	$(2,854)	$571	$(2,283)
Unrealized gains on fair value through other comprehensive income equity instrument investment	222,803	-	222,803	-	222,803
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	441	-	441	-	441
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(60,374)	-	(60,374)	-	(60,374)
Total of other comprehensive (loss) income	$160,016	$-	$160,016	$571	$160,587

For the year ended December 31, 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(16,101)	$-	$(16,101)	$3,221	$(12,880)
Unrealized gains on fair value through other comprehensive income equity instrument investment	4,508	-	4,508	-	4,508
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(383)	-	(383)	-	(383)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(20,276)	-	(20,276)	-	(20,276)
Total of other comprehensive (loss) income	$(32,252)	$-	$(32,252)	$3,221	$(29,031)

(24) Income tax

Based on the amendments to the Income Tax Act announced on February 7, 2018, the Company’s applicable corporate income tax rate for the year ended December 31, 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

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

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2019	2018
Current income tax expense (income):		
Current income tax charge	$19,171	$5,122
Adjustments in respect of current income tax of prior periods	2,670	(389)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(146,887)	16,346
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	180,000	12,535
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(12,539)
Adjustments in respect of current income tax of prior periods	(33,899)	(31,097)
Total income tax income	$21,055	$(10,022)

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2019	2018
Deferred tax income:		
Remeasurements of defined benefit plans	$571	$3,221
Income tax relating to other comprehensive incoome	$571	$3,221

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2019	2018
Accounting profit before tax from continuing operations	$1,122,714	$504,817
Tax at the domestic rates applicable to profits in the country concerned	$224,543	$100,963
Tax effect of revenues exempt from taxation	(171,415)	(111,760)
Tax effect of expenses not deductible for tax purposes	2,184	1,720
Tax effect of deferred tax assets / liabilities	(63,633)	6,575
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(12,539)
Others	25	286
Basic tax	21,292	-
Corporate income surtax on undistributed retained earnings	5,389	5,122
Adjustments in respect of current income tax of prior periods	2,670	(389)

Total income tax expense recognized in profit or loss	$21,055	$(10,022)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2019
Temporary differences				
Defined benefit liabilities	$77,344	$(4,923)	$571	$72,992
Loss allowance	22,617	5,005	-	27,622
Inventory valuation losses	1,322	-	-	1,322
Unrealized impairment loss	111,778	206,967	-	318,745
Decommissioning costs	796	-	-	796
Components of buildings	12,819	122	-	12,941
Unrealized exchange losses	2,457	986	-	3,443
Unrealized exchange gains	(4,745)	4,007	-	(738)
Unrealized gains or losses from financial assets	(58)	58	-	-
Allowance for sales return and discounts	-	187	-	187
Unused taxable loss	78,572	(78,572)	-	-
Unused tax credits	133,051	(133,051)	-	-
Deferred tax (expense)/income		$786	$571	
Net deferred tax assets/(liabilities)	$435,953			$437,310
Reflected in balance sheet as follows:				
Deferred tax assets	$440,756			$438,048
Deferred tax liabilities	$(4,803)			$(738)

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences				
Defined benefit liabilities	$70,453	$3,670	$3,221	$77,344
Loss allowance	15,131	7,486	-	22,617
Inventory valuation losses	1,123	199	-	1,322
Unrealized impairment loss	6,486	105,292	-	111,778
Decommissioning costs	677	119	-	796
Components of buildings	11,873	946	-	12,819
Unrealized exchange losses	6,727	(4,270)	-	2,457
Unrealized exchange gains	(150)	(4,595)	-	(4,745)
Unrealized gains or losses from financial assets	-	(58)	-	(58)
Allowance for sales return and discounts	648	(648)	-	-
Unused taxable loss	49,671	28,901	-	78,572
Unused tax credits	255,338	(122,287)	-	133,051
Deferred tax (expense)/income		$14,755	$3,221	
Net deferred tax assets/(liabilities)	$417,977			$435,953

Reflected in balance sheet as follows:		
Deferred tax assets	$418,127	$440,756
Deferred tax liabilities	$(150)	$(4,803)

The following table contains information of the unused tax losses of the Compnay:

		Unused balance		
Occurred year	Deficit amounts	2019	2018	Last credit year
2009	$374,645	$-	$150,883	2019

Details of the Company's unused tax credit are as follows:

		Unused balance		
Laws and regulations	Credits item	2019	2018	Last credit year
Statute for Promoting Private Participation in Public Construction	Investment tax credits	$-	$146,102	2019
		60,000	60,000	2020
		$60,000	$206,102	

Unrecognized deferred tax assets

As of December 31, 2019 and 2018, deferred tax assets that have not been recognized amount to NT$583,925 thousand and NT$790,893 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Compnay's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2019 and 2018, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT$273,009 thousand and NT$172,660 thousand, respectively.

The assessment of income tax returns

As of December 31, 2019, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2017

(25) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2019	2018
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,101,659	$514,839
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,381,359	1,381,359
Basic earnings per share (NT$)	$0.80	$0.37
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,101,659	$514,839
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,381,359	1,381,359
Effect of dilution:		
Employee bonus-stock (in thousands)	2,488	1,927
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,383,847	1,383,286
Diluted earnings per share (NT$)	$0.80	$0.37

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(26) Changes in parent’s interest in subsidiaries

A. Acquisition of shares issued by subsidiaries

In 2019, the Company acquired an additional 2% of the voting shares of WELLPOOL CO., LTD., increasing its ownership to 51%. A cash consideration of NT$28,128 thousand was paid to the non-controlling interest shareholders. Therefore, the difference between the actual acquisition and the book value, amounting to NT$1,614 thousand and NT$13,249 thousand recognized as a decrease in paid-in capital and unappropriated earnings, respectively.

B. Losing control of subsidiaries

RAIXIN QUALITY PRODUCTS LTD.

On October 22, 2018, the shareholders meeting of RAIXIN QUALITY PRODUCTS LTD. approved a capital reduction to cover accumulated deficits and issuance of Common Stock. The Company and GOLDSUN INNOVATIVE BUILDING MATERIALS CO., did not subscribe new shares proportionately to its ownership interests. Hence, the Compnay's shareholding percentage changed from 54% to 39%, which resulted in losing control.

Since October 31, 2018, RAIXIN QUALITY PRODUCTS LTD. was no longer subsidiaries of the Company which was accounted for using the equity method as associate. The Company measured assets and liabilities acquired at fair value. The difference between the book value and fair value, amounting to NT$4,568 thousand, had been recognized as gain on disposal of subsidiary.

Analysis of assets and liabilities of RAIXIN QUALITY PRODUCTS LTD. as of the date losing control:

	Carrying amount
Cash and cash equivalents	$58,371
Notes and accounts receivable	4,216
Others receivable	47
Inventories	10,420
Prepayments	10,659
Other current assets	12
Property, plant and equipment	12,970
Intangible asset	1,285
Deferred tax asset	6,319
Other non-current assets	3,939
Notes and accounts payable	(5,905)
Other payable	(7,938)
Other current liabilities	(4,090)
Other non-current liabilities	(204)
Total net assets	90,101
Carrying value of non-controlling interest	(59,780)
Net disposal assets	$30,321
Gain on disposal of subsidiary	
Fair value of residual interest.	$34,889
Reduce：net disposal assets	(30,321)
Gain on disposal of subsidiary	$4,568

7. Related party transactions

Information of the related parties that has transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Related Party Name	The Relationship with The Company
TAIWAN SECOM CO., LTD. and subsidiaries	Group with significant influence over the Company
WELLPOOL CO., LTD.	Subsidiary

Related Party Name	The Relationship with The Company
JIN SHUN MARITIME LIMITED	Subsidiary
YUAN SHUN MARITIME LIMITED	Subsidiary
JING SHUN MARITIME LIMITED	Subsidiary
FENG SHUN MARITIME LIMITED	Subsidiary
TAIPEI PORT TERMINAL COMPANY LIMITED	Subsidiary
KUOYUNG CONSTRUCTION & ENGINEERING CO., LTD.	Subsidiary
GOLDSUN NIHON CEMENT CO., LTD.	Subsidiary
REI SHIN CONSTRUCTION CO., LTD.	Subsidiary
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Subsidiary
GOYU BUILDING MATERIALS CO., LTD.	Subsidiary
Gimpo Marine Co., Ltd	Subsidiary
RAIXIN QUALITY PRODUCTS LTD. (Note)	Associate
TRUST SANDSTONE CO., LTD.	Other related party
CPMI Corporation	Other related party

Note: Beginning from October 22, 2018, the Company accounts for its investment as an associate given the fact that the Company reduced the ownership percentage.

(1) Operatin revenue - Sales

	For the years ended December 31,	
	2019	2018
Subsidiaries	$1,652	$8,897

The selling price and discount to the above related parties is depended on the product specifications and shipment distance. The terms were determined on order quantity, the discount of related parties was similar to bulk-order from non-related parties.

(2) Operating revenue – Other operating revenue

	For the years ended December 31,	
	2019	2018
Subsidiaries	$93,550	$70,722
Other related parties	18,354	53,890
Associates	28	22
Group with significant influence over the Company	24	-
Total	$111,956	$124,634

The general terms were similar to bulk-order from non-related parties.

(3) Purchase

	For the years ended December 31,	
	2019	2018
Group with significant influence over the Company	$625,096	$965,720
Subsidiaries	1,007,344	726,068
Total	$1,632,440	$1,691,788

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(4) Accounts receivable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Company	$817	$659
Subsidiaries		
WELLPOOL CO., LTD.	14,822	18,655
KUOYUNG CONSTRUCTION & ENGINEERING CO., LTD.	44	4,834
Others	3	13
Other related parties		
TRUST SANDSTONE CO., LTD.	1,889	2,313
Others	-	54
Associates	-	3
Total	$17,575	$26,531

(5) Accounts payable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Company		
GOLDSUN EXPRESS & LOGISTICS CO., LTD.	$62,790	$117,469
Others	2,678	3,637
Subsidiaries		
GOLDSUN NIHON CEMENT CO., LTD.	91,838	49,733
TAIPEI PORT TERMINAL COMPANY LIMITED	6,130	19,767
Others	-	561
Total	$163,436	$191,167

(6) Other receivable - related parties

	As of December 31,	
	2019	2018
Group with significant influence over the Company	$13,445	$23,732
Subsidiaries		

Gimpo Marine Co., Ltd	18,668	-
Others	2,258	4,202
Other related parties	5	-
Total	$34,376	$27,934

(7) Prepayments

	As of December 31,	
	2019	2018
Group with significant influence over the Company	$40,035	$175,880
Subsidiaries	757	-
Total	$40,792	$175,880

(8) Financing provided

Other payables – related parties

	For the year ended December 31, 2019				
	Maximum balance	Ending balance	Rate	Total interest disbursement	Ending interest payable
REI SHIN CONSTRUCTION CO., LTD.	$1,375,000	$890,000	1.28%	$13,667	$493

Effective June 14, 2019 to June 14, 2020. The Company should pay in full when the loan was expired but paying off in advance was permitted.

	For the year ended December 31, 2018				
	Maximum balance	Ending balance	Rate	Total interest disbursement	Ending interest payable
REI SHIN CONSTRUCTION CO., LTD.	$1,375,000	$1,375,000	1.28%	$13,778	$803

Effective December 26, 2018 to December 26, 2019. The Company should pay in full when the loan was expired but paying off in advance was permitted.

(9) Lease - Company as lessee (adopted IFRS 16 "Lease")

A. The lease term was based on market conditions, and paid rent monthly.

B. Acquisition of right-of-use assets

	For the year ended December 31, 2019
Subsidiaries	$200,207

IFRS 16 was adoped since January 1, 2019, the Company’s additions to right-of-use assets amounting to NT$250,259 thousand.

C. Lease liabilities

	For the year ended December 31, 2019
Subsidiaries	$201,353

(10)Lease - Company as lessor

A. Lease revenue

	For the year ended December 31	
	2019	2018
Subsidiaries	$3,744	$713
Group with significant influence over the Company	5,864	7,424
Other related parties	611	608
Total	$10,219	$8,745

B. Guarantee deposits

	As of December 31,	
	2019	2018
Group with significant influence over the Company	$898	$20
Subsidiaries	644	1,242
Other related parties	104	14
Total	$1,646	$1,276

(11) Other operating costs

	For the years ended December 31,	
	2019	2018
Group with significant influence over the Company	$2,450	$11,017
Subsidiaries	80,839	84,774
Total	$83,289	$95,791

(12)Operating expense

	For the years ended December 31,	
	2019	2018
Group with significant influence over the Company	$26,622	$29,704
Subsidiaries	-	772

Total	$26,622	$30,476

(13) Property transactions

The Company has purchased machinery, transport and other equipment and commissioned to build a business building, which were recognized as property plant and equipment:

	For the years ended December 31,	
	2019	2018
Group with significant influence over the Company	$18,702	$9,607
Subsidiaries	238,102	3,755
Total	$256,804	$13,362

(14) Key management personnel compensation

	For the years ended December 31,	
	2019	2018
Short-term employee benefits	$57,018	$56,088
Post-employment benefits	-	-
Total	$57,018	$56,088

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	Carrying amount		
Assets pledged for security	December 31, 2019	December 31, 2018	Secured liabilities
Property, plant and equipment, lands and buildings	$2,937,133	$2,642,365	Bank loan、C/P
Investment property	1,183,852	894,684	Bank loan、C/P
Financial assets at fair value through other comprehensive income-Stocks	1,315,732	1,354,075	Bank loan、C/P
Long-term equity investment for using equity method	807,000	766,500	C/P
Financial assets measured at amortized cost-Time deposits	71,130	70,691	Bank loan
Total	$6,314,847	$5,728,315	

9. Commitments and contingencies

(3) Promissory notes issued by the Company to secure bank loans and construction performance amounted to NT$3,135,825 thousand as of December 31, 2019.

(4) The Company's unused letters of credit for importing raw materials amounted to NTD29,451 thousand

(5) The Company provide endorsements or guarantees for subsidiaries, please refer to Note 13.

10. Losses due to major disasters

None.

11. Significant subsequent events

(1) RUEI SHIN CONSTRUCION CO., LTD., a subsidiary, plan to transfer part of its independently operated business to a newly incorporated company, REIXIN ASSET MANAGEMENT INC., that the Company own 100% share. The transferred business value is estimated 1,000,000 thousand. The Company will obtain 100,000 thousand new shares issued by REIXIN ASSET MANAGEMENT INC. as consideration. The division reference date is set on January 1, 2020.

(2) For the purpose of maintaining the Company's credit and stockholders' rights, the Company resolved at its board meeting on March 17, 2020 to repurchase stock according to the R.O.C. Securities and Exchange Act. The Company will repurchase its shares from the open market. It is estimated that 10 million shares will be repurchased, and the price will be NT$8 to NT$13. The repurchased shares are expected to be retired completely.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2019	2018
Financial assets at fair value through other comprehensive income	$1,558,841	$1,441,951
Financial assets measured at amortized cost (Note)	6,607,513	5,355,612
Total	$8,166,354	$6,797,563

Financial liabilities

	As of December 31,	
	2019	2018
Financial liabilities at amortized cost:		
Short-term loan	$2,910,000	$2,700,000
Short-term notes and bills payable	2,608,730	1,727,825
Notes payable	-	1,089
Accounts payable (including related parties)	1,436,003	1,715,989
Other payables (including related parties)	1,470,660	1,908,013
Bonds payable (including due in one year)	-	1,000,000
Long-term loan (including due in one year)	2,500,000	1,600,000
Guarantee deposits	27,080	32,008
Total	$10,952,473	$10,684,924

Note: Contains cash and cash equivalents (except cash on hand), financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties), other receivable (including related parties), long-term receivable, and refundable deposits.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk includes currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. In other words, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's net investments in foreign subsidiaries. The net investments in foreign subsidiaries is a strategic investment that the Company has not hedged this.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for US dollars. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by ten basis points, the profits for the years ended 31 December 2019 and 2018 are decreased/increased by NT$34,507 thousand and NT$39,905 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at floating interest rates, bank borrowings with fixed interest rates and floating interest rates.

The Company manages its interest rate risk by maintaining a balanced portfolio of fixed and floating interest loans and debts, along with interest rate swaps.

The interest rate sensitivity analysis is performed on items assumed to be possessed for a fiscal year and exposed to interest rate risk as of the end of the reporting period, including borrowings with floating interest rates. The analysis indicates that when the interest rates increase / decrease by ten basis points, the Company's profit would decrease / increase by NT$6,831 thousand and NT$5,451 thousand for the years ended December 31, 2019 and 2018, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

The equity price sensitivity analysis is counting based on changes of fair value for a fiscal year. Assumed that when the investment price of measured at fair value through other comprehensive income of financial assets of publicly quoted entity increase / decrease ten basis points, the Cpmpany's equity would increase / decrease by NT$131,617 thousand and NT$124,873 thousand for the year ended December 31, 2019 and 2018, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2019, and 2018, amounts receivables from top ten customers are 26% and 16%, respectively, compared to the total accounts receivables of the Company. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2019					
Borrowings	$3,139,323	$1,341,965	$1,016,100	$-	$5,497,388
Short-term notes and bills payable	2,610,000	-	-	-	2,610,000
Accounts payable	1,436,003	-	-	-	1,436,003
Others payable	580,660	-	-	-	580,660
Others payable-related parties	890,493	-	-	-	890,493
Lease liabilities (Note)	101,790	240,723	152,329	113,303	608,145

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2018					
Borrowings	$2,815,830	$924,094	$611,900	$-	$4,351,824
Short-term notes and bills payable	1,730,000	-	-	-	1,730,000
Notes payable	1,089	-	-	-	1,089
Accounts payable	1,715,989	-	-	-	1,715,989
Others payable	533,013	-	-	-	533,013
Others payable-related parties	1,375,803	-	-	-	1,375,803
Bonds payable	1,014,000	-	-	-	1,014,000

Note: Including cash flows resulted from short-term leases or leases of low-value assets.

(6) Fair values of financial instruments

Information of reconciliation for liabilities during 2019 is as follows:

	Short-term loans	Short-term notes and bills payable	Other payable – related parties	Bonds Payable (including due in one year)	Long-term loans (including due in one year)	Lease liabilities	Guarantee deposits	Balance of liabilities arising from financing activities
2019.01.01	$2,700,000	$1,727,825	$1,375,000	$1,000,000	$1,600,000	$678,725	$32,008	$9,113,558
Cash flow	210,000	880,905	(485,000)	(1,000,000)	900,000	(130,941)	(4,928)	370,036
Non-cash change	-	-	-	-	-	45,571	-	45,571
2019.12.31	$2,910,000	$2,608,730	$890,000	$-	$2,500,000	$593,355	$27,080	$9,529,165

Information of reconciliation for liabilities during 2018 is as follows:.

	Short-term loans	Short -term notes and bills payable	Other payable – related parties	Bonds Payable (including due in one year)	Long-term loans (including due in one year)	Guarantee deposits	Balance of liabilities arising from financing activities
2018.01.01	$2,250,000	$1,798,390	$775,000	$2,000,000	$600,000	$33,354	$7,456,744
Cash flow	450,000	(70,565)	600,000	(1,000,000)	1,000,000	(1,346)	978,089
Non-cash change	-	-	-	-	-	-	-
2018.12.31	$2,700,000	$1,727,825	$1,375,000	$1,000,000	$1,600,000	$32,008	$8,434,833

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities). The income method assesses the recoverable amount based on the present value of the financial assets that are expected to be received from cash dividends or disposals at the market

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Among the fair value of the Company's financial assets and financial liabilities measured at amortized cost，cash and cash equivalents, trade receivables, trade payable, other current liabilities and bonds payable whose carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$1,316,165	$-	$242,676	$1,558,841

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$1,248,735	$-	$193,216	$1,441,951

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	Measured at fair value through other comprehensive income
	Stock
Beginning balances as of January 1, 2019	$193,216
Capital deducted by cash	(2,378)
Total gains recognized for the year ended December 31, 2019:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	$51,838
Ending balances as of December 31, 2019	$242,676
Beginning balances as of January 1, 2018	$171,912
Capital deducted by cash	(2,475)
Total gains recognized for the year ended December 31, 2018:	
Amount recognized in OCI (present in Unrealized gains or	23,779

losses on measured at fair value through other comprehensive income equity instrument investment)

Ending balances as of December 31, 2018	$193,216

Total profits and losses recognized in profit or loss for the years ended 31 December 2019 in the table above contain gains or losses related to assets on hand in the amount of NT$0 thousand.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	Earnings per share	9.21~28.36	The higher the earnings, the higher the fair value of the stocks	10% increase (decrease) in the earnings would result in increase (decrease) in the Company's equity by NT$2,351 thousand
Stocks	Income approach	Discount rate	9.71~15.08	The higher the discount rate, the lower the fair value of the stocks	10% increase (decrease) in the discount rate would result in increase (decrease) in the Company's equity by NT$137 thousand
Stocks	Asset approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$287 thousand

As of December 31, 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	Earnings per share	5.63~22.2	The higher the earnings, the higher the fair value of the stocks	10% increase (decrease) in the earnings would result in increase (decrease) in the Company's equity by NT$18,370 thousand

Stocks	Income approach	Discount rate	6.5~9.71	The higher the discount rate, the lower the fair value of the stocks	10% increase (decrease) in the discount rate would result in increase (decrease) in the Company's equity by NT$137 thousand
Stocks	Asset approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$483 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(9))	$-	$-	$9,237,919	$9,237,919

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(9))	$-	$-	$9,287,806	$9,287,806

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Unit: Foreign currency: thousands, NTD: thousands)

	As of 31 December, 2019		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$11,510	29.98	$345,070
CNY	2,528	4.31	10,896
Non-monetary items:			
USD	24,701	29.98	740,536

As of 31 December, 2018

	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$12,990	30.72	$399,053
CNY	3,609	4.47	16,132
Non-monetary items:			
USD	15,451	30.72	474,646

The above information is disclosed based on the carrying amount of foreign currency (after conversion of functional currency).

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional disclosure

(1) Information at significant transactions

a. Financing provided to other: Please refer to Attachment 1.
b. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
c. Securities held: Please refer to Attachment 3.
d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million and 20 percent of the capital stock: None.
e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock: None.
f. Disposal of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock: Please refer to Attachment 4.
g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of the capital stock: Please refer to Attachment 5.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: None.
i. Financial instruments and derivative transactions: None.
j. Significant intercompany transactions between consolidated entities: Please refer to Attachment 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Attachment 7.

(3) Information on investments in mainland China

a. Names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, percentage of ownership, investment income recognized, carrying amount, accumulated inward remittance of earnings, and upper limit on investment of investees in Mainland China: Please refer to Attachment 8.
b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1, 2, 5 and 6.

ATTACHMENT 1 : Financing provided to others for the year ended December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

No. (Note 1)	Name of financing provider	Name of counter party	Account (Note 2)	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing activity(Note 3)	Amount of sales to (purchase from) counter-party	Reason for financing	Allowance for doubtful accounts	Assets pledged		Limit of financing amount for individual counter-party(Note 4)	Limit of total financing amount (Note 4)
												Item	Value		
1	GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	Other receivable	USD 40,000 (NTD 1,264,000)	-	-	-	2	$-	Operating	$-	-	-	USD 157,552 (NTD 4,723,410)	USD 157,552 (NTD 4,723,410)
2	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Long-term receivable	RMB 16,000 (NTD 69,440)	RMB 16,000 (NTD 68,960)	RMB 16,000 (NTD 68,960)	2.01%	2	-	Operating	-	-	-	RMB 361,421 (NTD 1,556,812)	RMB 361,421 (NTD 1,556,812)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Long-term receivable	RMB 32,000 (NTD 147,200)	RMB 30,000 (NTD 129,300)	RMB 30,000 (NTD 129,300)	2.01%	2	-	Operating	-	-	-	RMB 361,421 (NTD 1,556,812)	RMB 361,421 (NTD 1,556,812)
3	RUEI SHIN CONSTRUCTIN CO., LTD	GREAT SMART LIMITED.,	Long-term receivable	USD 7,000 (NTD 221,200)	-	-	-	2	-	Operating	-	-	-	USD 40,544 (NTD 1,215,518)	USD 40,544 (NTD 1,215,518)
		GOYU BUILDING MATERIALS CO., LTD.	Long-term receivable	NTD 80,000	NTD 80,000	NTD 80,000	1.80%	2	-	Operating	-	-	-	NTD 1,215,518	NTD 1,215,518
		GIMPO MARINE CO., LTD.	Long-term receivable	NTD 115,000	NTD 115,000	NTD 115,000	1.45%	2	-	Operating	-	-	-	NTD 1,215,518	NTD 1,215,518
		GOLDSUN BUILDING MATERIALS CO., LTD.	Long-term receivable	NTD 1,375,000	NTD 890,000	NTD 890,000	1.28%	2	-	Operating	-	-	-	NTD 1,215,518	NTD 1,215,518
4	TAICANG PORT GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 8,000 (NTD 36,800)	-	-	2.01%	2	-	Operating	-	-	-	RMB 141,813 (NTD 610,856)	RMB 141,813 (NTD 610,856)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Other receivable	RMB 68,000 (NTD 299,200)	RMB 68,000 (NTD 293,080)	RMB 68,000 (NTD 293,080)	2.01%	2	-	Operating	-	-	-	RMB 141,813 (NTD 610,856)	RMB 141,813 (NTD 610,856)
5	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	KUNSHAN GOLDSUN CONCRETE CO., LTD.	Other receivable	RMB 5,000 (NTD 21,700)	RMB 5,000 (NTD 21,550)	RMB 5,000 (NTD 21,550)	2.01%	2	-	Operating	-	-	-	RMB 210,219 (NTD 905,514)	RMB 210,219 (NTD 905,514)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 42,000 (NTD 193,200)	RMB 42,000 (NTD 181,020)	RMB 42,000 (NTD 181,020)	2.01%	2	-	Operating	-	-	-	RMB 210,219 (NTD 905,514)	RMB 210,219 (NTD 905,514)
6	GOLDSUN INTERNATION DEVELOPMENT CORP.	GREAT SMART LIMITED.,	Long-term receivable	USD 7,000 (NTD 219,730)	-	-	-	2	-	Operating	-	-	-	USD 208,703 (NTD 6,256,902)	USD 208,703 (NTD 6,256,902)

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Fill in if the nature of financial statement account is financing.

Note 3: The method of filling out the capital loan and nature is:

(1) For business transactions fill in "1"

(2) For short-term financing funds necessity fill in "2"

Note 4: GREAT SMART LTD., GOLDSUN (CHANGSHU) CONCRETE CO., LTD., TAICANG PORT GOLDSUN CONCRETE CO., LTD., GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD. and GOLDSUN INTERNATION DEVELOPMENT CORP. shall not exceed double of the net asset value from the latest financial statement. RUEI SHIN CONSTRUCTIN CO., LTD shall not exceed the 40% net asset value from the latest financial statement.

ATTACHMENT 2 : Endorsement/Guarantee provided to others for the year ended December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

No. (Note 1)	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship (Note 2)	Endorsement limit for a single entity (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the lastest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Guarantee provided by Parent Company (Note 7)	Guarantee provided by A Subsidiary (Note 7)	Guarantee provided to Subsidiaries in Mainland China (Note 7)
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.(Note8)	3	$4,076,870	$-	$-	$-	$-	-	$10,192,175	Y		Y
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOYU BUILDING MATERIALS CO., LTD.	6	4,076,870	78,000	78,000	52,000	-	0.38%	10,192,175	Y		
1	RUEI SHIN CONSTRUCTIN CO., LTD	GOLDSUN BUILDING MATERIALS CO., LTD.	2	6,077,590	3,604,000	3,584,000	1,234,000	-	29.49%	6,077,590		Y	
2	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	452,757	196,972	107,750	72,720	-	23.80%	452,757			Y
3	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	778,406	485,530	371,738	238,063	-	47.76%	778,406			Y
4	TAICANG PORT GOLDSUN CONCRETE CO., LTI	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	305,428	92,690	-	-	-	-	305,428			Y
5	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	609,105	321,195	217,655	162,562	-	35.73%	609,105			Y
6	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	632,744	286,580	216,578	124,397	-	34.23%	632,744			Y
7	KUNSHAN GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	4	348,517	181,033	77,580	54,489	-	22.26%	348,517			Y

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in propotion to its ownership.

Note 3: The procedure of endorsement is showed as the follows:

(1) For the Company, the endorsement / guarantee amount limit for a single entity that shall not exceed 20% of the Company's net asset value from the latest financial statement;

the total amount shall not exceed 50% of net asset value from the latest financial statement.

(2) RUEI SHIN CONSTRUCTIN CO., LTD endorsement / guarantee amount limit for a single entity and total that shall not exceed double of the net asset value from the latest financial statement.

Other subsidiary, the endorsement / guarantee amount limit for a single entity and total that should not exceed 100% net assets value both from the latest financial statement.

Note 4: The maximum endorsements/guarantees amount current year.

Note 5: All endorsements/guarantees that have been approved by bank shall be calculated in ending balance.

Note 6: Please fill in the actual amount provided by the endorsers.

Note 7: Parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the parent company, or endorsement/guarantee for entities in China shall fill in "Y" 。

Note 8: The Company diposoed the subsidiary, GOLDSUN COMENT (FUJIAN) CO., LTD, in October, 2019 and completed the capital transfer as of December 31, 2019. Please ref to Note 6(28) on FY2019 consolidated financial statement for more detail.

ATTACHMENT 3 : Securities held as of December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

Names of companies held	Type and name of securities	Relationship with the Company	Financial statement account	December 31, 2019				Remark
				Units (thousand) / bonds / shares (thousand)	Carrying amount	Percentage of ownership (%)	Fair value/Net assets value	
GOLDSUN BUILDING MATERIALS CO., LTD.	Stock-							
	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income, current	15,771,523	$689,216	-	$689,216	12,300 thousand shares provide for loan guarantee
	TAIWAN SECOM CO., LTD	Investor under the equity method	Financial assets at fair value through other comprehensive income, non-current	4,217,669	374,529	1%	374,529	4,200 thousand shares provide for loan guarantee
	O-BANK		Financial assets at fair value through other comprehensive income, non-current	32,320,000	252,420	1%	252,419	25,000 thousand shares provide for loan guarantee
	TAIWAN AIRPORT SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	7,405,200	210,011	17%	210,012	7,405 thousand shares provide for loan guarantee
	GLOBAL SECURITIES FINANCE CORPORATION		Financial assets at fair value through other comprehensive income, non-current	700,837	6,682	-	6,682	
	FUHWA VENTURE CAPITAL INC.		Financial assets at fair value through other comprehensive income, non-current	259,875	2,874	5%	2,874	
	OVERSEAS INVESTMENT & DEVELOPMENT CORP.		Financial assets at fair value through other comprehensive income, non-current	2,000,000	18,420	2%	18,420	
	ANFENG SPRING ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	150,000	2,262	5%	2,262	
	GUO CHANG MARITIME CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	250,000	2,427	10%	2,427	
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	Stock-							
	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Financial assets at fair value through other comprehensive income, non-current	278,477	4,010	-	4,010	Included in treasury shares
	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income, current	779,253	34,053	-	34,053	
	TAIWAN SECOM CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	1,868,000	165,878	-	165,878	
GOLDSUN INVESTMENT CO., LTD	Stock-							
	EVERTERMINAL. CO., LTD		Financial assets at fair value through other comprehensive income, non-current	1,429,653	10,322	1%	10,322	
RUEI SHIN CONSTRUCTIN CO., LTD	Stock-							
	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Financial assets at fair value through other comprehensive income, non-current	3,362,641	48,422	-	48,422	Included in treasury shares
TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Capital-							
	FUZHOU SANSHUN STONE MATERIAL CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	-	437,678	19%	437,678	
	FUJIAN HENGZHONG SAND STONE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	-	24,331	19%	24,331	
GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Fund -							
	BOSERA FUNDS		Financial assets at fair value through profit or loss, current	220,218	949	-	949	

ATTACHMENT 4 : Acquisition of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock

(Unit:Foreign currency: thousands, NTD: thousands)

Real estate disposed by	Real estate acquired	Date of the event	Date of acquisition	Book value	Transaction amount	Status of payment	Gain (loss) on disposal	Counterparty	Relationship with the	Reason for disposal	Basis or reference used in setting the price	Other commitments
GOLDSUN BUILDING MATERIALS CO., LTD.	No.227-315, Xingnan section, Zhongli district., Taoyuan city	2018.10.5	2007.5.25	$84,814	$472,187	Fully paid	$387,373	TransGlobe Life Insurance Inc	Third party	Revitalize assets and increase capital utilization efficiency	Firm: Dmdedl. Real Estate Appraisers Firm Valuation amount : $614,000 thousand	None.
	No.12, Zhongmei Rd, Zhongli district., Taoyuan city			235,016	145,535		(89,481)					

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

ATTACHMENT 5: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of capital stock for the year ended December 31, 2019 (Unit:Foreign currency: thousands, NTD: thousands)

Company	Related party	Relationship	Transactions				Details of non-arm's transaction		Notes and accounts		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN EXPRESS & LOGISTICS CO., LTD.	Associate Company	NOTE1	$623,906	NOTE1	Net 30 days	$-	-	$(62,790)	-2.07%	
TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	(401,504)	3%	Net 30 days	-	-	6,130	0%	
GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	(430,461)	3%	Net 30 days	-	-	91,838	1.38%	

Note 1: The Company provided the services of shipping cement to GOLDSUN BUILDING MATERIALS CO., LTD. and accounted to "Other operating income".

Attachment 6: Significant intercompany transactions between consolidated entities (Unit:Foreign currency: thousands, NTD: thousands)

No.	Company	Counter-party	Relationship	Account	Amount	Term	As a percentage of total assets or
	Year of 2019						
0	GOLDSUN BUILDING MATERIALS CO., LTD.	WELLPOOL CO., LTD.	1	Accounts receivables	$14,822	(Note 4)	0.08%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	1	Other payables	890,000	Interest rate:1.28%	4.65%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN NIHON CEMENT CO., LTD.	1	Cost of goods sold	430,461	(Note 4)	2.25%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GOLDSUN NIHON CEMENT CO., LTD.	1	Accounts payables	91,838	(Note 4)	0.48%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	GIMPO MARINE CO., LTD.	1	Other receivables	18,668	(Note 4)	0.10%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	TAIPEI PORT TERMINAL COMPANY LIMITED	1	Cost of goods sold	401,504	(Note 4)	2.09%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	TAIPEI PORT TERMINAL COMPANY LIMITED	1	Accounts payables	6,130	(Note 4)	0.03%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	JIN SHUN MARITIME LTD.	1	Cost of goods sold	53,552	(Note 4)	0.28%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	YUAN SHUN MARITIME LTD.	1	Cost of goods sold	89,599	(Note 4)	0.47%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	FENG SHUN MARITIME LTD.	1	Cost of goods sold	32,228	(Note 4)	0.17%
1	WELLPOOL CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Cost of goods sold	50,378	(Note 4)	0.26%
1	WELLPOOL CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts payables	14,822	(Note 4)	0.08%
2	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	430,461	(Note 4)	2.25%
2	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts receivables	91,838	(Note 4)	0.48%
3	KUNYUNG CONSTRUCTION & ENGINEERING	TAIPEI PORT TERMINAL COMPANY LIMITED	3	Accounts receivables	152,400	(Note 4)	0.80%
4	TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	383,581	(Note 4)	2.00%
4	TAIPEI PORT TERMINAL COMPANY LIMITED	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	3	Property, plant and equipment	134,054	(Note 4)	0.70%

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:

(1) 0 is for the parent company.

(2) Each subsidiary is numbered from 1.

Note 2: The relationship between related parties are as follows:

(1) Parent company and subsidiary.

(2) Subsidiary and Parent company.

(3) Subsidiary and subsidiary.

Note 3: Transaction amount is stated as a ratio of total assets or total revenues. Ratios of assets or liabilities accounts are calculated as ending balance divided by total assets, and ratios of profit or loss accounts are calculated as accumulated amount for the year divided by total revenues.

Note 4: The Company's sales to related parties are handled according to the general sales conditions; its collection period is equivalent to ordinary customers.

Note 5: The important transaction of this form may be determined by the company according to the principle of materiality.

ATTACHMENT 7: Names, locations and related information of investee companies (Not including investment in Mainland China) (Unit:Foreign currency: thousands, NTD: thousands)

Investor Company	Investee Company	Location	Main business and products	Original / investment amount		Investment as of December 31, 2019			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
GOLDSUN BUILDING MATERIALS CO., LTD.	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	Taipei, TW	Construction of civil and architectural construction projects	$835,000	$835,000	30,000,000	100%	$374,383	$13,590	$13,579	
	REI SHIN CONSTRUCTION CO., LTD	Taipei, TW	Real estate rental, sale and development	- (Note2)	1,285,045	180,000,000 (Note2)	100%	2,642,376	(38,551)	(38,635)	
	WELLPOOL CO., LTD.	Taipei, TW	Sales of calcium silicate board and other boards	300,754	272,626	18,224,389	51%	534,642	180,463	89,364	15,000 thousand shares provide for loan guarantee
	EASE GREAT INVESTMENTS LTD.	Samoa	Investment and holding	5,971,837 (USD 178,462) (Note2)	4,918,315 (USD 149,462)	178,462,000 (Note2)	100% (Note2)	6,793,332	501,716	494,407	
	GOLDSUN INVESTMENT CO., LTD	Taipei, TW	Investment	53,500	53,500	3,996,000	100%	29,489	1,296	1,296	
	GOLDSUN NIHON CEMENT CO., LTD.	Kaohsiung, TW	Cement import and sale	119,121	119,121	11,460,000	59%	166,781	975	573	
	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	2,477,200 (Note2)	1,800,000	250,000,000 (Note2)	100% (Note2)	2,375,728	(148,702)	(123,472)	
	TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Hong Kong	Investment	480,289 (USD 15,436)	480,289 (USD 15,436)	116,686,664	100%	463,204	(8)	(8)	
	HWA YA DEVELOPMENT CO., LTD.	Taipei, TW	Hotel operator	196,928	196,928	15,714,108	31%	159,307	(3,893)	(1,195)	
	GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Taipei, TW	Sales of ready-mixed concrete and cement products	60,000	60,000	6,000,000	100%	21,739	(8,234)	(8,234)	
	RAIXIN QUALITY PRODUCTS LTD.	Taipei, TW	Upholstery and sales of furniture	41,000	41,000	1,913,333	16%	6,479	(35,619)	(5,679)	Associate

ATTACHMENT 7: Names, locations and related information of investee companies (Not including investment in Mainland China)

(Unit:Foreign currency: thousands, NTD: thousands)

Investor Company	Investee Company	Location	Main business and products	Original / investment amount		Investment as of December 31, 2019			Net income (loss) of investee	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
GOLDSUN BUILDING MATERIALS CO., LTD.	JIN SHUN MARITIME LTD.	Hong Kong	Shipping	$314,216 (USD 10,000)	$314,216 (USD 10,000)	78,000,000	100%	$146,954	$(16,351)	$(16,351)	
	YUAN SHUN MARITIME LTD.	Hong Kong	Shipping	1,198,017 (USD 38,900)	1,198,017 (USD 38,900)	303,420,000	100%	1,144,520	9,180	9,180	
	JING SHUN MARITIME LTD.	Hong Kong	Shipping	(Note1)	(Note1)	1	100%	(23,899)	1,222	1,222	
	FENG SHUN MARITIME LTD.	Hong Kong	Shipping	(Note1)	(Note1)	1	100%	3,217	4,540	4,540	
	GOYU BUILDING MATERIALS CO., LTD.	Chiayi, TW	Sales of building materials	182,000	182,000	18,200,000	65%	170,279	(13,053)	(8,360)	
	GIMPO MARINE CO., LTD.	New Taipei City, TW	Shipping	100,000	100,000	10,000,000	100%	84,779	(14,589)	(14,589)	
RUEI SHIN CONSTRUCTIN CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	(Note2)	700,000	(Note2)	(Note2)	-	(148,702)	-	
RUEI SHIN CONSTRUCTIN CO., LTD	EASE GREAT INVESTMENTS	Samoa	Investment and holding	(Note2)	898,577 (USD 29,000)	(Note2)	(Note2)	-	501,716	-	
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	Taipei, TW	Upholstery and sales of furniture	48,667	48,667	2,733,334	23%	9,256	(35,619)	-	Associates
WELLPOOL CO., LTD.	GAPE-GOLDSUN CORPORATION	Taipei, TW	Sales of calcium silicate board and other boards	1,283	1,283	100,000	100%	1,462	13	-	
EASE GREAT INVESTMENTS LTD.	GREAT SMART LTD.	Cayman	Investment and holding	2,531,767 (USD 78,000)	3,645,095 (USD 112,300)	78,000,000	100%	2,361,705 (USD 78,776)	278,404	-	
	GOLDSUN INTERNATIONAL DEVELOPMENT CORP.	Cayman	Investment and holding	1,874,333 (USD 57,100) (Note4)	2,171,797 (USD 66,162)	57,100,000	100%	3,128,451 (USD 104,351)	220,038	-	

Note 1: YUAN SHUN MARITIME LTD. invested the entity in debt to equity swap.

Note 2:The Board of Directors of RUEI SHIN CONSTRUCTIN CO., LTD., has approved a proposal for reducing share capital on September,6 2019. RUEI SHIN CONSTRUCTIN CO., LTD., returned some of cash and all equity investment, shareholding of TAIPEI PORT TERMINAL CC LIMITED and EASE GREAT INVESTMENT LTD., for capital reduction. As of Decmber 31, 2019, the Compnay has a 100% shareholding in TAIPEI PORT TERMINAL COMPANY LIMITED and EASE GREAT INVESTMENT LTD.

Note 3: The Board of Directors of GREAT SMART LTD. approved a proposal of cash capital reduction on Norvember 6, 2019. The capital will be reduced USD 77,300 thouasnd, the Company completed the capital reduction USD 34,400 thouasnd in 2019. and remaining USD 40,000 th be implemented in the future.

Note 4: The Board of Directors of GOLDSUN INTERNATIONAL DEVELOPMENT CORP. approved a proposal of cash capital reduction on Norvember 6, 2019. the Company completed the capital reduction USD 9,062 thouasnd in 2019.

ATTACHMENT 8: Investment in Mainland China (Unit:Foreign currency: thousands, NTD: thousands)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2019	Accumulated inward remittance of earnings as of December 31, 2019
					Outflow	Inflow						
GOLDSUN CONCRETE (SUZHOU) CO., LTD.	Production and sales of ready-mixed concrete and cement products	$402,217 (USD 11,882)	(Note 1)	$402,217 (USD 11,882)	$-	$-	$402,217 (USD 11,882)	$2,799 (Note 8)	100%	$2,799 (Note 8)	$452,757 (Note 8)	$-
GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Production and sales of ready-mixed concrete and cement products	459,388 (USD 14,200)	(Note 1)	459,388 (USD 14,200)	-	-	459,388 (USD 14,200)	30,794 (Note 8)	100%	30,794 (Note 8)	778,406 (Note 8)	-
TAICANG PORT GOLDSUN CONCRETE CO., LTD.	Production and sales of ready-mixed concrete and cement products	198,678 (USD 5,960)	(Note 1)	198,678 (USD 5,960)	-	-	198,678 (USD 5,960)	5,022 (Note 8)	100%	5,022 (Note 8)	305,428 (Note 8)	-
GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Production and sales of ready-mixed concrete and cement products	197,939 (USD 5,960)	(Note 1)	197,939 (USD 5,960)	-	-	197,939 (USD 5,960)	55,248 (Note 8)	100%	55,248 (Note 8)	609,105 (Note 8)	-
KUNSHAN GOLDSUN CONCRETE CO., LTD.	Production and sales of ready-mixed concrete and cement products	131,864 (USD 4,000)	(Note 1)	131,864 (USD 4,000)	-	-	131,864 (USD 4,000)	38,461 (Note 8)	100%	38,461 (Note 8)	348,517 (Note 8)	-
GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Production and sales of ready-mixed concrete and cement products	198,527 (USD 5,960)	(Note 1)	198,527 (USD 5,960)	-	-	198,527 (USD 5,960)	56,192 (Note 8)	100%	56,192 (Note 8)	632,744 (Note 8)	-
FU YANG PORT CO., LTD.(Note 5)	Sandstone processing	782,516 (USD 24,256)	(Note 1)	322,625 (USD 10,000)	-	-	322,625 (USD 10,000)	-	-	-	-	-
GOLDSUN COMENT (FUJIAN) CO., LTD.(Note 6)	Production and sales of cement	2,369,969 (USD 72,500)	(Note 2)	2,369,969 (USD 72,500)	-	-	2,369,969 (USD 72,500)	-	-	(369,262) (Note 6, 8)	-	-
LIANYUAN CONCH CEMENT CO., LTD.	Cement production and	2,383,120 (USD 74,800)	(Note 2)	376,549 (USD 10,800)	-	-	376,549 (USD 10,800)	763,078 (Note 8)	20%	152,616 (Note 8)	740,528 (Note 8)	-
FUZHOU SANSHUN STONE MATERIAL CO., LTD.	Sandstone processing	1,016,143 (USD 33,503)	(Note 3)	453,555 (USD 14,566)	-	-	453,555 (USD 14,566)	-	19%	-	437,678 (Note 7)	-
FUJIAN HENGZHONG SAND STONE CO., LTD.(Note9)	Sandstone processing	134,790 (RMB 30,000)	(Note 3)	24,777 (USD 810)	-	-	24,777 (USD 810)	-	19%	-	24,331 (Note 7)	-
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	Sandstone processing	465,000 (RMB 100,000)	(Note 4)	-	-	-	-	(30,782) (Note 8)	30%	(9,235) (Note 8)	117,608 (Note 8)	-

Accumulated investment in Mainland China as of December 31, 2019	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$5,136,088 (USD 156,638)	$4,787,876 (USD 159,702)	$12,885,520 (Note 10)

Note 1: The Company established EASE GREAT INVESTMENTS LTD. in a third region. The Company reinvested in GOLDSUN INTERNATIONAL DEVELOPMENT CORP. (through EASE GREAT INVESTMENTS LTD.) and then invested in Mainland Ch

Note 2: The Company established EASE GREAT INVESTMENTS LTD. in a third region. The Company reinvested in GREAT SMART LTD. (through EASE GREAT INVESTMENTS LTD.) and then invested in Mainland China.

Note 3: The Company established TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED. in a third region and then invested in Mainland China.

Note 4: Indirect investment through GOLDSUN (CHANGSHU) CONCRETE CO., LTD.

Note 5: The company diposoed the associate, FU YANG PORT CO., LTD. in July, 2019 and completed the capital transfer as of December 31, 2019. The transaction details of the subsidiaries refer to 2019 consolidated financial statement Note 6(8).

Note 6: The Company diposoed the subsidiary, GOLDSUN COMENT (FUJIAN) CO., LTD, in October, 2019 and completed the capital transfer as of December 31, 2019. Please ref to Note 6(28) on FY2019 consolidated financial statement for more detail.

Note 7: Company recognized the investment as " Financial assets at fair value through other comprehensive income, non-current".

Note 8: Amount was recognized based on the audited financial statements.

Note 9: The name was changed from LUOYUAN HENGZHONG SAND STONE CO., LTD. to FUJIAN HENGZHONG SAND STONE CO., LTD. in 2018.

Note 10: The Company is based on the new regulations promulgated by the Ministry of Economic Affairs in the Republic of China in 2008. The calculation method for the mainland area is 60% of the net value or the combined net value, whichever is higher.

VI. If the company and its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

Seven. Review and Analysis of the Financial Position and Performance and Risk Management:

I. Financial position:

Unit: NT$1,000

Year / Item	2019.12.31	2018.12.31	Difference	
			Amount	%
Current assets	14,905,806	12,529,732	2,376,074	18.96%
Property, plant and equipment	7,041,334	8,154,592	(1,113,258)	(13.65%)
Intangible assets	3,717,413	4,078,614	(361,201)	(8.86%)
Other assets	11,380,440	10,946,142	434,298	3.97%
Total assets	37,044,993	35,709,080	1,335,913	3.74%
Current liabilities	9,955,912	11,021,908	(1,065,996)	(9.67%)
Total Liabilities	15,569,126	15,128,788	440,338	2.91%
Capital	13,850,003	13,850,003	0	0%
Capital surplus	1,177,219	1,177,912	(693)	(0.06%)
Retained earnings	5,352,154	4,603,083	749,071	16.27%
Other adjustments to shareholders' equity	4,973	(148,703)	153,676	103.34
Total equity attributable to shareholders of the parent company	20,384,349	19,482,295	902,054	4.63%
Total non-controlling interest	1,091,518	1,097,997	(6,479)	(0.59%)
Total equity	21,475,867	20,580,292	895,575	4.35%

Analysis of major variance:
1. Current assets increased from the previous year mainly because of the increase in other receivables.
2. Real estate, plant and equipment decreased from the previous year mainly due to the disposal of assets and decrease in depreciation expenses.
3. Current liabilities decreased from the previous year mainly due to the redemption of corporation bonds.

II. Financial performance:

Unit: NT$1,000

Year / Item	2019	2018	Different in amount	Change in %
Net revenue	19,005,069	18,644,806	360,263	1.93%
Operating cost	17,714,598	17,236,929	477,669	2.77%
Gross profit	1,290,471	1,407,877	(117,406)	(8.34%)
Operating expenses	926,240	957,895	(31,655)	(3.30%)
Operating profit	364,231	449,982	(85,751)	(19.06%)
Non-operating income and expenses	906,593	89,656	816,937	911.19%
Pre-tax net profit	1,270,824	539,638	731,186	135.50%
Income tax (expense) benefit	(84,863)	51,549	(136,412)	(264.63%)
Net income for the year	1,185,961	591,187	594,774	100.61%
Other comprehensive income for the year (Net income after taxes)	161,018	(29,426)	190,444	647.20%
Total comprehensive income for the year	1,346,979	561,761	785,218	139.78%
Profits attributable to shareholders of the parent company	1,101,659	514,839	586,820	113,98%
Total comprehensive income attributable to shareholders of the parent company	1,262,246	485,808	776,438	159.82%

Analysis of percentage increase / decrease:

1. The increase in non-operating income and expenses was mainly due to the disposal of 100% equity of Goldsun Fujian Cement in 2019, for a profit of NT$478,145,000 and the disposal of Chung-Mei Building, for a profit of NT$297,892,000.
2. The increase in net profit this period over the previous year was mainly due to the reasons given in 1.
3. The increase in other comprehensive income this period over the previous year was mainly due to the increase in unrealized gains of NT$218,295,000 from valuation.

III. Cash flow:

(I) Analysis of the changes in cash flow in the most recent year:

Opening Balance A	Net cash flow from operating activities for the year B	Cash outflow (inflow) for the year C	Amount of cash surplus (shortfall) A+B-C	Remedy for insufficient cash	
				Investment plan	Financing plan
2,334,885	779,239	571,397	3,685,521	-	-

1. Operating activities: Net cash inflow of NT$779,239,000 was mainly due to the operating income.
2. Investment activities: Net cash outflow of NT$576,916,000 was mainly due to the acquisition of real estate, plant and equipment.
3. Financing activities: Net cash inflow of NT$21,106,000 was mainly due to long-term and short-term borrowings.

(II) Improvement plan for liquidity shortfall and liquidity analysis:

1.Improvement plan for liquidity shortfall: Not applicable.

2. Liquidity analysis:

Year / Item	2019	2018	Percentage increase / decrease (%)
Cash flow ratio	7.83%	0.24%	3,162%
Cash flow adequacy ratio	(9.10%)	(0.64%)	1,322%
Cash flow reinvestment ratio	2.27%	(3.60%)	163%

Analysis of percentage increase / decrease:
1. Cash flow ratio: Mainly due to the increase in net cash flow from operating activities this year.
2. Cash flow adequacy ratio: Mainly due to the decrease in net cash flow from operating activities the past five years.
3. Cash flow reinvestment ratio: See 1.

(III) Cash flow analysis for the coming year:

Unit: NT$1,000

Opening Balance A	Estimated cash flow from operating activities B	Estimated cash outflow for the year C	Estimated amount of cash surplus (shortfall) A+B-C	Remedy for insufficient cash	
				Investment plan	Financing plan
3,685,521	800,000	1,000,000	3,485,521	-	-

1. Cash flow analysis for the coming year:
   (1) Operating activities: Revenue and profits are expected to grow steadily, resulting in net cash inflow for operating activities.
   (2) Investing activities: Cash outflows are for the implementation of various investment plants in accordance with the Company's policies.
   (3) Financing activities: Mainly to pay cash dividends and refund from capital reduction.

2. Remedy and flow analysis for the estimated cash shortfalls: None.

IV. Impact of major capital expenditures on financial operations

(I) Uses of major capital expenditures and sources of funds:

Unit: NT$1,000

Program	Actual or planned source of capital	Actual or planned completion date	Total capital required	Actual or planned use of capital				
				2016	2017	2018	2019	2020
Nangang urban revitalization project	Cash flow generated from operation	2021	Planning	44,771	23,608	32,816	62,951	88,147

(II) Expected impact from profits generated on the financials:

None.

V. Company's re-investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Reinvestment policy and main reasons for profits or losses:

No investment this year exceeded 5% of the paid-in capital.

(II) Investment plan for the coming year:

None.

VI. Analysis and assessment of risks in the most recent fiscal year and up to publication date of the annual report

(I) Impact of changes in interest rates and currency exchange and inflation on the Company's profit and loss and the response measures to be taken in the future:

The Company faces interest rate risks which correspond to long-term and short-term liabilities arising from business activities. Depending on the market situation, the Company will consider the overall liquidity and safety to make the best combination of capital to respond to changes in the financial market.

The exchange rate risk is mainly related to the net investment in a foreign operation. A net investment in a foreign operation is considered a strategic investment. We will continue to monitor changes in market exchange rates to respond to the impact of exchange rate fluctuations in a timely manner.

According to the Director-General of Budget, Accounting and Statistics, Executive Yuan, the 2019 consumer price index experienced a 0.56% year-over-year increase. The inflation risk is low and has no significant impact on the Company's annual profits.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions is the main reason contributing to its profits and losses and the response measures to be taken in the future:

Based on the prudent concept and the business philosophy of practicality, we focus on long-term investments related to the industry and have not engaged in high-risk, high-leverage investments. Loans to other parties, endorsements, guarantees and derivatives transactions are all carried in accordance with the Company's "Measures for Handling Acquisition or Disposal of Assets," "Procedures for Lending Funds to Others" and "Operating Procedures for Loans to Others and Endorsement and Guarantee." In the future, we will still rigorously abide by the procedures specified by relevant rules at the Company's best interests.

(III) Future R&D projects and the projected R&D expenses:

High-flow concrete offers performance with good workability, high strength, high density and durability. Its superior characteristics make it a focus for research and development both in the domestic and overseas market in recent years. It is applied to tall structures, highways, long-span bridges or nuclear power plants, which will continue to optimize the production technologies. In addition, due to growing needs for mass concrete and the key in required temperature control during the manufacturing, the Company will continue to research the temperature control technologies for mass concrete manufacturing to maintain the temperature stability and grasp the key technologies required for the manufacturing.

Due to the rising cost of raw materials for concrete and the impact from energy consumption and circular economy and other sustainability issues, industrial by-products such as blast furnace slag, fly ash and pozzolanic materials have been used to replace part of cement, and technologies of carbon capture and storage for concrete have been developed. Besides improving the durability of concrete, they reduce the carbon emissions from the manufacturing of cement. Incorporating energy conservation and carbon reduction for the circular economy application is a must for the development of contemporary concrete technologies, and they will become the future for concrete materials.

A total of NT$9.98 million is expected to be used as the R&D expenditure to continue improving the performance of the Company's concrete products and the applications and technologies of pozzolanic materials. The temperature control technology for mass concrete will be developed to improve the added value of our concrete products and leadership, enhance competitiveness and meet the diverse needs of clients.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

We comply with the national policies and regulations, and pay attention to the information on policy and regulatory changes both at home and abroad to help us grasp the biggest opportunity, further ensuring the financial stability and maintaining the development of sustainability.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

“Goldsun Peace-of-Mind Building Materials Traceability” conducts quality audits of mine sources of sand and gravel with third-party units, including SGS and the Taiwan Construction Research Institute. Incorporating the cloud technology, we have established an advanced transparent and open system which holds back the flows of furnace slag. Buildings upon completion have transparent and open identifications. This approach protects the housing safety of domestic citizens, and has accumulated more than 1,350 project site applications, and it is highly recognized by the market and citizens. In addition, we provided an in-depth report with our “Tour of Peace-of-Mind Construction Projects” in 2017. People can get to understand the culture and business philosophy of construction firms through objective interviews and cultural warmth. This practice drove the sales of projects and improved the corporate image, fulfilling the goals of “Buy a house with traceability and live in a home with peace of mind for a lifetime” with Goldsun Building Materials.

(VI) Effect on the Company's crisis management from changes in the Company's corporate image, and measures to be taken in response:

We are the largest domestic producer of ready-mix concrete. “Quality” and “Service” are the business philosophy we rigorously adhere to, and they are also the Company's consistent brand image to external stakeholders, which we will not change.

In recent years, we have adopted the traceability management in our vertical integration, a 7-stage chloride ion quality control and inspection processes from our own mine sources all the way to the construction sites of our clients, and introduced the certification of “Goldsun Peace-of-Mind Building Materials Traceability” to increase our efficiency and ensure the best product quality. We have achieved 99% in our customer satisfaction to make customers trust us. We hope that our long-term development will enable the concrete industry to become a respected and sustainable industry.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: Not applicable.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: We have not had plans to establish new plants for 2020.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: There is no concern about concentration risks for major suppliers and customers.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: Not applicable.

(XI) Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.

(XII) Litigation or non-litigation incidents:

Major litigation, non-litigation or administrative incidents that involve the Company and/or any director, supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10% and/or any other company or companies controlled by the Company and of which the results may have a significant impact on the Company's shareholders' interests or the securities prices: Not applicable.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

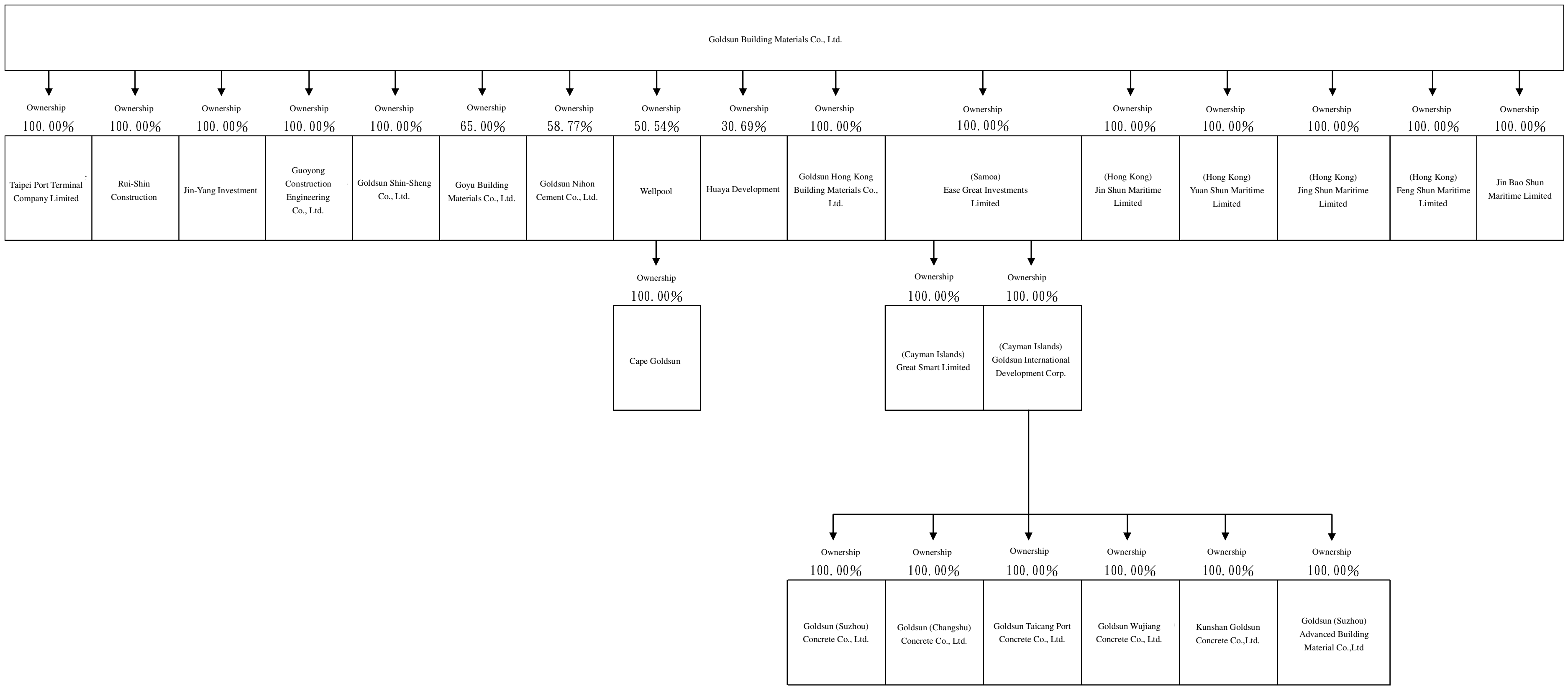
VII. Other important matters: In order to protect the security of the Company's information system, we have established security monitoring and data backup measures. We also regularly conduct system recovery tests to examine the effectiveness of data backup, expecting that the information system can be restored to normal business operations in the shortest time in the event of force majeure disasters or other forms of damages caused by humans.

Eight. Special Matters to be Included

I. Information related to the Company's affiliates.

(I) Consolidated report on subsidiaries

1. Organizational chart of subsidiaries (Base date: December 31, 2019)



2. Basic information of each affiliate: Please see Table 1.

3. Controlling company and affiliate companies presumed to share the same shareholders according to Article 369-3 of the Company Act: Not applicable.

4. If affiliates are related in their business activities, please describe the division of labor:

(1) Taipei Port Terminal Company Limited: Engage in the construction and operation of the second bulk cargo storage and logistics center of Taipei Port.

(2) Rei Shin Construction Co., Ltd.: Real estate management, leasing, trading and development

(3) Kuoyung Construction & Engineering Co., Ltd.: Civil engineering and construction business, mainly bid for the government's public works and some projects in the private sector.

(4) Goldsun Innovative Building Materials Co., Ltd.: Wholesale and retail of building materials.

(5) Goyu Building Materials Co., Ltd.: Manufacturing and sales of concrete products.

(6) Guoxing Cement: Sales of imported cement.

(7) Huaya Development Co., Ltd.: Recently established, and has not started its operating activities.

(8) Wellpool Co., Ltd. and Cape Goldsun: Manufacturing and sales of calcium silicate board and fiber cement board.

(9) Jin Shun Maritime Limited (HK), Yuan Shun Maritime Limited (HK), Jing Shun Maritime Limited (HK), Feng Shun Maritime Limited (HK), Gimpo Marine Co., Ltd.: Provide maritime transport.

(10) Goldsun (HK) Building Materials Co., Ltd., (Samoa) Ease Great Investment Limited, (Cayman Islands) Great Smart Limited, (Cayman Islands) Goldsun International Development Corp.: Offshore holding company

(11) Goldsun (Suzhou) Concrete Co., Ltd., Goldsun (Changshu) Concrete Co., Ltd., Goldsun Taicang Port Concrete Co., Ltd., Goldsun (Wujiang) Concrete Co., Ltd., Kunshan Goldsun Concrete Co.,Ltd., Goldsun (Suzhou) Advanced Building Material Co., Ltd.: Manufacturing and sales of ready-mix concrete.

(12) Jin-Yang Investment Co., Ltd.:General investment businesses.

5. Information on the directors, supervisors and general manager of each affiliate: Please see Table 2.

6. Overview of the business operations of each affiliate: Please see Table 3.

Table 1

Basic information of each affiliate

Unit: NT$1,000, unless otherwise specified

Company Name	Date of Establishment	Address	Paid-in capital	Main business activities or products
Taipei Port Terminal Company Limited	2009.08.24	No. 133, Shanggang Road, Bali District, New Taipei City	2,500,000	Harbor Cargoes Forwarding Services
Rei Shin Construction Co., Ltd.	1996.09.16	7F, No. 8, Xinhu 1st Road, Neihu District, Taipei City	1,800,000	Real estate management, renting and leasing, commerce and development
Jin-Yang Investment Co., Ltd.	2005.12.21	7F, No. 8, Xinhu 1st Road, Neihu District, Taipei City	39,960	Investment
Kuoyung Construction & Engineering Co., Ltd.	1976.07.23	6F, No. 8, Xinhu 1st Road, Neihu District, Taipei City	300,000	Construction of civil engineering and architectural projects
Goldsun Innovative Building Materials Co.,	2015.10.12	7F, No. 8, Xinhu 1st Road, Neihu District, Taipei City	60,000	Wholesale and retail of building materials
Goyu Building Materials Co., Ltd.	2018.03.21	No. 50, Zhongshan Road, Minxiong Township, Chiayi County	280,000	Manufacturing and sales of concrete products
Goldsun Nihon Cement Co., Ltd.	1991.11.22	No. 21-1, Dahua 3rd Road, Qianzhen District, Kaohsiung City	195,000	Sales of imported cement
Wellpool Co., Ltd.	1981.11.30	5F-1, No. 139, Zhengzhou Road, Datong District, Taipei City	360,544	Manufacturing and sales of calcium silicate board and fiber cement board.
Cape Goldsun	2005.07.27	5F-1, No. 139, Zhengzhou Road, Datong District, Taipei City	1,000	Trading of building materials and fireproof materials
Huaya Development Co., Ltd.	1990.10.16	7F, No. 8, Xinhu 1st Road, Neihu District, Taipei City	512,000	Recently established, and has not started its operating activities.

Company Name	Date of Establishment	Address	Paid-in capital		Main business activities or products
Goldsun Hong Kong Building Materials Co., Ltd.	2014.12.01	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	15,436,611	Investment holdings
(Samoa) Ease Great Investments Limited	2004.11.19	Samoa	USD	178,462,000	Investment holdings
(Cayman Islands) Great Smart Limited	2004.11.19	British Cayman Islands	USD	78,000,000	Investment holdings
(Cayman Islands) Goldsun International Development Corp.	2002.09.17	British Cayman Islands	USD	57,100,000	Investment holdings
Goldsun (Suzhou) Concrete Co., Ltd.	2002.12.09	Luzhi Town, Wuzhong District, Suzhou City, Jiangsu Province	USD	11,882,000	Manufacturing and sales of ready-mix concrete
Goldsun (Changshu) Concrete Co., Ltd.	2003.03.25	Xingangzhen, Changshu City, Jiangsu Province	USD	14,200,000	Manufacturing and sales of ready-mix concrete
Goldsun Taicang Port Concrete Co., Ltd.	2003.08.25	Fuqiao Town, Port Development Zone, Taicang City, Jiangsu Province	USD	5,960,000	Manufacturing and sales of ready-mix concrete
Goldsun (Wujiang) Concrete Co., Ltd.	2003.09.10	Tongli Town, Wujiang City, Jiangsu Province	USD	5,960,000	Manufacturing and sales of ready-mix
Kunshan Goldsun Concrete Co.,Ltd.	2003.09.25	Yushanzhen, Kushan City, Jiangsu Province	USD	4,000,000	Manufacturing and sales of ready-mix
Goldsun (Suzhou) Advanced Building	2003.11.20	Wuzhong Economic Development Zone,	USD	5,960,000	Manufacturing and sales of ready-mix
Jin Shun Maritime (HK) Limited	2012.07.18	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	10,000,000	Maritime transport business
Yuan Shun Maritime (HK) Limited	2013.10.23	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	38,900,000	Maritime transport business
Jing Shun Maritime (HK) Limited	2017.09.22	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	1	Maritime transport business
Feng Shun Maritime (HK) Limited	2018.04.11	Unit 1501, 15th Floor, AT Tower, 180 Electric Road,	USD	1	Maritime transport business

Company Name	Date of Establishment	Address	Paid-in capital	Main business activities or products
		Hong Kong		
Gimpo Marine Co., Ltd.	2018.12.14	No. 133, Shanggang Road, Bali District, New Taipei City	100,000	Maritime transport business

Table 2

Information on the directors, supervisors and general manager of each affiliate

Unit: Share, %

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ownership
Taipei Port Terminal Company Limited	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chia-Ming Kuo	250,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	250,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chih-Jen Wu	250,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chia-Ying Chen	250,000,000	100.00%
Rei Shin Construction Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chiao Lin	180,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	180,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Jie-Tang Chang	180,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: James Chiu	180,000,000	100.00%
Jin-Yang Investment Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Jie-Tang Chang	3,996,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	3,996,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chia-Ying Chen	3,996,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: James Chiu	3,996,000	100.00%
Kuoyung Construction & Engineering Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chiao Lin	30,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	30,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lei Lin	30,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: James Chiu	30,000,000	100.00%
Goldsun Innovative Building Materials Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Li-Ping Hsieh	6,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	6,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Jie-Tang Chang	6,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: James Chiu	6,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ownership
Goyu Building Materials Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chih-Jen Wu	18,200,000	65.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chih-Chiang Yang	18,200,000	65.00%
	Director	Chi-Yu Construction Representative: Chien-Tung Chen	9,800,000	35.00%
	Supervisor	Chia-Ying Chen		
Goldsun Nihon Cement Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chiu-Lan Chen	11,460,000	58.77%
	Vice Chairman	Taiheiyo Cement Corp. Representative: Yutaka Murakami	6,825,000	35.00%
	Director	Taiheiyo Cement Corp. Representative: Naoto Kusaka	6,825,000	35.00%
	Director	Taiheiyo Cement Corp. Representative: Yasuhiro Kawaragi	6,825,000	35.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Frank Lin	11,460,000	58.77%
	Director	Goldsun Building Materials Co., Ltd. Representative: Vincent Lin	11,460,000	58.77%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chih-Hsing Yu	11,460,000	58.77%
	Supervisor	Shin Lan Enterprise INC. Representative: Lan-Ying Hsu	90,000	0.46%
Wellpool Co., Ltd.	Chairman	Shih-Chung Chang	828,066	2.30%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	18,224,389	50.54%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chih-Chiang Yang	18,224,389	50.54%
	Director	Pao-Hsi Sheng	1,100	0.00%
	Independent Director	Shih-Chung Chen		
	Independent Director	Li-Sheng Chu		
	Independent Director	Chang-Chi Chang		
	Supervisor	Li-Min Lu	446,163	1.24%
	Supervisor	Sung-Chi Chien	10,100	0.03%

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ownership
	Supervisor	Te-Hsien Wang		
Cape Goldsun	Chairman	Wellpool Co., Ltd. Representative: Yong Ni	100,000	100.00%
	Director	Wellpool Co., Ltd. Representative: Shih-Chung Chang	100,000	100.00%
	Director	Wellpool Co., Ltd. Representative: Chao-Chia Kuo	100,000	100.00%
	Supervisor	Wellpool Co., Ltd. Representative: Chia-Ming Hsu	100,000	100.00%
Huaya Development Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chiao Lin	15,714,108	30.69%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lan-Ying Hsu	15,714,108	30.69%
	Director	Taiwan Secom Co., Ltd. Representative: Frank Lin	25,512,892	49.83%
	Supervisor	Shin Lan Enterprise INC. Representative: James Chiu	9,973,000	19.48%
Goldsun Hong Kong Building Materials Co., Ltd.	Director	Jie-Tang Chang	15,436,611	100.00%
(Samoa) Ease Great Investments Ltd.	Director	Goldsun Building Materials Co., Ltd. Representative: Jie-Tang Chang	178,462,000	83.75%
(Cayman Islands) Great Smart Limited	Director	Ease Great Investments Ltd. Representative: Jie-Tang Chang	78,000,000	100.00%
(Cayman Islands) Goldsun International Development Corp.	Director	Ease Great Investments Ltd. Representative: Jie-Tang Chang	57,100,000	100.00%
Goldsun (Suzhou) Concrete Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Jin-Yi Huang	11,882,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lei Lin	11,882,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lan-Ying Hsu	11,882,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	11,882,000	100.00%
Goldsun (Changshu) Concrete Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Jin-Yi Huang	14,200,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lei Lin	14,200,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lan-Ying Hsu	14,200,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	14,200,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ownership
Goldsun Taicang Port Concrete Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Jin-Yi Huang	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lei Lin	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lan-Ying Hsu	5,960,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	5,960,000	100.00%
Goldsun (Wujiang) Concrete Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Jin-Yi Huang	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lei Lin	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lan-Ying Hsu	5,960,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	5,960,000	100.00%
Kunshan Goldsun Concrete Co.,Ltd.	Chairman	Goldsun International Development Corp. Representative: Jin-Yi Huang	4,000,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lei Lin	4,000,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lan-Ying Hsu	4,000,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	4,000,000	100.00%
Goldsun (Suzhou) Advanced Building Material Co.,Ltd	Chairman	Goldsun International Development Corp. Representative: Jin-Yi Huang	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lei Lin	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lan-Ying Hsu	5,960,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	5,960,000	100.00%
Jin Shun Maritime (HK) Limited	Director	Hao-Hsiang Hsu	10,000,000	100.00%
Yuan Shun Maritime (HK) Limited	Director	Hao-Hsiang Hsu	38,900,000	100.00%
Jing Shun Maritime (HK) Limited	Director	Hao-Hsiang Hsu	1	100.00%
Feng Shun Maritime (HK) Limited	Director	Hao-Hsiang Hsu	1	100.00%
Gimpo Marine Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Hao-Hsiang Hsu	10,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ownership
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsun-Chen Lin	10,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Jie-Tang Chang	10,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chia-Ying Chen	10,000,000	100.00%

Table 3

Overview of the business operations of each affiliate

Unit: NT$1,000, unless otherwise specified

Company Name	Paid-in capital	Total assets	Total Liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the period
Taipei Port Terminal Company Limited	2,500,000	4,654,546	2,279,083	2,375,463	491,942	-118,687	-148,702
Rei Shin Construction Co., Ltd.	1,800,000	4,068,647	1,029,851	3,038,795	78,493	-9,278	-38,551
Jin-Yang Investment Co., Ltd.	39,960	29,549	60	29,489	1,287	1,015	1,296
Kuoyung Construction & Engineering Co., Ltd.	300,000	416,489	38,154	378,335	148,402	1,405	13,590
Goldsun Innovative Building Materials Co., Ltd.	60,000	21,889	150	21,739	70	-173	-8,234
Goyu Building Materials Co., Ltd.	280,000	396,900	135,123	261,776	11,516	-12,378	-13,053
Goldsun Nihon Cement Co., Ltd.	195,000	548,869	265,079	283,790	586,052	2,404	975
Wellpool Co., Ltd.	360,544	1,211,262	153,548	1,057,714	939,992	218,869	180,463
Cape Goldsun	1,000	1,462	1	1,461	—	—	13
Huaya Development Co., Ltd.	512,000	519,135	80	519,055	—	-4,058	-3,893

Company Name	Paid-in capital	Total assets	Total Liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the period
Goldsun Hong Kong Building Materials Co., Ltd.	USD 15,436,611	USD 15,450,444	—	USD 15,450,444	—	USD -602	USD -256
EASE GREAT INVESTMENTS LTD. (Samoa)	USD 178,462,000	USD 226,595,446	—	USD 226,595,446	—	USD -825	USD 16,263,075
(Cayman Islands) Great Smart Limited	USD 78,000,000	USD 78,776,027	—	USD 78,776,027	—	USD -143,717	USD 9,024,457
(Cayman Islands) Goldsun International Development Corp.	USD 57,100,000	USD 104,351,263	—	USD 104,351,263	—	USD -6,950	USD 7,132,524
Goldsun (Suzhou) Concrete Co., Ltd.	USD 11,882,000	RMB 105,452,865	RMB 346,185	RMB 105,106,680	RMB 60,000	RMB -773,896	RMB 625,992
Goldsun (Changshu) Concrete Co., Ltd.	USD 14,200,000	RMB 231,790,707	RMB 51,076,153	RMB 180,714,554	RMB 104,591,015	RMB 10,497,184	RMB 6,887,501
Goldsun Taicang Port Concrete Co., Ltd.	USD 5,960,000	RMB 71,201,404	RMB 102,415	RMB 71,098,990	—	RMB -75,720	RMB 1,123,145
Goldsun (Wujiang) Concrete Co., Ltd.	USD 5,960,000	RMB 280,576,637	RMB 139,170,519	RMB 141,406,118	RMB 214,431,445	RMB 16,653,620	RMB 12,357,002
Kunshan Goldsun Concrete Co.,Ltd.	USD 4,000,000	RMB 131,427,213	RMB 50,517,200	RMB 80,910,013	RMB 134,092,984	RMB 8,426,299	RMB 8,602,200

Company Name	Paid-in capital	Total assets	Total Liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the period
Goldsun (Suzhou) Advanced Building Material Co.,Ltd	USD 5,960,000	RMB 354,277,153	RMB 207,383,441	RMB 146,893,712	RMB 280,482,082	RMB 17,661,304	RMB 12,567,960
Jin Shun Maritime (HK) Limited	USD 10,000,000	USD 5,175,193	USD 273,444	USD 4,901,748	USD 1,835,243	USD -537,119	USD -530,025
Yuan Shun Maritime (HK) Limited	USD 38,900,000	USD 38,972,137	USD 796,004	USD 38,176,134	USD 4,713,603	USD -38,696	USD 29,757,570
Jing Shun Maritime (HK) Limited	USD 1	USD 10,082,547	USD 10,879,718	USD -797,171	USD 2,306,559	USD -60,763	USD 39,605
Feng Shun Maritime (HK) Limited	USD 1	USD 6,752,133	USD 6,644,827	USD 107,305	USD 2,519,017	USD 102,104	USD 147,176
Gimpo Marine Co., Ltd.	100,000	224,185	139,407	84,779	53,340	-13,383	-14,589

(II) Affiliated Enterprise Consolidated Financial Statements Declaration

In 2019 (from January 1, 2019 to December 31, 2019), the companies that should be included in the consolidated financial reports of affiliated companies based on “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies that should be included in the consolidated financial reports of subsidiaries based on “Consolidated and separate financial statements” of Section 10 of International Financial Reporting Standards were the same. The related information that should be disclosed in the consolidated financial statements of affiliated companies are also already disclosed in the consolidated financial reports for subsidiaries, so that the consolidated financial statements of affiliated companies would not be published separately.

Very truly yours

Company Name: Goldsun Building Materials Co., Ltd.

Chairman Lan-Ying Hsu

March 17, 2020

(III) Affiliation report: Not applicable. None.

II. Status of private placement of securities during the most recent fiscal year or up to the date of publication of the annual report: Not applicable.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or up to the date of publication of the annual report:

Unit: NT$1,000; shares: %

Name of Subsidiary	Paid-in capital	Sources of Capital	Company's Ownership	Transaction Date	Shares Acquired and Amount	Shares Disposed of and Amount	Investment Profit and Loss	Shares Owned and Amount as of Publication Date of Annual Report	Set Pledge	Amount of Company's Endorsement/Guarantee for Subsidiaries	Amount of Company's Loans to Subsidiaries
Kuoyung Construction & Engineering Co., Ltd.	NT$300,000,000	Cash capital increase	100%	-	-	-	-	278,477 shares NT$3,857,000	-	-	-
Hsin-Rui-Shin Asset Development Company	NT$1,000,000,000	Split from Rui-Shin	100%	-	-	-	-	3,362,641 shares NT$46,573,000	-	-	-

IV. Other matters that require additional description: Not applicable.

Nine. If any of the situations listed in Article 36, paragraph 3, sub-paragraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Lan-Ying Hsu was elected as the chairman after the election on June 20, 2019, and the former Chairman Shiaw-shinn Lin stepped down.

Goldsun Building Materials Co., Ltd.

Chairman Lan-Ying Hsu