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Goldsun Building Materials Co., Ltd. (Formerly Goldsun Constructions Co., Ltd.)

2018 Annual Report

Printed on March 30, 2019

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Headquarters, Branches and Factory

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Luzhu Factory 2: No. 10, Aly. 277, Sec. 3, Changxing Rd., Luzhu Dist., Taoyuan City	Tel: (03)3246111
Hsinchu Factory: No. 646, Sec. 6, Zhonghua Rd., Hsinchu City	Tel: (03)5372150
Dongda Factory: No. 30, Aly. 110, Sec. 3, Dongda Rd., Hsinchu City	Tel: (03) 5324653
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Daya Factory: No. 295, Sec. 3, Minsheng Rd., Daya Dist., Taichung City	Tel: (04)25609155
Chiayi Factory: No. 50, Zhongshan Rd., Beidou Vil., Minxiong Township, Chiayi County	Tel: (05)2214800
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Tainan Factory: No. 62, Zhouwei St., Yongkang Dist., Tainan City	Tel: (06)2537306
Sinshih Factory: No. 461, Xiaoxin Vil., Shanhua Dist., Tainan City	Tel: (06)5838261
Dahu Factory: No. 28, Sec. 2, Zhongshan Rd., Taiye Vil., Hunei Dist., Kaohsiung City	Tel: (07)6997889
Gangshan Factory: No. 180, Benzhou Rd., Gangshan Dist., Kaohsiung City	Tel: (07)6240908
Renwu Factory: No. 59, Zhugong 3rd Ln., Renwu Dist., Kaohsiung City	Tel: (07)3751555
Kaohsiung Factory: No. 930-1, Minzu 1st Rd., Zuoying Dist., Kaohsiung City	Tel: (07)3424415
Fengshan Factory: No. 81, Jiangshan Rd., Daliao Dist., Kaohsiung City	Tel: (07)7015111
Xiaogang Factory: No. 11, Yongchun St., Xiaogang Dist., Kaohsiung City	Tel: (07)8720617

Stock Transfer Agent

Name: Transfer and Registrar Agency, Yuanta Securities
Add: B1F, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
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Website: http://www.yuanta.com.tw

Auditors

Muriel Yu, HsinMin Hsu

Firm: Ernst & Young Address: 9F., No. 333, Sec. 1, Keelung Rd., Taipei City
Tel: (02)2757-8888 Website: http://www.ey.com

Overseas Securities Exchange: None.

Corporate Website: http://www.gdc.com.tw

Contents

I. Letter to Shareholders

Dear Shareholders,

In recent years, we have actively promoted the safety of building structures and implemented them to the our business management strategies to construct the “Great Traceability Management” operating model, which consists of a total of 7 thorough chloride ion testing processes, starting from investing in self-owned mineral resources, to shipment of products and customer site integration services, etc. Based on the aforementioned huge scale, the “Goldsun Building Material Resume” certification for innovative technologies was introduced three years ago, new construction projects have rapidly grown to more than 1,000, and our customer satisfaction rate has surpassed 99%. Thanks to the trust of our customers, both revenue and profit of the Company last year have set unprecedented records. We wish to stick to such practice and vision to drive the whole country to pay attention to the safety of building structures, and help develop the concrete industry into a respected century-old cause!

In 2018, the domestic housing market grew modestly following the lead of the world's major economies. With the government promoting living justice, the adjustment of taxation for house ownership, and urban renewal, the market experienced steady growth. In addition, the resurgence of owner-occupancy led to a rebound in trading volume. According to the Ministry of the Interior, the number of buildings traded across Taiwan in 2018 reached 278,000, an increase of 4.5% from 2017. Steady growth for two consecutive years indicates a recovering housing market. However, looking forward to 2019, with the China–United States trade war, Brexit, escalating political risks in the EU and other turbulences in the global economy, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan predicts that a global economic slowdown is likely, and therefore, affecting the domestic market.

Facing the challenges of the heating housing market and the changing global economy, Goldsun continues to change, innovate, and strengthen competitiveness by vitalizing internal organization, technologize customer service, strengthen product development, solidify the resume of Goldsun building materials and promote brand marketing among customers, etc. For research and development, we have established the “big future of Goldsun” strategy to continue to develop diversified high-quality concrete products, making the Goldsun brand the first choice for our customers. For instance, we have managed to become the high-end building concrete supplier for the Taipei Medical University Hospital Proton Center, National Taiwan University Cancer Center and Chang Gung Memorial Hospital Proton Center with our high-end concrete products. We also won first prize of the biennial “Concrete Engineering Award” for our contribution of concrete supply and high-end research and development and quality management technology for the iconic Nan Shan Plaza construction project.

In respect of solidifying the resume of Goldsun building materials and promoting brand marketing among customers, we have fully utilized the advantages of the “Great Traceability Management Operating Model” for the use of the “Goldsun Building Material Resume” since its introduction and have integrated it with the latest cloud technology to form a transparent and open advanced system. Our vision is to eliminate the two hazards of building safety in Taiwan, chloride-ioned houses and furnace-slag houses, and to give all houses, upon completion of construction, a transparent and open identification to ensure living security for the people.

In addition, since 2017, we have been co-branding and co-marketing with our construction customers and co-produced “A Trip Though Safe Construction Projects”, “A Trip Though the

Construction Beauties", "Great Traceability Management" and other in-depth reports with the renowned media group TVBS. Our in-depth reports continues to bring the issues to light all across Taiwan and help the public understand the culture and philosophy of a construction company with its objective and warm interviews, resulting in a drive in construction sales and an enhanced corporate image and an unified construction industry. Together, we will achieve the goal of "buying a house with a resume and living in a home for a lifetime."

Operating Performance

Goldsun's 2018 consolidated operating income was NT$18,644,806,000, an increase of NT$2,231,010,000, or 13.59% (see table below) from 2017's NT$16,413,796,000. The 2018 net profit after tax was NT$514,839,000, and the EPS was NT$0.37 per share. The main components of the consolidated revenue was as follows,

Unit: NT$ thousands

Company	2018	2017	Amount	%
Goldsun Co., Ltd.	11,402,464	10,765,477	636,987	5.92%
Goldsun (Suzhou) Concrete Co., Ltd.	2,868,386	2,365,614	502,772	21.25%
Goldsun Cement (Fujan) Co., Ltd.	2,799,614	1,912,352	887,262	46.40%
Wellpool Co., Ltd.	992,797	915,187	77,610	8.48%
Others (including offset)	581,545	455,166	126,379	27.77%
Total	18,644,806	16,413,796	2,231,010	13.59%

Development Status

The domestic market of ready-mixed concrete businesses is mostly consisted of self-funded SMEs, the scopes and qualities of which vary vastly, and therefore, engaged in a price war of low quality and low price products. In order to develop Goldsun into a sustainable business, we will focus on the building of a brand and provision of services to reinvent the Goldsun image, make clear the segmentation of the concrete market and further increase sales and profitability.

Regarding the technical development of ready-mixed concrete, Goldsun takes into account the future trend of aesthetic and sustainability of Taiwan architecture, as well as the high performance and construction technology requirements of the product itself and remains a major leader in both aspects. In order to significantly increase the added value of concrete products and meet the diverse needs of our building material customers, we will continue to improve research and development of engineering for refined concrete products in 2019 with projects such as the increase of high-performance ratio of concrete products, the application of pozzolanic material and recycled aggregates and highly flowable concrete, etc.,

In addition to the developments mentioned above, the criteria concrete require to become a major building material is not only its strong, highly workable and highly durable nature but also its potential to go green. Therefore, green and high-performance concrete is the inevitable result of the development of modern concrete technology and the future direction of concrete. We focus our research and development on state-of-the-art technology and circular economy, and anticipate the increase of high-performance ratio of concrete products, the application of pozzolanic material and recycled aggregates, high-strength and high-performance pumped concrete, production of special type concrete and other projects will help enhance our competitiveness and meet the diverse needs of our customers.

Future Developments (The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions)

Macroeconomic conditions

According to the Department of Statistics, Ministry of Economic Affairs, the total sales of ready-mixed concrete in Taiwan in 2017 was 36,273,000 cubic meters, and the total sales in 2018 is expected to reach 39,733,000 cubic meters (an annual increase of 9.5%). With the economic growth expected to slow down in 2019, the ready-mixed concrete market will also be affected. Therefore, Goldsun’s total sales of ready-mixed concrete was approximately 6.59 million cubic meters in the 2018, an annual increase of 7.5% compared with 6.13 million cubic meters in 2017. However, with the interference of many uncertain factors, we will give our best effort to remain the current sales level.

External Competitive Environment

After several years of consolidation, the Taiwan housing market is seeing a reduced sales volume and a stabilized price. In addition, with the solid demand of self-occupation starting to show and the influence of government policies such as joint taxation on building and land sales and luxury tax beginning to fade, the housing prices have fallen to a relative low. Only if the construction companies are willing to surrender part of their profit to narrow the gap between the buyers and sellers in terms of price will the housing market be able to stop falling and stabilize. With the unresolved trade dispute between China and the United States at this stage, if relevant authorities can turn the crisis into a turnaround to stimulate Taiwanese investment back to construction, and drive business opportunities around, it will also help properties develop.

On top of that, local orbital constructions, including metropolitan MRT construction, MRT extension project, Railroad Grade Separation and Undergroundization of the Taoyuan Railway, still occupy most of the major public constructions adopted by the National Development Counsel and the Forward-Looking Infrastructure. This type of local orbital constructions will help expand domestic demand and drive the surrounding housing market. On the other hand, urban renewal plans organized by county and city administrations, such as the Nangang Marshalling Yard and urban renewal plans of Hsinchu Rear Station and Yongkang District, Tainan City, upon completion of public infrastructures and MRT networks, will also lead the development of surrounding areas

In terms of future development strategies, in order to master regional major construction opportunities, such as the expansion of MRT red line, offshore wind power infrastructure and construction of new factories in the Science Park in Greater Kaohsiung and Greater Tainan, Goldsun will not only focus on the aforementioned market developments, but also on the response to the addition of new areas, for instance, the addition of the 28th concrete factory, Gangshan Factory.

Meanwhile, Goldsun has implemented state-of-the-art cloud technology introduced in recent years into the three major optimization strategies, customer service, transportation control, and consultant sales. We have incorporated high tech into our existing 28 ready-mixed concrete factories to strengthen the bond between our customers and us. In this way, compared with our peers, Goldsun will more likely provide customers with different types of concrete products and exceptional service and achieve the goal of accelerated supply capacity and full-time consultancy sales service to assist the company to make a profit in this competitive and forever-changing environment. As for the impact of the regulatory environment, we will take appropriate measures to comply with the regulations and amend the company's internal regulations and related laws accordingly.

In summary, Goldsun benefits from 64 years of professional technology and business experience for planning of long-term business development, and will continue to grow and expand in a variety of niche-type markets. For instance, a lightweight compartment building material factory will be put into operation in the second half of 2019, to respond to the demand for high quality, green and eco-friendly new building materials in the construction market. We also invested more than NT$4.5 billion in the Bulk & General Cargo Terminal No.2 of Taipei Port, the 10 major stations of which, such as the sand and gravel warehouse, were successively opened. When the terminal meets its potential of a transshipment and production hub, it will conduce to expansion of business plans and business performance. In terms of asset activation, under current economic atmosphere and the trend of regional development, we will take advantage of major transportation construction and business district planning in the future and actively invest in real estate development such as large-scale complex commercial buildings with regional development potential and continue to achieve success.

Sincerely yours,

Chairman: Lin, Shiaw-Shinn

II. Company Profile

1.Date of Incorporation: November 1954

2.Company History

(1) Goldsun Cement Factory was established at No. 33, Section 3, Nangang Road, Nangang District, Taipei City in November 1954 with NT$1,500,000 capital. At that time, the factory mainly engaged in introducing new technology to produce poles, piles and other cement products in response to the government's implementation of the first phase of the economic construction plan and expand the demand for public facilities such as electricity and telecommunications. Following the advancement of engineering technology, the Company employed the pre-stretching method to manufacture hollow prestressed concrete poles and foundation piles in 1960.

(2) 2. In 1965, in view of the rapid development of various domestic constructions, the Company established a set of ready-mixed concrete equipment, which adopted production methods of automatic control and automatic measurement production, a first in Taiwan, to meet the needs of the times. The stability of its product quality was deeply valued and praised by the construction industry.

(3) 3. In 1966, the Kaohsiung factory was established at Jianguo Road, Kaohsiung City. The factory produced ready-mixed concrete to meet the construction needs of the Greater Kaohsiung area.

(4) 4. In 1969, the Company was reorganized as Goldsun Constructions Co., Ltd. with an additional construction department founded to manage the lease and sale of public housing, shop and building constructed by outsourced construction companies. The operations of the Company had begun to diversify.

(5) 5. In 1978, the Shulin factory was established in Shulin Town, Taipei County to produce prestressed concrete poles, foundation piles and other cement products with high-pressure equipment. In 1981, in order to expand the production scale and increase output sufficient for the market, the Company transferred its equipment for prestressed concrete products from Taipei factory to Shulin factory.

(6) 6. In 1979, in response to the developments in Kaohsiung City, the Kaohsiung factory was relocated to Daliao Town, Kaohsiung County and later renamed Fengshan factory.

(7) 7. In 1982, the Miaoli factory was established to produce ready-mixed concrete to supply for the many construction needs in the Miaoli region. The Miaoli factory was later relocated to Tongluo Town.

(8) 8. In 1984, the Sanyi factory was established in Sanyi Town, Miaoli County to produce ready-mixed concrete and sandstone to supply for the construction needs in the Miaoli and Taichung regions.

(9) 9. In 1986, the Company acquired the Chinese asbestos tile factory in Zhunan Town, Miaoli County, and renamed it Zhunan factory to produce slates and surface slates.

(10) 10. In 1987, the Zhubei and Zhonghua factories were established in Zhubei City, Hsinchu County and Gushan District, Kaohsiung City respectively to produce ready-mixed concrete to supply for the local construction needs.

(11) 11. In 1988, the Jongli factory was established in Pingzhen City, Taoyuan County to produce ready-mixed concrete to supply for the needs of the Taoyuan region.

(12) 12. In 1989, the Tainan and Chiayi factories were established in Yongkang Town, Tainan County and Minhsiung Town, Chiayi County respectively to produce ready-mixed concrete to supply for the needs of the Tainan and Chiayi regions.

(13) 13. In 1990, the Hsinchu and Kaohsiung factories were established in Hsinchu City and Kaohsiung City respectively to produce ready-mixed concrete to supply for the needs of the regions. In addition, in view of the growing shortage of sandstone supply in northern Taiwan, the Yilan sandstone factory was established in Yuanshan Town, Yilan County to supply for the needs of the needs of many factories of the Company in Northern Taiwan.

(14) 14. In 1991, upon the completion of the Goldsun building on Zhengzhou Road in Taipei City,

the Company moved its head office to the new location.

(15) 15. In 1993, the Xiaogang factory was established in Xiaogang District, Kaohsiung City to produce ready-mixed concrete to supply for the needs of the region.

(16) 16. In 1994, the Keelung and Bade factories were established in Keelung City and Bade City, Taoyuan County respectively to produce ready-mixed concrete to supply for the needs of the region.

(17) 17. In 1996, the Bali, Hsulin, Xinying and Dounan factories were established in Bali Town and Hsulin Town, Taipei County, Yanshui Town, Tainan County and Dounan Town, Yunlin County respectively to produce ready-mixed concrete to supply for the needs of the region. The Zhonghua factory was closed due to urban land consolidation.

(18) 18. In 1997, the Luzhu, Renwu, Taichung, Dadu, Yilan and Hualien factories were established in Luzhu Town, Taoyuan County, Renwu Town, Kaohsiung County, Longjing Town and Dadou Town, Taichung County, Yuanshan Town, Yilan County and Ji'an Town, Hualien County respectively to produce ready-mixed concrete to supply for the needs of the region.

(19) 19. In April 1998, the Linkou factory was established to produce ready-mixed concrete to supply for the needs of the region.

(20) 20. In 2000, Tucheng, Tongxiao, Jiatai, Dahu and Xinshi factories were established in Tucheng City, Taipei County, Tongxiao Town, Miaoli County, Taibao City, Chiayi County, Shanhua Town, Tainan County and Hunei Town, Kaohsiung County respectively to produce ready-mixed concrete to supply for the needs of the region.

(21) 21. In November 2001, the Kaonan factory was established in Renwu Town, Kaohsiung County to produce ready-mixed concrete to supply for the needs of the region.

(22) 22. In October 2002, the Company started to set up factories in the Suzhou area of Mainland China. As of now, the Luzhi pile factory and Luzhi, Changshu, Taicang, Wuzhong, Wujiang and Kunshan ready-mixed concrete factories have been established.

(23) 23. In 2005, the Company invested and established concrete factories in Longyan City and Yongding County, Fujian Province.

(24) 24. In 2007, the Company invested and established concrete factories in Loudi City, Lianyuan City and Doushan Town, Hunan Province.

(25) 25. In August 2009, the Company invested and established the Taipei Port Terminal Company Limited, engaging in the construction and operation of the Bulk & General Cargo Terminal No.2 of Taipei Port.

(26) 26. In 2002, the Taichung factory was established in the Nantuen Industrial Park, Taichung to produce ready-mixed concrete to supply for the needs of the region.

(27) 27. In 2013, the Taipei Port factory was established in Bali District, New Taipei City to produce ready-mixed concrete to supply for the needs of the region.

(28) 28. In 2014, the Company acquired the factory equipment's of Dachong Concrete in Renwu District, Kaphsiung to later establish the Renwu factory to produce ready-mixed concrete to supply for the needs of the region.

(29) 29. On June 23, 2015, Taipei City Government granted the change of the Company's name from "Goldsun Constructions Co., Ltd" to "Golden Building Materials Co., Ltd."

(30) 30. In 2016, the Xizhi factory was established in Xizhi District to produce ready-mixed concrete to supply for the needs of the region.

(31) 31. In 2017, the Dongda factory was established in Hsinchu City to produce ready-mixed concrete to supply for the needs of the region.

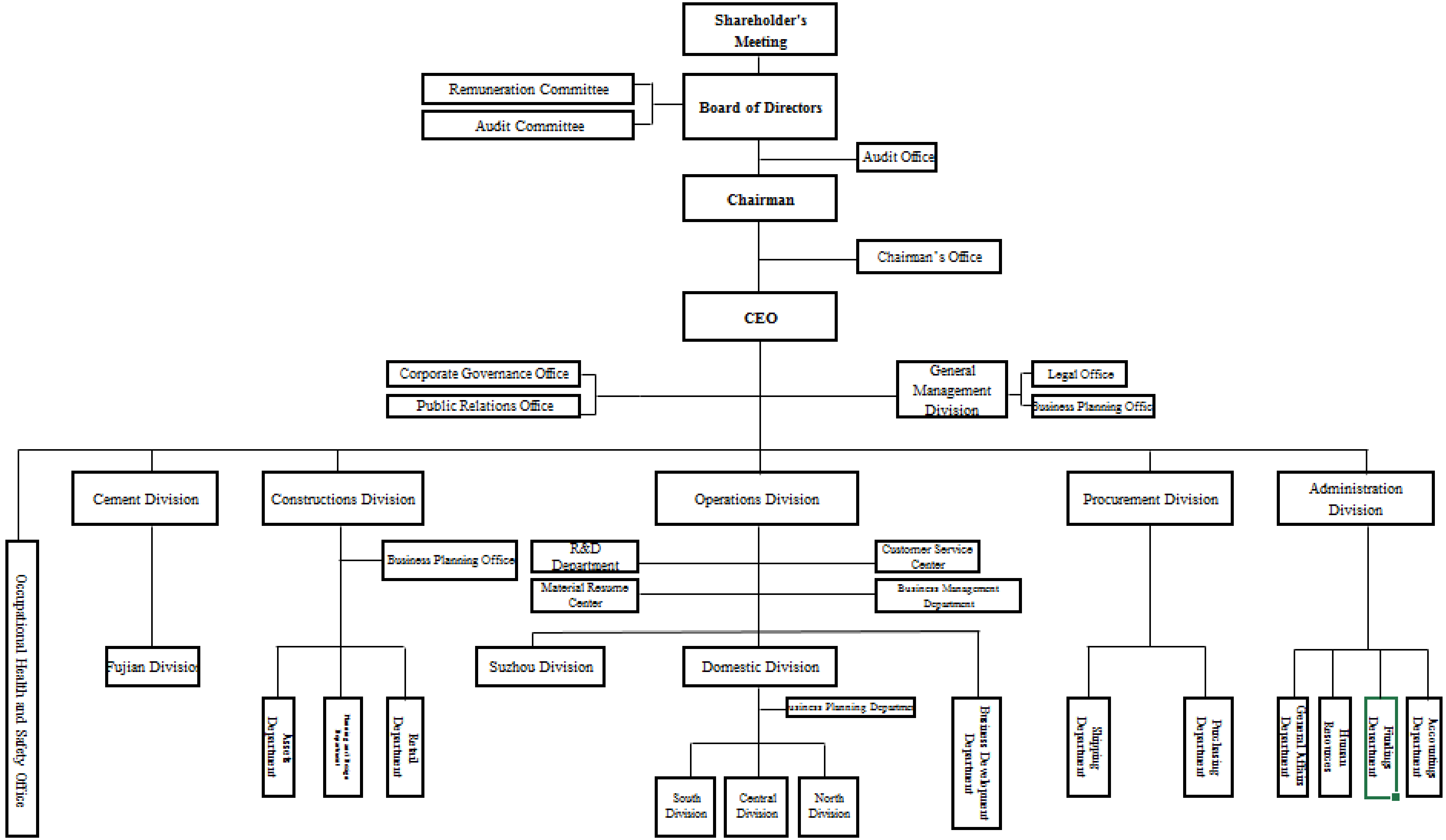
(32) 32. In 2018, the Gangshan factory was established in Kaohsiung to produce ready-mixed concrete to supply for the needs of the region.

(33) 33. The current capital of the Company is at NT$13,850,003,000.

III. Corporate Governance Report

1.Organization

(1) Organizational Chart



(2) Major Corporate Functions

Department	Functions
Audit Office	1. To set annual audit plan and implementation based on the risk assessment results of the internal control system. 2. To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.
Chairman's Office	1. To establish development strategy of the Group and Develop new businesses. 2. Responsible for the Chairman's stamp and communication between functions.
Corporate Governance Division	1. To handle matters related to the meetings of the Board of Directors and the shareholders' meeting in accordance with the applicable law, and assist the Company to comply with the relevant laws and regulations of the Board of Directors and the shareholders' meeting. 2. To prepare meeting minutes of the meeting of the Board of Directors and shareholders' meeting. 3. To provide the required material and latest development of the laws and regulations related to corporate management for the Directors to perform their duties and to assist the Directors to comply with the relevant laws and regulations. 4. Other matters required by the Articles of Incorporation and Contracts.
Public Relations Office	1. External contact and media news release. 2. Application management and audit of internal and external company image and the CI system. 3. To planning and implement various publicity activities for internal and external relations.
General Management Division	1. Business management analysis, legal affairs and project planning of each company of the Group.es. 2. To evaluate the feasibility and benefit of ventures. 3. To analyze business management of each subsidiary and affiliated company. 4. To plan and execute matters in relation of the Meetings of the Board of Directors.
Administration Division	1. To comprehensively plan and supervise on administrative business. 2. General affairs, planning of matters related to shareholders, procurement and management. 3. Human resource, planning and implementation of labor management. 4. To plan, coordinate and finance corporate funds and to manage securities and corporate seals. 5. Annual budgeting, Taxation planning and tracking and improvement of abnormal financial incidents. 6. To externally release and communicate public information and corporate information of the listing company.
Operations Division	1. Overall operational planning of the ready-mixed concrete business. 2. Goal-setting and implementation of the production, sales and quality of ready-mixed concrete products in Taiwan and Mainland China. 3. Research, development and improvement of manufacturing technology and product quality. 4. Execute and manage overall customer service satisfaction.
Procurement Division	1. To plan and implement objectives and effectiveness control for the procurement business. 2. To develop sources for sandstone supply and plan for quality control. 3. To manage ship safety, plan for shipping schedule and plan for shipping capacity.
Constructions Division	1. Comprehensive planning, execution and management of real estate development, purchase, sales, leasing, shopping mall operations, etc. 2. Evaluation, analysis and reporting of real estate marketing strategy, planning and design, and budgeting. 3. Group asset integration, joint development and contracting. 4. Construction project management and work integration.
Cement Division	1. Overall operational planning for the cement industry in the mainland. 2. To plan and implement objectives, operation management, effectiveness control and related systems of the cement factory. 3. To implement production, sales, quality, management, etc. of cement and related products.
Occupational Safety and health Office	To plan, supervise and promote safety and health management issues throughout the Company and guide relevant departments for implementation.

2.Directors, Supervisors and Management Team

(1) Information of Directors

Date: March 30, 2018

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	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		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Golden Flora Investment Company		2016.06.13	3	2010.06.18	4,591,775	0.31%	4,591,775	0.33%	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative Lin, Shiaw-Shinn	Male	2016.08.30	3	66.05.07	16,444,910	1.12%	16,844,910	1.22%	3,372,125	0.24%	-	-	Bachelor of Engineering, Tokyo University of Science	Chairman, Taiwan Secom Co., Ltd.	Director Director	Lin, Ming-Sheng Frank Lin	Son Son
Vice-Chairman	R.O.C.	Lin Teng Cultural and Educational Foundation		2016.06.13	3	96.06.28	3,531,470	0.24%	3,831,470	0.28%	-	-	-	-			-	-	-
	R.O.C.	Representative Hsu, Lan-Ying	Female	2016.08.30	3	105.08.30	1,194	-	1,001,194	0.07%	-	-	20,000	0.00%	Bachelor of Oriental Literature, Fu Jen Catholic University	General Manager, Administrative Department, Taiwan Secom Co., Ltd.	-	-	-
Director	R.O.C.	Lin, Ming-Sheng	Male	2016.06.13	3	93.06.25	7,397,115	0.50%	7,397,115	0.53%	59,590	0.00%	-	-	Ph.D. in Law, The University of California, Hastings College of the Law	Director, Taiwan Secom Co., Ltd.	Chairman Director	Lin, Shiaw-Shinn Frank Lin	Father Brother
Director	R.O.C.	Frank Lin	Male	2016.06.13	3	97.06.26	2,694,197	0.18%	2,694,197	0.19%	-	-	-	-	Master of Marketing Management, University of Middlesex	Vice-Chairman, Taiwan Secom Co., Ltd.	Chairman Director	Lin, Shiaw-Shinn Lin, Ming-Sheng	Father Brother
Director	R.O.C.	Wang, Chuang-Yen	Male	2016.06.13	3	87.05.28	22,724,113	1.55%	22,724,113	1.64%	5,308,751	0.38%	-	-	Chairman, Demao Transportation Co., Ltd.	Chairman, Demao Transportation Co., Ltd.	-	-	-
Director	R.O.C.	Lin, Tai-Hung	Male	2016.06.13	3	87.05.28	4,620,000	0.31%	4,620,000	0.33%	135,000	0.01%	-	-	Datong College of Banking Business	Chairman, Hung Hsiu Investments Co., Ltd.	-	-	-
Director	R.O.C.	Chang, Shih-Chung	Male	2016.06.13	3	96.06.28	6,445,748	0.44%	6,445,748	0.47%	-	-	-	-	MBA of California State University, USA	Chairman, Wellpool Co., Ltd. Vice-Chairman, Ambassador Theatres Company	-	-	-
Director	R.O.C.	Liao, Peh-Hsee	Male	2016.06.13	3	105.06.13	1,467,268	0.10%	1,467,268	0.11%	412,378	0.03%	-	-	MBA of University of San Francisco, USA	Director, China Electric Mfg. Corp. Chairman, Fufong Investment Co., Ltd.	-	-	-
Director	R.O.C.	Lin, Yu- Fang	Male	2016.06.13	3	105.06.13	-	-	60,000	0.00%	-	-	-	-	Ph.D., International Relations, University of Virginia	The Convenor of National Security, National Policy Foundation	-	-	-
Independent Director	R.O.C.	Lee, Yung-San	Male	2016.06.13	3	102.06.11	50,761	0.00%	50,761	0.00%	-	-	-	-	Ph.D., Philosophy, University of Wisconsin	Chairman, Li Ren Education Foundation	-	-	-
Independent Director	R.O.C.	Chan, Yin-Wen	Male	2016.06.13	3	105.06.13	-	-	-	-	-	-	-	-	Ph.D., Civil Engineering, University of Michigan	Professor, National Taiwan University	-	-	-
Independent Director	R.O.C.	Hung, Chi-Te	Male	2016.06.13	3	105.06.13	-	-	-	-	-	-	-	-	Master, Civil Engineering, National Taiwan University	Chairman, Taipei Professional civil Engineers Association	-	-	-

Table 1: Major shareholders of institutional shareholders

March 30, 2019

Name of Institutional Shareholders	Major Shareholders
Golden Flora Investment Company	Lin,Chun-Mei (68.99%), Hsu, Ming-The (18.86%), Hsu, Johnny Meng (4.51%), Chang, Lee-Ying (3.46%), Tsai, Chia-Jung (2.07%), Hu, Shu-Ching (2.07%), Lin, Fu-Mei (0.01%), Lee, Ho-Yuan (0.01%), Chu, Pao-Hui (0.01%), Huang, Li-Rong (0.01%)
Lin Teng Cultural and Educational Foundation	Not applicable

Table 2: Major shareholders of the Company’s major institutional shareholders: Not applicable

Information of Directors and Supervisors (2)

March 30, 2019

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	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	1	2	3	4	5	6	7	8	9	10	
Lin, Shiaw-Shinn	-	-	✓	✓	✓		✓			✓		✓		-
Hsu, Lan-Ying	-	-	✓			✓	✓			✓	✓	✓		-
Lin, Ming-Sheng	-	-	✓	✓		✓				✓		✓	✓	-
Frank Lin	-	-	✓	✓		✓				✓		✓	✓	-
Wang, Chuang-Yen	-	-	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	-
Lin, Tai-Hung	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chang, Shih-Chung	-	-	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	-
Liao, Peh-Hsee	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Lin, Yu- Fang	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Lee, Yung-San	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chan, Yin-Wen	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Hung, Chi-Te	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

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 applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(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 outstanding 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 any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.

(7) Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".

(8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

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

(10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Information of CEO, General Managers, Deputy General Managers and Associate Managers

Information of CEO, General Managers, Deputy General Managers and Associate Managers

March 30, 2019

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		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	R.O.C.	Hsu, Lan-Ying	Female	2014.06.27	1,001,194	0.07%	-	-	20,000	-	CEO, Bachelor	GM, Taiwan Secom Co., Ltd. Director, ChinYang Investment Co., Ltd. Director, Rei Shin Construction Co., Ltd.	CEO	Lin, Lei	Husband
CEO	R.O.C.	Lin, Lei	Male	2013.11.07	-	-	1,001,194	-	-	-	CEO, High School	Chairman, Goyu Building Materials Co., Ltd.	CEO	Hsu, Lan-Ying	Wife
GM	R.O.C.	Chen, Chiu-Lan	Female	2012.09.14	50,500	-	-	-	-	-	GM, Bachelor		-	-	-
GM	R.O.C.	Lin, Chiao	Male	2013.01.01	-	-	-	-	-	-	GM, Master	Director, Kuoyong Construction & Engineering Co., Ltd. Chairman, HwaYa Development Co., Ltd.	-	-	-
GM	R.O.C.	Cheng Lin, Chingpi(Note 1)	Female	2014.08.12	-	-	-	-	-	-	GM, High School	-	-	-	-
GM	R.O.C.	Liu, Chung-Chi	Male	2017.03.23	-	-	-	-	-	-	GM, Master	-	-	-	-
GM	R.O.C.	Wu, Chih-Jen	Male	2017.05.16	-	-	-	-	-	-	DGM, High School	Director, ChinYang Investment Co., Ltd. Supervisor, Taipei Port Terminal Co., Ltd., etc.	-	-	-
DGM	R.O.C.	Huang, Ching-Yi	Male	2010.03.26	165,119	0.01%	7,791	-	-	-	DGM, Junior college	-	-	-	-
DGM	R.O.C.	Chiu,Sui-Yi	Male	2013.03.25	20,180	-	-	-	-	-	DGM, Bachelor	Supervisor, HwaYa Development Co., Ltd. Supervisor, Rei Shin Construction Co., Ltd., etc.	-	-	-
DGM	R.O.C.	Yuan,Yu-Min (Note 2)	Male	2014.03.25	-	-	-	-	-	-	DGM, Junior college	-	-	-	-
DGM	R.O.C.	Yuan,Yu-Min (Note 2)	Male	2019.03.18	-	-	-	-	-	-	DGM, Junior college	-	-	-	-
DGM	R.O.C.	Chen,Chia-Yin	Female	2014.10.29	-	-	-	-	-	-	DGM, Master	-	-	-	-
DGM	R.O.C.	Chen , Wen - Te	Male	2017.01.01	16,200	-	101	-	-	-	AVP, Bachelor	-	-	-	-
DGM	R.O.C.	Yang, Chih-Chiang	Male	2017.05.16	2,868	-	-	-	-	-	AVP, Master	-	-	-	-
DGM	R.O.C.	Wen, Shang-Yuan	Male	2019.03.01	-	-	-	-	-	-	AVP, High School	-	-	-	-
AVP	R.O.C.	Yu, Chih-Hsing (Note 3)	Male	2011.08.16	-	-	-	-	-	-	AVP, Bachelor	-	-	-	-
AVP	R.O.C.	Wang,Tzu-Ping	Male	2015.12.21	-	-	-	-	-	-	AVP, Junior college	-	-	-	-
AVP	R.O.C.	Chen, Cheng-Chou	Male	2016.05.03	-	-	-	-	-	-	AVP, Junior college	-	-	-	-
AVP	R.O.C.	Lin, Hsun-Cheng	Male	2017.01.01	-	-	-	-	-	-	AVP, Junior college	-	-	-	-
AVP	R.O.C.	Cheng, Li-Yen	Female	2017.01.01	-	-	-	-	-	-	AVP, Bachelor	-	-	-	-
AVP	R.O.C.	Lin, Kuo-Chung	Male	2017.01.01	1,490	-	1,023	-	-	-	AVP, High School	-	-	-	-
AVP	R.O.C.	Hsieh,Sheng-Hung (Note 4)	Male	2017.05.16	-	-	-	-	-	-	AVP, Master	-	-	-	-
AVP	R.O.C.	Hsu, Hao-Hsiang	Male	2017.05.16	-	-	-	-	-	-	AVP, Junior college	-	-	-	-
AVP	R.O.C.	Tsai, Jia-Ru	Female	2017.10.01	-	-	-	-	-	-	AVP, Master	-	-	-	-
AVP	R.O.C.	Lin, Chia-Cheng	Male	2019.03.01	-	-	-	-	-	-	AVP, Master				
Accounting Manager	R.O.C.	Chiu,Sui-Yi	Male	2007.08.24	20,180	-	-	-	-	-	DGM Bachelor	Supervisor, Chinyang Investment Co., Ltd. Supervisor, Hwaya Development Co., Ltd. Supervisor, Rei Shin Construction Co., Ltd.	-	-	-
Financial Manager	R.O.C.	Tsai, Jia-Ru	Female	2018.03.21	-	-	-	-	-	-	AVP, Master	-	-	-	-

Note 1: Dismissed 2018.07.01, Note 2: Dismissed 2018.10.01, Note 3: Dismissed 2018.03.31, Note 4: Dismissed 2018.10.01

3. Remuneration of Directors, Supervisors, CEO, General Managers, and Deputy General Managers

(1)Remunerations of Directors (including independent directors)

Unit: NT$ thousand

Title	Name	Remunerations of Directors								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 (5)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
																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	The Company	Companies in the consolidated financial statements	
Chairman	Golden Flora Investment Company, Representative: Lin, Shiaw-Shinn	14,400	17,664	-	-	16,111	17,400	620	1,621	6.05%	7.13%	6,525	6,525	-	-	32	-	32	-	7.32%	8.4%	-
Vice-Chairman	Lin Teng Cultural and Educational Foundation, Representative: Hsu, Lan-Ying																					
Director	Lin, Ming-Sheng																					
Director	Frank Lin																					
Director	Wang, Chuang-Yen																					
Director	Chang, Shih-Chung																					
Director	Lin, Tai-Hung																					
Director	Liao, Peh-Hsee																					
Director	Lin, Yu- Fang																					
Independent Director	Lee, Yung-San																					
Independent Director	Chan, Yin-Wen																					
Independent Director	Hung,Chi-Te																					

* The concept of the remuneration disclosed in this table is different from that of income tax and, therefore, the purpose of this table is for information disclosure and is not taxable.

Range of Remuneration	Names of Directors			
	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
Under NT$ 2,000,000	Lee, Yung-San, Hung,Chi-Te, Chan, Yin-Wen, Lin, Ming-Sheng, Frank Lin, Wang, Chuang-Yen, Liao, Peh-Hsee , Lin, Yu- Fang, Lin, Tai-Hung, Chang, Shih-Chung	Lee, Yung-San, Hung,Chi-Te, Chan, Yin-Wen, Lin, Ming-Sheng, Frank Lin, Wang, Chuang-Yen, Liao, Peh-Hsee , Lin, Yu- Fang, Lin, Tai-Hung	Lee, Yung-San, Hung,Chi-Te, Chan, Yin-Wen, Lin, Ming-Sheng, Frank Lin, Wang, Chuang-Yen, Liao, Peh-Hsee , Lin, Yu- Fang, Lin, Tai-Hung, Chang, Shih-Chung	Lee, Yung-San, Hung,Chi-Te, Chan, Yin-Wen, Lin, Ming-Sheng, Frank Lin, Wang, Chuang-Yen, Liao, Peh-Hsee , Lin, Yu- Fang, Lin, Tai-Hung
NT$2,000,001 ~ NT$5,000,000	Lin Teng Cultural and Educational Foundation , Representative: Hsu, Lan-Ying	Lin Teng Cultural and Educational Foundation , Representative: Hsu, Lan-Ying	-	-
NT$5,000,001 ~ NT$10,000,000	-	Chang, Shih-Chung	-	Chang, Shih-Chung
NT$10,000,001 ~ NT$15,000,000	Golden Flora Investment Company, Representative: Lin, Shiaw-Shinn	Golden Flora Investment Company, Representative: Lin, Shiaw-Shinn	Lin Teng Cultural and Educational Foundation , Representative: Hsu, Lan-Ying, Golden Flora Investment Company, Representative: Lin, Shiaw-Shinn	Lin Teng Cultural and Educational Foundation , Representative: Hsu, Lan-Ying, Golden Flora Investment Company, Representative: Lin, Shiaw-Shinn
NT$15,000,001 ~ NT$30,000,000	-	-	-	-
NT$30,000,001~ NT$50,000,000	-	-	-	-
NT$50,000,001 ~ NT$100,000,000	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	12	12	12	12

(2) Remuneration of CEO, General Manager and Deputy General Manager

Unit: NT$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%))		Compensation Paid from an Invested Company Other than the Company's Subsidiary
		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			
CEO	Hsu, Lan-Ying	35,471	37,363	-	-	7,351	7,351	349	-	349	-	8.39%	8.75%	None
CEO	Lin, Lei													
General Manager	Lin, Chiao													
General Manager	Liu,Chung-Chi													
General Manager	Chen, Chiu-Lan													
General Manager	Cheng Lin,Chingpi													
General Manager	Wu, Chih-Jen													
Deputy General Manager	Huang,Ching-Yi													
Deputy General Manager	Sung, Ming-Fang													
Deputy General Manager	Chiu,Sui-Yi													
Deputy General Manager	Chen,Chia-Yin													
Deputy General Manager	Yuan,Yu-Min													
Deputy General Manager	Yang, Chih-Chiang													
Deputy General Manager	Chen , Wen - Te													

Range of remuneration paid to CEO, general managers and deputy general managers	Names of CEO, General Manager and Deputy General Manager	
	The Company	Companies in the consolidated financial statements
Under NT$2,000,000	Chen,Chia-Yin, Lin,Chingpi, Yuan,Yu-Min	Chen,Chia-Yin, Lin,Chingpi, Yuan,Yu-Min
NT$2,000,001 ~ NT$5,000,000	Huang,Ching-Yi, Lin, Chiao, Chiu,Sui-Yi, Wu, Wu, Chih-Jen, Liu,Chung-Chi, Chen, Chiu-Lan, Yang, Chih-Chiang, Chen , Wen-Te	Huang,Ching-Yi, Lin, Chiao, Chiu,Sui-Yi, Wu, Wu, Chih-Jen, Liu,Chung-Chi, Chen, Chiu-Lan, Yang, Chih-Chiang, Chen , Wen-Te
NT$5,000,001 ~ NT$10,000,000	Hsu, Lan-Ying, Lin, Lei	Hsu, Lan-Ying, Lin, Lei
NT$10,000,001 ~ NT$15,000,000	-	-
Under NT$2,000,000	-	-
Total	13	13

(3) Employees profit sharing granted to the management team

Unit: NT$ thousand

	Title	Name	Stock	Cash	Total	Rate of total amount to pure profits after tax (%)
Manager	CEO	Hsu, Lan-Ying	-	632	632	0.12%
	CEO	Lin, Lei				
	General Manager	Lin, Chiao				
	General Manager	Liu,Chung-Chi				
	General Manager	Chen, Chiu-Lan				
	General Manager	Wu, Chih-Jen				
	Deputy General Manager	Huang,Ching-Yi				
	Deputy General Manager	Chiu,Sui-Yi				
	Deputy General Manager	Chen,Chia-Yin				
	Deputy General Manager	Yang, Chih-Chiang				
	Deputy General Manager	Chen , Wen-Te				
	Associate Manager	Chen, Cheng-Chou				
	Associate Manager	Yu, Chih-Hsing				
	Associate Manager	Wang,Tzu-Ping				
	Associate Manager	Wen, Shang-Yuan				
	Associate Manager	Cheng, Li-Yen				
	Associate Manager	Lin, Kuo-Chung				
	Associate Manager	Xie, Sheng-Hong				
	Associate Manager	Hsu, Hao-Hsiang				
	Associate Manager	Lin, Hsun-Cheng				
	Associate Manager	Tsai, Jia-Ru				

(4) Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

i. Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and Companies in the consolidated financial statements to net profit after tax in individual financial statements of the recent two years.

Unit: NT$ thousand

Title	Ratio of total remuneration paid to net income			
	2018		2017	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	7.32%	8.40%	2.49%	2.68%
CEO, GM, DGM	8.39%	8.75%	1.50%	1.50%

ii. Policies and standards for the payment of remunerations by the Company and Companies in the consolidated financial statements:

A. The remunerations paid by the Company to the directors and supervisors are determined by the board of directors as stipulated in the Articles of Association adopted by the shareholders' meeting. The remunerations paid by the companies in the consolidated financial statement to the directors and supervisors, except for the Company, are determined in accordance with the general payment standard of the industry.

B. The remuneration of the Company's management is determined by the chairman of the board based on their operating performance and reference to peer standards. The remuneration paid by the companies in the consolidated financial statement to the management, except for the Company, is based on their operating performance and reference to peer standards.

C. The Company's remuneration policy is based on its current financial status and operating results, and the directors, supervisors and employee remuneration is distributed in accordance with the Company's Articles of Association to minimize the possibility of future risks.

4. Implementation of Corporate Governance

(1) Board of Directors

A total of five meetings of the Board of Directors were held from 2018 to the date of publication of the annual report. The attendance of directors was as follows:

Title	Name	Attendance	By proxy	Attendance Rate (%)	Remarks
Chairman	Golden Flora Investment Company, Representative: Lin, Shiaw-Shinn	4	1	80%	None
Vice-Chairman	Lin Teng Cultural and Educational Foundation, Representative: Hsu, Lan-Ying	5	-	100%	None
Director	Lin, Ming-Sheng	5	-	100%	None
Director	Frank Lin	5	-	100%	None
Director	Wang, Chuang-Yen	5	-	100%	None
Director	Lin, Tai-Hung	5	-	100%	None
Director	Chang, Shih-Chung	5	-	100%	None
Director	Liao, Peh-Hsee	3	2	60%	None
Director	Lin, Yu- Fang	5	-	100%	None
Independent Director	Lee, Yung-San	4	1	80%	None
Independent Director	Chan, Yin-Wen	4	1	80%	None
Independent Director	Hung, Chi-Tei	4	1	80%	None

Other mentionable items:

1.(1)If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(2)Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing: none.

2.If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

During the 15th meeting of the 21st Board of Directors of the Company on March 22, 2019, during discussions for the motion regarding the signing of the "Joint Investment Agreement" for the "12 Urban Land Renewal Projects, including the building located at No. 166, No. 166, Yucheng Section of Yucheng Section, Nangang District, Taipei City" between the Company and Taiwan Secom Co,. Ltd, due to their identity as related parties, Chairman of Lin, Shiaw-Shin and Director Lin, Ming-Sheng and Frank Lin recused themselves to avoid conflict of interest. Chairman Lin, Shiaw-Shin appointed Vice-Chairman Hsu, Lan-Ying as the acting-Chairman to act on his behalf to host discussions and resolution of the motion. The motion was passed as proposed after the acting-Chairman consulted other Directors and Independent Directors in attendance.

3.Measures taken to strengthen the functionality of the board: The Company has elected three Independent Directors during the shareholdings' meeting on June 13, 2016, and has set up the audit committee in replacement of the function of Supervisors according to applicable laws. In addition, in order to assist Directors in performing their duties and to enhance the effectiveness of the Board of Directors, the Board has established the "Operating Procedures for Handling of Director Requests" in the 15th meeting of the 21st Board of Directors on March 22, 2019.

(2) Audit Committee

i. Audit Committee

A total of five Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows,

Title	Name	Attendance	By proxy	Attendance Rate (%)	Remarks
Independent Director	Lee, Yung-San	5	-	100%	None
Independent Director	Chan, Yin-Wen	4	1	80%	None
Independent Director	Hung, Chi-Tei	4	1	80%	None

Other mentionable items:

1. If there are any of the following circumstances, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Disclosures required by the Article 14-5 of the Securities and Exchange Act

Meeting Date and period	Motions	Qualified Opinion from any Independent Director
3/20/2018 Period 1-9	1. The Company's 2017 annual individual financial statements and consolidated financial statements. 2. Proposed appointment of associate manager Tsai, Chia-Ru, Funds department for Financial Manager. 3. Proposed appointment of Manager Ma, Jing-Bang for Audit Manager. 4. The Company's 2017 Management's Reports on Internal Control.	Approved by all Independent Directors
5/8/2018 Period 1-10	The Company's consolidated financial statements for the first quarter of 2018	
8/7/2018 Period 1-11	The Company's consolidated financial statements for the second quarter of 2018	
11/13/2018 Period 1-12	1. The Company's consolidated financial statements for the third quarter of 2018 2. Proposed sale of the Chong-Mei building located in Zhongli District, Taoyuan City.	
3/21/2019 Period 1-13	1. The Company's 2018 financial statements 2. The Company's proposed 2018 Internal Control System Statement 3. Proposed amendments to the Company's Operational procedures for Acquisition and Disposal of Assets 4. Proposed endorsement of US $8,100,000 for Goldsun Cement (Fujan) Co., Ltd. 5. Proposed endorsement of NT $78,000,000 for Goyu Building Materials Co., Ltd. 6. Proposed signing of the "Joint Investment Agreement" for the "12 Urban Land Renewal Projects, including the building located at No. 166, No. 166, Yucheng Section of Yucheng Section, Nangang District, Taipei City" between the Company and Taiwan Secom Co,. Ltd.	

(2) Except for the matters stated above, other resolutions rejected by the Audit

Committee but was adopted by approval by two thirds or more directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs.
   (2) At least once a month, the audit and follow-up report shall be submitted to the members of the committee for review, and the Company's audit results, improvement of non-conformance found during audits, and the financial and business performance of the month shall be reported. The members shall provide their opinions according to the reports.
   (3) Internal Audit Manager and Accountant shall be present during the meetings of the Audit Committee to report to the Audit Committee regarding the auditing tasks and the accountant's auditing methods, scope and significant auditing adjustment and its description. The accountant shall also regularly conduct communication reports of the corporate governance unit and fully communicate with the Independent Directors.

(3) Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company's "Corporate Governance Best-Practice Principles" were established according to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". The principles were adopted in the 16th meeting of the 20th Board of Directors on November 13, 2015 and published on the Market Observation Post System and the Company's website.	None
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has established the "Shareholders' Suggestions, Doubts, Disputes and Litigation Procedures". The Company's website features functions such as "Investor", "Stakeholder" and "Contact Us" for shareholders to make inquiries and provide opinions. The Company has designated Spokesman, Acting Spokesman and shareholder unit to handle proposals from shareholders as well as matters in dispute.	(1) None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company has set up a shareholder unit and stock transfer agency to monitor the shareholdings of its Directors, Supervisors, Managers and major shareholders.	(2) None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The business between the Company and its affiliates are conducted with the price conditions and payment methods clearly defined according to the principle of fairness and reasonableness. The Company has also established the "Guidelines for Monitor and Management of Affiliates" to control all business transactions with affiliates.	(3) None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) In order to regulate the Company's Directors, managers and employees, as well as those who are aware of the Company's information based on professional relationships or equity, the Board of Directors passed the "Regulations Governing the Prevention of Insider Trading" in the 16th meeting on November 13, 2015 to prohibit any conduct that may involve insider trading and carry out trainings according to the regulations and applicable laws.	(4) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1) The Company has established the "Corporate Governance Best Practice Principles" (The overall power of the Board of Directors) ensuring the diversification of the member of the Board. In addition to limiting the number of the Director also occupying managing positions in the Company below one-third of the total number of Directors, the principles also set out appropriate diversification guidelines for the operation, operational type and development needs of the Board. See Note 1 for the professional qualifications of Directors.	(1) None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2) The Company has established the Remuneration Committee and Audit Committee in 2011 and 2016 respectively. The Company has not yet established other functional committees.	(2) None
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?		✓	(3) The Company has not yet established rules and procedures for the performance assessment of Director. However, the Company has established the Remuneration Committee to regularly assess the performance of Directors, managers and review payroll policies, standards and Structure, and compensations.	(3) None
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) In order to strengthen corporate governance procedures, the Board of Directors has held the 14th meeting of the 21 term Board of Directors to resolve the independence of Auditors and review the "Independent Statement" from the Auditors (Muriel Yu and HsinMin Hsu). The Company confirms that the auditor (including his spouse and minors, and immediate family members) and the Company have no other financial interests and business relationships other than audit, finance and taxation businesses and business registration fees.	(4) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. As a TWSE/TPEx listed company, does the Company establish a corporate governance (concurrent) unit or personnel responsible for the concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, executing matters pursuant to board of directors' resolutions, executing the corporate registration and change of registration, proceedings for the board of directors and shareholder meetings and so on)	✓		During the Board meeting on March 22, 2019, the Company resolved the appointment of Deputy General Manager Chiu,Sui-Yi as the head of corporate governance. Chiu has over three years of financial management experience with the Company. The main responsibilities of the corporate governance unit are as follows, a. To apply for company registration and changes thereof. b. To handle matters related to the meetings of the Board of Directors and the shareholders' meeting in accordance with the applicable law, and assist the Company to comply with the relevant laws and regulations of the Board of Directors and the shareholders' meeting. c. To prepare meeting minutes of the meeting of the Board of Directors and shareholders' meeting. d. To provide the required material and latest development of the laws and regulations related to corporate management for the Directors to perform their duties and to assist the Directors to comply with the relevant laws and regulations. e. Matters related to Investor Relations. f. Other matters required by the Articles of Incorporation and Contracts. In 2018, the unit has assisted in the holding of four Board meetings and one annual shareholders' meeting.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>✓</td><td></td><td>The means for communications between the Company and stakeholders include,
1. The annual shareholders’ meeting held in the second quarter, where the resolutions are voted on a case-by-case basis and shareholders are also able to exercise their voting rights through electronic voting and fully participate in the voting process.
2. The annual report published every year, which is accessible to all investors.
3. The monthly announcement of the revenue of the previous month published on the Market Observation Post System and the Company’s website.
4. The quarterly reports published on the Market Observation Post System and the Company’s website.
5. The Labor-Management Conference held every quarter, which establishes a two-way communication mechanism between the labor and management.
6. The annual supplier review and irregular visits to suppliers and visits from suppliers. The Company works with suppliers to improve corporate social responsibility.
7. After service is provided, our customer service center make phone calls to customers to survey customer satisfaction.
In addition, the Company provides dedicated hotlines in the Stakeholder section of its website (http://www.gdc.com) for investors, customers and suppliers. The Company also provides communication channels such as employee complaints system and spokesman system, which appropriately respond to important corporate social responsibility issues of concern to stakeholders.
Customer service hotline
Customer Servia Director
Manager Xie
0800-353-500
E-mail: service@gdc.com.tw
employee suggestions:
suggestion@gdc.com.tw</td><td>None</td></tr>
<tr><td>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>✓</td><td></td><td>The Company designates Yuanta Securities Co., Ltd. to deal with shareholder affairs.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) a. The Company has set up a "Investor " section on its website (www.gdc.com.tw) to disclose financial statement and shareholders' meeting information, stock price status, corporate governance, investors relation contact information, corporate social responsibility implementation status, ethical corporate management implementation status, communication between the Company and its independent director, auditor and accountant, and updates regularly for shareholders to review. b. Corporate governance disclosure: Including Meeting of the Board of Directors, internal audit, laws and regulations of the Company, Remuneration Committee, legal notices, investor contact, etc.	(1) None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2) a. Designated person for information collection and disclosure: The Company has designated a specific person to collect and disclose information regularly and irregularly. b. Implementation of spokesman system: The Company has appointed Deputy General Manager Chiu of the Accounting Department as the spokesman, and Manager Chang of General Management Division as the acting spokesman c. Disclosure of Institutional Investor Conferences: Information for the Company's 2018 Institutional Investor Conference has been disclosed on its website.	(2) None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. The company ensures employees' rights with good employee benefits. Regular health inspections are provided at all factories and head offices, and a number of sports equipment and courses are provided to promote physical and mental health. 2. The Company holds labor-management meetings every quarter to strengthen relationship between labor and management and protect employees' rights and interests. 3. The Company has established performance evaluation for various bonuses for the Management Department and all factories. 4. The Company has established a technical capability assessment system for quality control personnel to improve performance of quality control work and comprehensively improve concrete quality and services. 5. The continuing education of Directors still have some room to improve. 6. The Company’s Board of Directors has a good record of meeting attendance. 7. The Company has designated dedicated units for risk management policies and risk measurement standards. 8. The Company maintains a smooth communication channel with its customers and is performing well. 9. The Company’s Directors are able to comply with the provisions of the law, and all the proposals for interest are avoided from discussion and voting. 10. The company has insured liability insurance for Director.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explains the amendments or propose the priority measurements to the improvement items (unnecessary for the excluded companies).

(1) Improvements of the results from the 2017 review:

a. Does the Company's annual report disclose the implementation of the resolutions of the shareholders' meeting in the previous year?

b. Does the Company disclose in detail the results of the resolutions of the audit committee on major resolutions and the Company's comments on the audit committee in the annual report?

c. Does the Company establish policies to ensure diversity of the members of the Board of Directors and expose the implementation of the diversification policy to the annual report and company website?

d. Does the Company's Remuneration Committee hold at least two meetings every year, with each member attending at least two meetings?

The above four indicators were improved in the fifth corporate governance review in 2018.

(2) Priority issues of the fifth corporate governance review in 2018

a. Does the Company upload the English version of the meeting manual and the supplementary information of the meeting 21 days prior to the shareholders' meeting?

b. Does the Company upload an English version of the annual report 7 days prior to the shareholders' meeting?

c. Does the Company publish major announcement simultaneously?

d. Is the Company invited or does the Company hold at least two Institutional Investors Conferences, with the first and last conferences held three months apart.

The above four indicators will be improved to meet corporate governance indicators. In the future, The Company will maintain an effective corporate governance mechanism at all levels of its operations, implement information disclosure transparency and improve the interests of shareholders.

Note 1 Professional Qualifications of Directors

Core items for diversification / Name of director	Gender	1	2	3	4	5	6	7	8	9
		Professional background (Education)	Business judgment	Accounting and financial analysis	Business management	Crisis management	Industrial knowledge	International market outlook	Leadership	Decision-making ability
Lin, Shiaw-Shinn	Male	Business administration	V	V	V	V	V	V	V	V
Hsu, Lan-Ying	Female	Business	V	V	V	V	V	V	V	V
Lin, Ming-Sheng	Male	Law	V	V	V	V	V	V	V	V
Frank Lin	Male	Marketing	V	V	V	V	V	V	V	V
Wang, Chuang-Yen	Male	Business	V	V	V	V	V		V	V
Lin, Tai-Hung	Male	Commercial Marketing	V		V	V	V		V	V
Chang, Shih-Chung	Male	Business administration	V	V	V	V	V	V	V	V
Liao, Peh-Hsee	Male	Business administration	V	V	V	V	V	V	V	V
Lin, Yu- Fang	Male	Politics	V			V	V	V	V	V
Lee, Yung-San	Male	Economy	V	V	V	V	V	V	V	V
Chan, Yin-Wen	Male	Civil engineering	V		V	V	V		V	V
Hung,Chi-Te	Male	Civil engineering	V		V	V	V		V	V

(4) Composition, Responsibilities and Operations of the Remuneration Committee

i. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Identity (Note 1)	Condition / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Attribute (Note2)								Concurrent compensation committee position in other publicly listed companies	Remarks
		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	1	2	3	4	5	6	7	8		
Independent Director	Lee, Yung-San	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Re-elected (Note 3)
Other	Wei, Chi-Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	4	Re-elected (Note 3)
Other	Chen, Tai-Ran	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Re-elected (Note 3)

Note 1: Fill in the Identity with directors, independent directors or others

Note 2: All members comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick the appropriate corresponding boxes.

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

(2) Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent 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 outstanding 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 any of the persons in the preceding three sub-paragraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution, which has a financial or business relationship with the Company.

(7) Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

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

Note 3:

(1) The Company's Directors and Supervisors were reelected on June 13, 2016. The Board of Directors has resolved to appoint Lee, Yung-San, Wei, Chi-Lin and Chen, Tai-Ran as the Company's third term Remuneration Committee on the second meeting if the twenty-first term. Independent Director Lee, Yung-San acts as the committee convener.

(2) After the reelection of Directors and Supervisors, the new Board of Directors has reelected the committee members.

ii. Responsibilities of the Remuneration Committee

The Remuneration Committee will pay attention as a good faith manager to perform the following authority and submit the recommendations to the Board for discussion:

A. Set and periodically review the evaluation of the directors and managers performance and Remuneration policy, system, criteria and structure

B. Periodically evaluate and set the compensation for the directors and managers

iii. Attendance of Members at Remuneration Committee Meetings

A. There are three members in the Company's Remuneration Committee.

B. Current Term: From June 24, 2015 to June 19, 2019. A total of two (A) Remuneration

Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate (%)(B/A)	Remarks
Convener	Lee, Yung-San	2	-	100%	Independent Director
Member	Wei, Chi-Lin	2	-	100%	Non-Director
Member	Chen, Tai-Ran	2	-	100%	Non-Director
Other mentionable items: 1.If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. 2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

(5) Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Corporate Governance Implementation (1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?	✓		(1) The Company's board of Directors has passed the "Corporate Social Responsibility Best Practice Principles" in the 16th meeting of the 20th term on November 13, 2015, to act as a guideline for the Company's implementation of corporate social responsibility. The Company has prepared a corporate social responsibility report every year since 2014, and disclosed the annual corporate social responsibility report to the Market Observation Post System and its website. See the corporate social responsibility report for detailed implementation results.	(1) None
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	✓		(2) The Company has held trainings for corporate social responsibility on February 26, 2108, March 15, 2018 and September 26. 2018.	(2) None
(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		(3) The company promotes corporate social responsibility by the General Administration Division (concurrent), with the Deputy General Manager of the Department reporting the implementation status to the Board of Directors.	(3) None
(4) Does the company declare a reasonable salary remuneration policy, and integrate the appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	✓		(4) The Company's salary and human resource system are carried out in accordance with the provisions of the Labor Standards Act. In addition to assessing the performance of employees and implementing the reward and disciplinary system in accordance with the working rules, the	(4) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Company also stipulates its Articles of Incorporation that, if the Company makes a profit in the year, it should allocated a three percent employee compensation.	
2. Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials, which have low impact on the environment?	✓		(1) In order to develop a sustainable environment, the Company is committed to green production processes, including through the screening of raw materials and the reuse of waste, the development of product processes and the adjustment of ratios, and the improvement of the efficiency of service transportation processes, not only improving the quality of concrete quality, but also reducing the impact on the environment, so that the product can balance quality and reduce the impact on the environment. For detailed implementation status, see the CSR report.	(1) None
(2) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(2) The Company has maintained a budget for maintenance and renewal of ready-mixed factory equipment every year to reduce the negative impact on the environment during the operation of the Company. In recent years, the Company has also cooperated with environmental protection policies to update or increase the pollution prevention equipment of existing factories, for instance, pollution prevention equipment for settling basin, water meter installation, tire cleaning pool, aggregate bin, etc.	(2) None
(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	✓		(3) In terms of greening production process, in addition to carefully selecting the source of raw materials, the Company also conducts related research and development of new concrete in the process of concrete making, so that products can balance quality and reduce impact on the environment. Since 1999, the Company has implemented the greening process production plan, which has reduced the carbon emissions of 95.2kg CO2-e/T per ton of concrete due to the new formula ratio, reducing the success rate of each unit by 25.19%. Carbon emissions. For detailed implementation results, see the CSR report.	(3) None
3. Preserving Public Welfare (1) Does the company formulate appropriate management policies and	✓		(1) The Company complies with the Taiwan "Labor Standards Act",	(1) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
procedures according to relevant regulations and the International Bill of Human Rights?			"Act of Gender Equality" and other related labor laws and regulations when hiring employees, and has established " Employees Work Rules ", "Workplace Sexual Harassment Prevention Measure, Appeals and Disciplinary Measures" to safeguard labor rights and gender equality in the workplace.	
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	✓		(2) The Company has established a trade union, employee suggestion mail boxes, departmental meetings and other staff communication methods to properly establish a regular communication mechanism , and has set up the "Goldsun Building Materials Co., Ltd. Workplace Sexual Harassment Prevention Measure, Appeals and Disciplinary Measures" to handle sexual harassment complaints.	(2) None
(3) Does the company provide a healthy and safe working environment and organize training on safety and health for its employees on a regular basis?	✓		(3) The Company treats the safety and health of its employees as the top priority. In addition to the implementation of automatic inspection of factory manufacturing equipment in accordance with the law, the Company has set up checkpoints before, during and after the operation to ensure the safety of equipment, tools, places and procedures. The Company also holds labor safety and health education and training annually and irregularly.	(3) None
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have	✓		(4) The Company holds a labor-management meeting every quarter to establish a two-way communication mechanism between the labor and management, and has a staff mailbox, and records the meeting in the internal employee system announcement.	(4) None
(5) Does the company provide its employees with career development and training sessions?	✓		(5) In order to continuously improve the professional ability of the employees, all units implement "OJT" (on-the-job training) in daily work, for example, factory management/quality management/business personnel, the Company arranges professional trainings for the management function/quality management function/business function every year, given by It is taught by the "National Seed Trainer" or external professional teachers to teach various professional knowledge and skills.	(5) None
(6) Does the company establish any consumer protection mechanisms and appeal procedures regarding research	✓		(6)The Company has established an on-line customer service mailbox,	(6) None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
development, purchasing, producing, operating and service?			customer service system and service hotline on its website to ensure the rights of its customers.	
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	✓		(7) The Company meets the technical requirements for the production of ready-mixed concrete set forth by the “Chinese National Standards (CNS)"; Since 2003, our products have been awarded the "Excellent" mark by the "Good Ready-Mixed Concrete (GRMC)".; The Company has implemented ISO 9001 Quality Management System Certification on its factories to certify that the production process fully meet the requirement of ISO 9001.	(7) None
(8) Does the company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships?	✓		(8) In order to maintain quality of raw material supply, the Company has established the “Measures for the Assessment and Management of High Quantity Material Suppliers”. Products supplied by the suppliers should meet CNS standards and the establishment and operation of suppliers must be legal. In addition, only when the supplier’s technology, price, transportation and other conditions meet the screening criteria, as well as the suppliers passing field assessment and sample evaluation, can it be included in the list of qualified suppliers of Goldsun. The suppliers list is reviewed every month, and the suppliers are categorized according to the stability of supply and quality of materials to later determine the purchasing method.	(8) None
(9) Do the contracts between the company and its major suppliers include termination clauses, which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	✓		(9) The Company’s Board of Directors has established the “Regulations Regarding the Joint duty of the Company and Its Suppliers to Improve Corporate Social Responsibility” to pay attention to the issues of environmental protection and exert influence to encourage supply chain manufacturers and the Company to work together to protect the environment.	(9) None
4. Enhanced information disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	✓		The “Corporate Social Responsibility Report” and related information is disclosed on the Company’s website and the Market Observation Post System.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: The Company's Board of Directors has established the Corporate Social Responsibility Best Practice Principles on NNovember13, 2015, and has amended the principles on November 8. 2016. No significant inconstentiency has been found between actual operations of the Company and the principles.				
6. Other important information to facilitate better understanding of the company's corporate social responsibility practices: The Company's CSR reports are disclosed on its website and the Market Observation Post System (MOPS).				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: None				

(6) Ethical Corporate Management

Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				None
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		(1) The Company has established the "Ethical Corporate Management Best Practice Principles". The Administration Division is responsible for the formulation and supervision of the ethical corporate management policy and prevention plan. The results will be included in internal control to for tracking and reported to the Board of Directors regularly.	
(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		(2) The Company's "Procedures for Ethical Management and Guidelines for Conduct" specifies its operating procedures, behavioral guidelines, and disciplinary and appealing systems for violations to demonstrate ethical management and prevent unethical behavior.	
(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		(3)The Company's "Procedures for Ethical Management and Guidelines for Conduct" prohibits Directors, Management and all employees to engage in business behaviors stated in Article 7(2) and other behaviors of high unethical risk within business activities.	
2. Fulfill operations integrity policy				None
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) When the Company signs a contract, it should fully understand the integrity management status of the other party, and embed the Company's ethical management policies into the contract terms.	
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity? Does the Company work out policies to prevent conflicts of interest and provide proper statement channels?	✓		(2) The Company's Administrative Department is responsible for the formulation and supervision of ethical management policies and prevention programs, and reporting to the Board of Directors on a regular basis.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3)The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", defining the conflict of interest policy and providing a proper presentation channel.	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		(4) Internal auditors check the compliance of the accounting system and internal control system on a regular basis. Accountants also review the implementation of the Company's internal control system annually.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) 1. Law Compliance: With the theme of "Implementation of ethical corporate governance", we have collected important regulations regarding ethical corporate governance and handling of material inside information to promote during meetings or in internal announcements the matters that should be noted by the colleagues during business operations. 2. Education and training: Training programs such as "The value of corporate ethics "training,	

Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			professional ethics, confidentiality responsibilities, and related case studies were regularly scheduled. In 2018, 2 rounds of training were held with 21 employees attending, accounting for a total of 42 hours.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases? (3) Does the company provide proper whistleblower protection?	✓ ✓ ✓		(1) The Company has established "Procedures for Ethical Management and Guidelines for Conduct", defining a reporting and recommendation system and complaints pipeline. (2) The Company has established "Procedures for Ethical Management and Guidelines for Conduct", clearly stipulating the identity of the prosecutor and the content of the report remain confidential. (3) The Company has established "Procedures for Ethical Management and Guidelines for Conduct"; clearly stipulating that the Company has taken measures to protect the prosecutor from improper handling due to the report.	None
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		Related information is disclosed on the Company's website and the Market Observation Post System.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established "Procedures for Ethical Management and Guidelines for Conduct", and relevant operations of the Company are carried out in accordance with the procedures.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (such as review and revision of regulations): None.				

(7) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The principles are to be searched on MOPS and it's website (http://www.gdc.com.tw).

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

The information is to be searched on MOPS and it's website (http://www.gdc.com.tw).

(9) Internal Control System

i. Statement of Internal Control System

Goldsun Building Materials Co., Ltd.

Statement of Internal Control System

March 22, 2019

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2018:

A. The Company's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purpose is i. to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets); ii. The report has reliability, timeliness, transparency; iii. It is compliance with applicable rulings, laws and regulations.

B. 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 three stated objectives above. 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 the Company takes immediate remedial actions in response to any identified deficiencies.

C. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. Risk assessment, iii. Control activities, iv. Information and communication, and v. monitoring activities.

D. The Company has evaluated the design and operating effectiveness of its internal control system according to the previously mentioned Regulations.

E. Based on the findings of such evaluation, the Company believes that, on December 31, 2018, 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, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations

F. This Statement is an integral part of the Company's annual report for the year2018and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

G. This statement was passed by the board of directors in their meeting held on March 22, 2019, 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: Lin, Shiaw-Shinn

CEO: Hsu, Lan-Ying

ii.If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(10) 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 provisions, principal deficiencies, and the state of any efforts to make improvements.: None

(11) Major resolutions of shareholders' meetings and Board meetings held from the recent year to the date of publication of the annual report.

i. Major resolutions of shareholders' meetings

Meeting Date	Major Resolutions	Important Resolutions
June 20, 2018	Proposals for Ratification 1. The 2017 Business Report and Financial Statements Resolution: As a result of the vote, the total voting rights of the shareholders for the proposal were 1,044,485,553 rights, with 1,025,460,104 rights voting in favor of the proposal, accounting for 98.17% of the total voting rights, 229,469 rights voting against and 18,795,980 rights abstained/invalid. With the right voting in favor of the proposal exceeding the rights required by law, the proposal was approved as proposed.	The meeting approved the 2017 Business Report and Financial Statements. The 2017 consolidated revenue NT$16,413,790,000, the net profit after tax was NT$2,868,730,000, and EPS was NT$2.01.per share.
	2. Distribution of 2017 Earnings Resolution: As a result of the vote, the total voting rights of the shareholders for the proposal were 1,044,485,553 rights, with 1,025,142,992 rights voting in favor of the proposal, accounting for 98.14% of the total voting rights, 553,902 rights voting against and 18,788,659 rights abstained/invalid. With the right voting in favor of the proposal exceeding the rights required by law, the proposal was approved as proposed.	The meeting approved the distribution of NT$0.5 in cash. The Board set the ex-dividend date on August 7, 2018, and the cash dividend was paid on August 23, 2018.

ii. Major resolutions of Board Meetings

Meeting Date	Major Resolutions
March 21, 2018	(1) Approval of the 2017 employee remunerations. (2) Approval of the resolutions of the Company's remunerations committee. (3) Approval of the 2017 Business Report. (4) Approval of the 2017 financial statements and consolidated financial statements. (5) Approval of the distribution of 2017 earnings. (6) Approval of the 2017 internal control system statement. (7) Approval of the 2018 Business plan. (8) Approval of application for a credit line from the bank and authorization for Chairman to fully handle all contractual matters and the subsequent application of the credit within this amount. (9) Appointment of Assistant Manager Tsai, Jia-Ru, Funds Department as Financial Manager. (10) Appointment of Manager Ma, Ching-Bong, Audit Office as Internal Audit Manager. (11) Approval of Matters Regarding the 2018 Shareholders' Meeting. (12) Approval of Matters Regarding Acceptance of shareholder claims for the 2018 Shareholders' Meeting.
May 9, 2018	Approval of application for a credit line from the bank and authorization for Chairman to fully handle all contractual matters and the subsequent application of the credit within this amount.
August 8, 2018	Approval of application for a credit line from the bank and authorization for Chairman to fully handle all contractual matters and the subsequent application of the credit within this amount.
November 14, 2018	(1)Approval of sale of Chung-Mei Building located in Zhongli, Taoyuan City. (2)Approval of independent assessment of auditor. (3)Approval of application for a credit line from the bank and authorization for Chairman to fully handle all contractual matters and the subsequent application of the credit within this amount. (4)Approval of 2019 audit plan.
March 22, 2019	(1)Approval of the 2018 employees' remuneration. (2)Approval of the Resolutions of the Company's Remunerations Committee. (3)Approval of the 2018 Financial Statements. (4)Approval of the distribution of 2018 earnings. (5)Approval of the 2018 internal control system statement (6)Approval of the 2019 "business plans" (7)Approval of the amendments to the Company's "Operational procedures for Acquisition and Disposal of Assets" (8) Approval of the establishment of the "Operating Procedures for Handling of Director Requests" to assist Directors in performing their duties and to enhance the effectiveness of the Board of Directors (9) Approval of appointment of the "head of corporate governance" (10) Approval of application for a credit line from the bank and authorization for Chairman to fully handle all contractual matters and the subsequent application of the credit within this amount. (11) Approval of the endorsement of US$8,100,000 for Goldsun Cement

Meeting Date	Major Resolutions
	(Fujan) Co., Ltd. (12) Approval of the endorsement of NT78,000,000 for Goyu Building Materials Co., Ltd. (13) Approval of the election of the Company's 22rd Directors. (14) Approval of Matters Regarding the 2019 Shareholders' Meeting. (15) Approval of Matters Regarding Acceptance of shareholder claims for the 2019 Shareholders' Meeting. (16) Approval of Matters Regarding Acceptance of shareholder nomination for Directors for the 2019 Shareholders' Meeting. (17) Approval of the Company's nominee list for Directors and Independent Directors, and the review of qualifications of the nominees for Independent Directors. (18) Approval of the signing of the "Joint Investment Agreement" for the "12 Urban Land Renewal Projects, including the building located at No. 166, Yucheng Section of Yucheng Section, Nangang District, Taipei City" between the Company and Taiwan Secom Co,. Ltd.

(12) 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 material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

(13) A summary of resignations and dismissals, 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, and principal research and development officer: None.

5. Information Regarding the Company's Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit fee	Non-Audit fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company registration	Human Resources	Others	Subtotal		
Ernst & Young	Muriel Yu HsinMin Hsu	3,640	-	-	-	50	50	2018/1/1~ 2018/12/31	Note

Note: Others include NT$50,000 for certification for business tax deduction.

(2)The non-audit fee paid to certified CPA, certified Office of CPA and affiliated companies' accounts for over 1/4 to audit fee: None

(3)Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None

(4)The audit fee is reduced by over 15% compared with the previous year, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None

6. Replacement of CPA: None.

7. Disclosure of Any Instance of A Company Chairman, President, and Finance or Accounting Manager Having Held A Position in the Independent Auditing Firm or Its Affiliates over the Past Year: the Company's Chairman, Chief Executive Officer and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2017.

8.Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2018		As of March 30,2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase/ Decrease	Pledged Holding Increase (Decrease)
Chairman	Golden Flora Investment Company	-	-	-	-
	Representative: Lin, Shiaw-Shinn	-	-	100,000	-
Vice-Chairman	Lin Teng Cultural and Educational Foundation	300,000	-	-	-
	Representative: Hsu, Lan-Ying			1,000,000	
Director	Lin, Ming-Sheng	-	-	-	-
Director	Frank Lin	-	-	-	-
Director	Wang, Chuang-Yen	-	-	-	-
Director	Lin, Tai-Hung	-	-	-	-
Director	Chang, Shih-Chung	-	-	-	-
Director	Liao, Peh-Hsee	-	-	-	-
Director	Lin, Yu- Fang	-	-	-	-
Independent Director	Lee, Yung-San	-	-	-	-
Independent Director	Chan, Yin-Wen	-	-	-	-
Independent Director	Hung,Chi-Te	-	-	-	-
CEO	Hsu, Lan-Ying	-	-	-	-
CEO	Lin, Lei	-	-	-	-
General Manager	Chen, Chiu-Lan	-	-	-	-
General Manager	Lin, Chiao	-	-	-	-
General Manager	Cheng Lin,Chingpi (Note 1)	(50,000)	-	-	-
General Manager	Wu, Chih-Jen	-	-	-	-
General Manager	Liu,Chung-Chi	-	-	-	-
Deputy General Manager	Huang,Ching-Yi	-	-	-	-
Deputy General Manager	Chiu,Sui-Yi	-	-	-	-
Deputy General Manager	Yuan,Yu-Min (Note 2)	-	-	-	-
Deputy General Manager	Chen , Wen - Te	-	-	-	-
Deputy General Manager	Yang, Chih-Chiang	-	-	-	-
Deputy General Manager	Chen,Chia-Yin	-	-	-	-
Deputy General Manager	Wen, Shang-Yuan (Note 3)	-	-	-	-
Deputy General Manager	Yuan, Yu-Min (Note 4)	-	-	-	-

Note 1: Dismissed July 1, 2018
Note 2: Dismissed October 1, 2018
Note 3: Inaugurated March 1, 2019
Note 4: Inaugurated March 18, 2019

(2) Information on equity transfers in which counterparties were not related parties: None.

(3) Information on equity pledges in which counterparties were related parties: None.

9. Relationship among the Top Ten Shareholders

As of March 30, 2019
Unit: Shares; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shin Lan Enterprise Inc. Representative: Lee, Mei-Hui	92,742,839	6.70%	-	-	-	-	-	-	-
	90,517	0.01%	2,378	-	-	-	-	-	-
Taiwan Secom Co., Ltd. Representative: Lin, Shiaw-Shinn	89,875,518	6.49%	-	-	-	-	Titan Star International Co.,	Associated via equity method	-
	16,844,910	1.22%	3,372,125	0.24%	-	-	Shin Lan investment Co.,	Related by having a familial relationship within the second degree of kinship with the company's Chairman	-
							Yuan Hsing Investment Ltd.		-
							Cheng Shin Investment Ltd.	Responsible person of the company	-
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	59,742,000	4.31%	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Titan Star International Co., Ltd. Representative: Hsu,Te-Yu	55,309,747	3.99%	-	-	-	-	Taiwan Secom Co., Ltd.	Associated via equity method	-
	-	-	-	-	-	-	-	-	-
Shin Lan investment Co., Ltd. Representative: Frank Lin	30,463,983	2.20%	-	-	-	-	Taiwan Secom Co., Ltd.	Related by having a familial relationship within the second degree of kinship with the company's Chairman	-
	2,694,197	0.19%	-	-	-	-	Cheng Shin Investment Ltd.		-
							Yuan Hsing Investment Ltd.		-
Public Service Pension Fund	27,196,292	1.96%	-	-	-	-	Taiwan Secom Co., Ltd.	Responsible person of the company	-
Cheng Shin Investment Ltd. Representative: Chuang, Shu-Chu	16,844,910	1.22%	3,372,125	0.24%	-	-	Yuan Hsing Investment Ltd. Shin Lan investment Co.,	Related by having a familial relationship within the second degree of kinship with the	-
	22,724,113	1.64%	5,308,751	0.38%	-	-		-	-
							-		-
Wang, Chuang-Yen	19,801,774	1.43%	-	-			Taiwan Secom Co., Ltd.	Related by having a familial relationship within the second degree of kinship with the company's Chairman	-

Yuan Hsing Investment Ltd. Representative: Lin, Ming-Sheng	7,397,115	0.53%	59,590	-	-	-	Cheng Shin Investment Ltd.	-	-
	17,247,711	1.25%	-	-			Shin Lan investment Co., Ltd.		-
							Taiwan Secom Co., Ltd.		-
Lin, Shiaw-Shinn	16,844,910	1.22%	3,372,125	0.24%	-	-	Cheng Shin Investment Ltd.	Responsible person of the company	-
							Yuan Hsing Investment Ltd.	Responsible person of the company	-
							Shin Lan investment Co., Ltd.	Related by having a familial relationship within the second degree of kinship with the company's Chairman	-
									-

10.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

As of December 31, 2018
Unit: Shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Taipei Port Terminal Company Limited	180,000,000	72.00	70,000,000	28.00	250,000,000	100.00
Rei Shin Construction Co., Ltd.	377,000,000	100.00	-	-	377,000,000	100.00
Goldsun 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.	17,740,389	49.20	828,066	2.30	18,568,455	51.50
Hwa Ya Development Co., Ltd.	15,714,108	30.69	-	-	15,714,108	30.69
Taiwan Building Materials (Hong Kong) Limited	15,436,611	100.00	-	-	15.436,611	100.00
(Samoa) Ease Great Investments Limited	149,462,000	83.75	29,000,000	16.25	178,462,000	100.00
Jin Shun Maritime Limited	10,000,000	100.00	-	-	10,000,000	100.00
Yuan Shun Maritime Limited	38,900,000	100.00	-	-	38,900,000	100.00
Jing Shun Maritime Limited	1	100.00	-	-	1	100.00
	-		-	-	-	
Feng Shun Maritime Limited	1	100.00	-	-	1	100.00
Gimpo Marine Co., Ltd.	10,000,000	100.00	-	-	10,000,000	100.00

IV.Capital Overview

1. Capital and Shares

(1) Source of Capital in the Recent Decade

i.Issued Shares

Year	Month	Par Value	Authorized capital		Paid-in capital		Remarks		
			Shares	Amount	Shares	Amount	Source of capita	Capital increased by assets other than cash	Others
2006	Sep.	10.00	1,304,000,000	13,040,000,000	1,180,967,397	11,809,673,970	Capital increase (earnings)		**Note 1**
2007	Aug.	10.00	1,304,000,000	13,040,000,000	1,216,396,419	12,163,964,190	Capital increase (earnings)		**Note 2**
2008	July	10.00	1,304,000,000	13,040,000,000	1,277,216,240	12,772,162,400	Capital increase (earnings)		**Note 3**
2009	July	10.00	1,304,000,000	13,040,000,000	1,302,760,565	13,027,605,650	Capital increase (earnings)		**Note 4**
2010	Jan.	11.00	2,000,000,000	20,000,000,000	1,474,760,565	14,747,605,650	Capital increase (cash)	None	**Note 5**
2010	July	10.00	2,000,000,000	20,000,000,000	1,504,255,777	15,042,557,770	Capital increase (earnings)		**Note 6**
2011	June	10.00	2,000,000,000	20,000,000,000	1,519,298,335	15,192,983,350	Capital increase (earnings)		**Note 7**
2015	Oct.	10.00	2,000,000,000	20,000,000,000	1,494,717,335	14,947,173,350	Capital reduction (Treasury stock cancellation)		**Note 8**
2016	Jan.	10.00	2,000,000,000	20,000,000,000	1,468,000,335	14,680,003,350	Capital reduction (Treasury stock cancellation)		**Note 9**
2016	July	10.00	2,000,000,000	20,000,000,000	1,438,000,335	14,380,003,350	Capital reduction (Treasury stock cancellation)		**Note 10**
2016	Sep.	10.00	2,000,000,000	20,000,000,000	1,428,000,335	14,280,003,350	Capital reduction (Treasury stock cancellation)		**Note 11**
2017	Sep.	10.00	2,000,000,000	20,000,000,000	1,385,000,335	13,850,003,350	Capital reduction (Treasury stock cancellation)		**Note 12**

Note 1: Capital increase by earnings for 23,156,224 shares, approved by Financial Supervisory Commission, Executive Yuan on August 9, 2006, Approval No. 0950135087.
Note 2: Capital increase by earnings for 35,429,022 shares, approved by Financial Supervisory Commission, Executive Yuan on August 2, 2007, Approval No. 0960040986.
Note 3: Capital increase by earnings for 60,819,821 shares, approved by Financial Supervisory Commission, Executive Yuan on June 24, 2008, Approval No. 0970031453.
Note 4: Capital increase by earnings for 25,544,325 shares, approved by Financial Supervisory Commission, Executive Yuan on June 30, 2009, Approval No. 0980032557.
Note 5: Capital increase for 172,000,000 shares, approved by Financial Supervisory Commission, Executive Yuan on November 17, Approval No. 0980058738.
Note 6: Capital increase by earnings for 29,495,212 shares, approved by Financial Supervisory Commission, Executive Yuan on July 2, 2010, Approval No. 0990034355.
Note 7: Capital increase by earnings for 15,042,558 shares, approved by Financial Supervisory Commission, Executive Yuan on June 22, 2011, Approval No. 1000028696.
Note 7: Capital increase by earnings for 15,042,558 shares, approved by Financial Supervisory Commission, Executive Yuan on June 22, 2011, Approval No. 1000028696.
Note 8: Capital reduction by treasury stock cancellation for 24,581,000 shares, approved by Financial Supervisory Commission on October 30, 2015, Approval No. 1040044038.
Note 9: Capital reduction by treasury stock cancellation for 24,581,000 shares, approved by Financial Supervisory Commission on January 4, 2016, Approval No. 1040053993.
Note 10: Capital reduction by treasury stock cancellation for 30,000,000 shares, approved by Financial Supervisory Commission on May 2, 2016, Approval No. 1050015719.
Note 11: Capital reduction by treasury stock cancellation for 10,000,000 shares, approved by Financial Supervisory Commission on July 20, 2016, Approval No. 1050028238.
Note 12: Capital reduction by treasury stock cancellation for 43,000,000 shares, approved by Financial Supervisory Commission on July 13, 2017, Approval No. 1060026971.

ii. Type of Stock

Unit: Share

Type \ Share	Authorized Capital			Remarks
	Issued shares	Un-issued Shares	Total	
Common shares	1,385,000,335	614,999,665	2,000,000,000	TWSE-listed

(2) Status of Shareholders

As of March 30, 2019
Unit: Shares; Person

Number \ Shareholder	Governmental institutions	Financial institutions	Other Juridical Persons	Natural Persons	Foreign Institutions & Natural Persons	Total
No. of shareholders	9	2	270	89,727	199	90,207
Shareholding	17,275,777	61,184,280	459,654,173	688,485,984	158,400,121	1,385,000,335
Percentage	1.25%	4.42%	33.19%	49.71%	11.43%	100%

Note: Primary exchange-listed (or OTC-listed) companies shall disclose the shareholding of Mainland Area shareholders; "Mainland Area" refers to any people, juristic person, group, or other institution of the Mainland Area, or a company in which the same have invested in a third jurisdiction in accordance with Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area: None

(3) Shareholding Distribution Status

As of March 30, 2019
NT$ 10 par

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1 - 999	51,682	8,304,803	0.60%
1,000 - 5,000	23,555	53,202,079	3.84%
5,001 - 10,000	6,343	46,138,709	3.33%
10,001 - 15,000	2,762	32,784,678	2.37%
15,001 - 20,000	1,385	24,789,021	1.79%
20,001 - 30,000	1,446	35,597,117	2.57%
30,001 - 40,000	747	25,877,523	1.87%
40,001 - 50,000	488	22,327,324	1.61%
50,001 - 100,000	844	59,684,887	4.31%
100,001 - 200,000	490	69,007,478	4.98%
200,001 - 400,000	203	56,765,990	4.10%
400,001 - 600,000	72	35,431,903	2.56%
600,001- 800,000	47	32,957,859	2.38%
800,001 - 1,000,000	30	27,006,761	1.95%
1,000,001 - 9,999,999,999	113	855,124,203	61.74%
Total	90,207	1,385,000,335	100.00%

(4) List of Major Shareholders

As of March 30, 2019

Major Shareholders \ Shares	Shareholding	Percentage
Shin Lan Enterprise Inc.	92,742,839	6.70%
Taiwan Secom Co., Ltd.	89,875,518	6.49%
Fubon Life Insurance Co., Ltd.	59,742,000	4.31%
Titan Star International Co., Ltd.	55,309,747	3.99%
Shin Lan investment Co., Ltd.	30,463,983	2.20%
Cheng Shin Investment Ltd.	27,196,292	1.96%
Wang, Chuang-Yen	22,724,113	1.64%
Yuan Hsing Investment Ltd.	19,801,774	1.43%
Public Service Pension Fund	17,247,711	1.25%
Lin, Shiaw-Shinn	16,844,910	1.22%

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Item \ Year			2018	2017	Current year to March 30, 2019
Market price per share (Note 1)	Highest		10.35	10.2	8.97
	Lowest		8.00	6.65	8.53
	Average		9.24	8.83	8.60
Net Worth Per Share	Before distribution		14.07	14.21	-
	After distribution		(Note 2)	13.71	-
Earnings per share	Weighted average shares (1,000 shares)		1,385,000	1,400,096	-
	Earnings per share		0.37	2.01	-
Dividends per share (Note 2)	Cash dividends		0.25	0.50	-
	Stock dividend	Retained Earnings	-	-	-
		Capital surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on investment	Price/earnings Ratio (Note 3)		24.97	4.39	-
	Price/dividend ratio (Note 4)		36.96	17.66	-
	Cash dividend yield rate (Note 5)		2.71%	5.66%	-

In an event of capital increase by earnings or capital surplus, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued should be disclosed.

Note 1: Listing the highest and lowest market prices of common stocks for each year, and calculating the average market price for each year based on the annual transaction value and volume.

Note 2: The distribution of the Company's 2018 earnings was resolved by the Board of Directors and pending the resolution of the 2019 shareholder's meeting.

Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(6) Dividend Policy and Implementation Status

i. Dividend Policy

If there is a surplus in the final accounts of the Company, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the total amount of capital of the Company, and in accordance with the law and the competent authorities, the special surplus reserve shall be increased or rotated. If there is a surplus still, the Board of Directors shall prepare the surplus distribution case with the previous annual accumulation of undistributed surplus to present in the shareholders' meeting for resolution of distribution of shareholders' dividends and shareholder bonus.

The Company operates in a mature and stable environment. The Company's policy of surplus distribution takes into account the profitability and future funding needs of the Company, as well as factors such as the rights of the shareholders and the balance between dividends and the Company's long-term financial plans. Capital surplus shall be distributed either in cash or in share, where the proportion of cash dividends should not be less than ten percent.

ii. The proposed distribution of 2018 profits for the upcoming shareholders' meeting: The Board of Directors has resolved to issue a cash dividend of NT$0.25 per share on March 22, 2019.

iii. Major Changes expected to occur to the dividend policy: None.

(7) Impact on company financial results and EPS due to the issuance of bonus shares as proposed in the shareholders' meeting: Not applicable.

(8) Employee and Directors' and Supervisors' Remuneration

i. Information Relating to Employee and Directors' Remuneration in the Articles of Incorporation.
If the Company has a profit at the year's final accounting, it shall first deduct 3% of the balance as employee remuneration and no more than 3% of the balance as directors' remuneration. However, in the event where the Company still has accumulated loss, the amount to cover the deficit should first be retained.

ii The Estimated Basis for Calculating the Employee Remuneration and Directors' and Supervisors' Remuneration
Employee remuneration and directors' remuneration are estimated in line with the Articles of Incorporation. In the event of a difference between the estimated amount and the actual amount, the difference shall be stated as a change in accounting estimates and reported as profit or loss in 2019.

iii. Employee remuneration and directors' remuneration are distributed in the form of cash dividend or stock dividend. If there is any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed.

A. The distribution of employee remuneration and directors' remuneration were approved by the Board of Directors on March 22, 2019. The amount of cash distributed as employee remuneration and directors' remuneration were both NT$16,111,000. There was no discrepancy in the actual amount reported for 2017.

B. The amount of stock dividend and ratio of the total net profit after-tax and individual employee remuneration or individual financial report for the current period: Not applicable.

iv. The actual distribution of remuneration to employees, directors, and supervisors 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 remuneration to employees, directors, or supervisors, please state the discrepancy, cause, and how it is treated:

The 2017 remuneration to employees and remunerations to directors resolved by the Board of Directors on March 21 ,2018 were both NT$48,474,000, which were no different from the actual distributed amount. The resolution was later approved unanimously by the shareholder's meeting on June 20, 2018.

(9) Buyback of Treasury Stock: There were buyback in the current year.

2.Corporate Bonds

Corporate Bond Type		2014 Secured Corporate Bonds, Phase I
Issue date		December 25, 2014
Denomination		NT$1,000,000
Issuing and transaction location		R.O.C.
Issue price		Issue by denomination
Total price		NT$2,000,000,000
Coupon rate		Fixed rate 1.4%
Tenor		Five years December 25, 2014 to December 25, 2019
Guarantee agency		Bank of Taiwan
Consignee		Trust Dept., Land Bank of Taiwan
Underwriting institution		None
Certified lawyer		Yi Cheng Law Firm Attorney Kuo, Hui-Chi
CPA		Ernst & Young Muriel Yu, Tseng,Hsiang-Yu
Repayment method		1. Payment of interest: The interest is paid annually as per the coupon rate. 2. Repayment of principle: Repayment of 50% of the principle in the fourth year and the remaining 50% in the fifth year.
Outstanding principal		NT$1,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		Not applicable
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

3.Preferred Shares: None.

4.Global Depository Receipts: None.

5.Employee Stock Options: None.

6.New Restricted Employee Shares: None.

7.Satus of New Shares Issuance in Connection with Mergers and Acquisitions: None.

8.Financing Plans and Implementation: None.

V. Operational Highlights

1. Business activities

(1)Business scope

i. Main areas of business operations

Manufacture and distribution of ready-mixed concrete, asset integration and development, construction planning and design, shopping mall rental business, mining and production of cement and production and sales of professional fireproof building materials.

ii.Distribution of the Company's 2018 revenue

Main Divisions \ Year	2018		2017	
	Revenue	%	Revenue	%
Ready-mixed concrete	13,985,886	75.01	12,857,059	78.33
Cement	2,938,000	15.76	2,072,668	12.63
Fireproof building materials	992,797	5.32	915,187	5.58
Port	45,836	0.25	63,538	0.39
Others	682,287	3.66	505,344	3.07
Total	18,644,806	100.00	16,413,796	100.00

iii. Main products

Sales of ready-mixed concrete cement and fireproof building material, asset management, project development and planning and property operation and management.

iv.New products development

A. Refined ready-mixed concrete products (high performance concrete, self-compacting concrete, high flowability concrete, impermeable concrete, pervious concrete and mass concrete)

B. Continue to promote the follow-up research of minerals and chemical admixtures, and meet the different needs of customers under economic principles

C.In order to reduce the dependence on natural resources and minimize the production and use of cement clinker, which is energy-intensive and polluting, the Company is actively researching and developing to recycle industrial by-products and related alternative products for production ready-mixed concrete, and fully utilize the positive effects of concrete materials and reduce negative effects on the environment

D.Large-scale commercial complexes: planning and design of group headquarters, covering shopping mall and international hotel

E.Planning and construction of high-end resorts.

F.Other construction collaborations, urban renewal assessment and brand distribution and collaboration.

(2)Industry Overview

i. Current Status and Future Development

The concrete industry is the industry of cement product processing, as well as an industry for domestic demand. It is an upstream supply industry in Taiwan's construction system, and its industrial prosperity is greatly affected by public works and construction industries.

Currently, the ready-mixed concrete industry in the domestic market mostly consists of self-funded small, medium-sized enterprises with varying scales, whether legally or illegally founded, and on-site ready-mixed factories. The quality and technology of these companies vary vastly, and therefore, low quality and low price products occupy the market. In order to maintain sustainable operations, the Company has developed a variety of high value-added concrete products to improve its competitiveness.

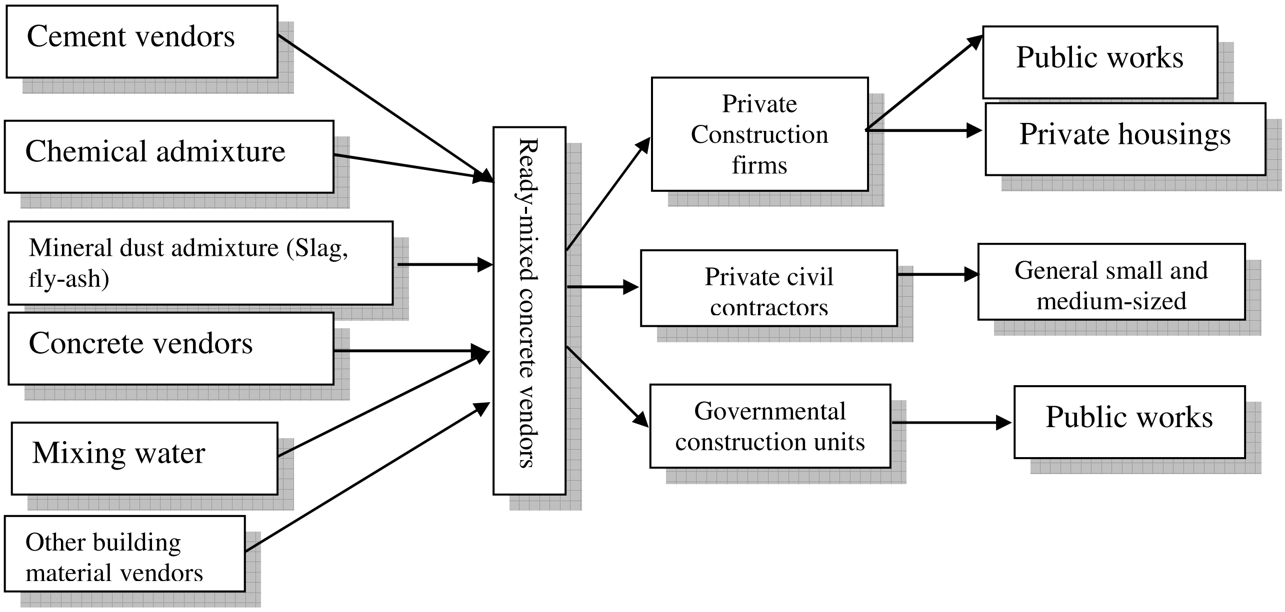
However, with the developments in society and economy, the rise of consumer consciousness and the growing emphasis in environmental and safety requirements, leading to a trend of high quality and high performance products, only the companies that value their own brand image and process leading quality and technology can survive in the increasingly competitive market and continue to grow.

In 2018, the domestic housing market grew modestly following the lead of the world's major economies. With the government promoting living justice, the adjustment of taxation for house ownership, and urban renewal, the market experienced steady growth. In addition, the resurgence of owner-occupancy led to a rebound in trading volume. According to the Ministry of the Interior, the number of buildings traded across Taiwan in 2018 reached 278,000, an increase of 4.5% from 2018. Steady growth for two consecutive years indicates a recovering housing market.

However, looking forward to 2019, with the China–United States trade war, Brexit, escalating political risks in the EU and other turbulences in the global economy, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan predicts that a global economic slowdown is likely, and therefore, affecting the domestic market.

ii. Relationship with Up-, Middle- and Downstream Companies

The structure of the Up-, Middle- and Downstream companies of the construction industry is shown in the following figure.



iii.Product Trends and Competition

A. Product Competition

"Ready-mixed concrete" is a concrete product industry. Although it is a typical domestic demand-oriented traditional industry, its related industries cover a wide range of industries, including cement industry (cement raw materials), mining industry (aggregate), steel industry (slag), electric power business (fly-ash) and other industries (additives, mixing water), etc. Each industry has its own industrial structure and qualities. The relationship between the operators is complex and involves the operation and interaction between them.

After the 921 earthquake, the issue of poor quality concrete has raised the concerns of societies. Quality improvement and control technology have been continuously proposed and improved. The production process of concrete in ready-mixed factories includes acquisition of materials, sampling analysis, mixed grading, design of mixture, testing of mixture, slump test, and production of specimen and curing of specimen, along with stirring, transporting, pumping, pouring, tamping, curing and other processes. The concrete construction needs to go through three environments (ready-mixed factory, transportation and the construction site), and with cooperation of the three environments. The finished product must be completed after the maintenance inspection. It cannot be separated during this period. Compared with the general manufacturing industry, its interface is complex, the manufacturing and environmental impacts are very intimate. Under the influence of multiple factors such as different structures, regions, environments, etc., to achieve the anticipated outcomes of concrete production, all aspects must be taken into consideration. Although it may not be like the high-tech industry that requires precision-scale measurement, it is a high-tech product of continuous changes in physics and chemistry.

Some opportunist believe that the concrete production and concrete structure construction is very simple, and the technical threshold is not high. This is the reason construction contractors and concrete vendors of all scales are beginning to pop up everywhere and creating a destructive competition nowadays. If this kind of disorderly and destructive completion continues, it will inevitably bring more hidden concerns to the quality of projects.

The ready-mixed concrete industry is now facing a vicious market competition. The fact that the industry is in a cutthroat competition is disputable. How to enhance the core competition of a company and how to cope with the market demand and coexist with the brutal competition is an issue that all ready-mixed concrete vendors must seriously consider.

B. Product Trends

Most traditional industries in Taiwan face a process of transformation. Most industries with high costs choose to move their production to countries with lower wages. However, ready-mixed concrete business, with their limitations of delivery and time, do not have the privilege to do so. In addition, traditional businesses in Taiwan tend to invest very little on self-branding. According to statistics, the annual average gross profit margin of traditional business in Taiwan is only around 6% to 8%. In recent years, many traditional industries are facing a transformational trend. In the future, ready-mixed concrete businesses need to put more effort on "branding" and "services" to change the image of traditional industries and make the market segmentation of the entire concrete market clear, so as to enhance sales and profit.

(3) Research and Development

	2019	2018	2017
Research Project	1. The effect of temperature of the environment on the setting time of high flowability concrete. 2. The effect of changes in curing water temperature on the strength development of high flowability concrete 3. The effect of concrete mixing and feeding sequence on the engineering properties of high flowability concrete.	1. Research on the production technology of fair-faced concrete. 2. The "cecycling economy" of using pozzolan as a material to practice renewable resources and sustainable development.	1. Research on the slow setting nature of concrete, taking the new construction of the China Life's Taipei Academy as an example 2. Measurement and control of adiabatic temperature rise of mass concrete.
R&D Expenses	9.56 million	8.32 million	8.37 million

(4) Long-term and Short-term Development

i. Short-term Development

A. In line with the development of regional markets in Taiwan and actively broaden the market to expand business development.
B. Create product added value, develop high value-added concrete products for product segmentation and create a business niche.

C. Enhance the depth and breadth of business development, strengthen customer service, and reduce customer complaints to improve service satisfaction.

D. Stabilize investment development in the Suzhou region of Mainland China and expand production capacity in the niche market in a timely manner to improve overall performance.

E. Asset activation: In line with the development of regional market development, Tainan Shopping Mall re-plan and renovated Tainan Shopping Mall and increase rental area to improve business performance.

F. Shopping mall branding: creating the shopping mall brands of CM Village in Zhongli and South Urban Village in Tainan. Establish reputation among customers.

ii. Long-term Development

A. With over 62 years of professional technology and business experience, we continue to develop and set up various niche markets to expand our business landscape and enhance business performance.

B. Carry out relevant business integration and combine group resources and competiveness to create higher benefit.

C. Improve brand image and product quality, increase the chances of customers' second purchase, and increase market share.

D. Asset activation: Actively invest in real estate development such as complex commercial buildings, international tourist hotels and residences.

E. Hotel management: Introduce international hotel brand collaborations to improve asset management.

2. Market and Sales Overview

(1) Market Analysis

i. Sales Region

The main product of the Company is ready-mixed concrete, which supplies the needs of the domestic construction industry, building industry and public works.

ii. Market Share (%) of Major Product Categories in the Last Two Years

Modern engineering structures are developing towards large spans, high floors and large loads, and must withstand the test of harsh environmental conditions. At the same time, water conservancy, electric power, road and bridge, airport and port construction also put forward higher requirements for the quality of ready-mixed concrete. It is a challenge to provide ready-mixed concrete that meets the technical requirements of various engineering structures at any time. It also is a challenge to the production technology and technological innovation capability of ready-mixed concrete suppliers, as well as an important condition for whether or not to seize the opportunities in the market competition.

The company has been in the concrete market as the leading brand of quality. In the consumer market, which is increasingly focused on quality and technology, it is a more favorable factor for the Company. The Company still has considerable confidence in the future market and market share.

According to the Department of Statistics, Ministry of Economic Affairs, the total sales of ready-mixed concrete in Taiwan in 2017 was 36,273,000 cubic meters, and the total sales in 2018 is expected to reach 39,733,000 cubic meters, an annual increase of 9.5%. With the economic growth expected to slow down in 2019, the ready-mixed concrete market will also be affected. Therefore, Goldsun’s total sales of ready-mixed concrete was approximately 6.59 million cubic meters in the 2018, an annual increase of 7.5% compared with 6.13 million cubic meters in 2017. However, with the interference of many uncertain factors, we will give our best effort to remain the current sales level.

iii.Market Analysis of Major Product Categories

After several years of consolidation, the Taiwan housing market is seeing a reduced sales volume and a stabilized price. In addition, with the solid demand of self-occupation starting to show and the influence of government policies such as joint taxation on building and land sales and luxury tax beginning to fade, the housing prices have fallen to a relative low. Only if the construction companies are willing to surrender part of their profit to narrow the gap between the buyers and sellers in terms of price will the housing market be able to stop falling and stabilize. With the unresolved trade dispute between China and the United States at this stage, if relevant authorities can turn the crisis into a turnaround to stimulate Taiwanese investment back to construction, and drive business opportunities around, it will also help properties develop.

On top of that, local orbital constructions, including metropolitan MRT construction, MRT extension project, Railroad Grade Separation and Undergroundization of the Taoyuan Railway, still occupy most of the major public constructions adopted by the National Development Counsel and the Forward-Looking Infrastructure. This type of local orbital constructions will help expand domestic demand and drive the surrounding housing market. On the other hand, urban renewal plans organized by county and city administrations, such as the Nangang Marshalling Yard and urban renewal plans of Hsinchu Rear Station and Yongkang District, Tainan City, upon completion of public infrastructures and MRT networks, will also lead the development of surrounding areas

iv.Favorable and Unfavorable Factors in the Long Term

A. Favorable Factors

- Excellent brand image, high quality recognition, nearly 61 years of industry experience, excellent management team, leading professional technology and R&D capability, high market mastery, wide customer base, good customer relationship, positive for business development.
- Regarding the production process and R&D, we adhere to the persistence of "Quality First", constantly innovate and cooperate with the ISO certification system. In recent years, the Company has actively participated in the promotion of GRMC (Good Ready-mixed Concrete) certification, which has made the Company's product quality stand out and has a positive impact on business development.
- Regarding raw materials, The Company has full control on the source of sandstone, ensuring the quality and cost advantages. The company currently has a dedicated sandstone dock in Taipei Port and has its own ship to transport sandstone from Mainland China to control costs and assume full control of the quality of sandstone.

B. Unfavorable Factors

- The ready-mixed concrete industry lacks the government of an authority, causing illegal ready-mixed concrete factories to compete with low prices and creating a disorder in the market. With the bad companies driving out the good, the situation for legal operators is dire.
- With limited land and high population in Taiwan, excessive land development is significantly reducing available space. With the market demand greatly reducing, many of our peers are striving to survive, and the price cuts drastically destroy the market price ecology.
- With the awareness of environmental protection, increased restrictions on construction, stricter implementation of restrictions on loading regulations, continued surge in oil prices, rising shortage of raw material prices, price cuts and low-price competition between peers and secondary factories have significantly

increased operating costs and risks. .

(2) Production Procedures of Main Products

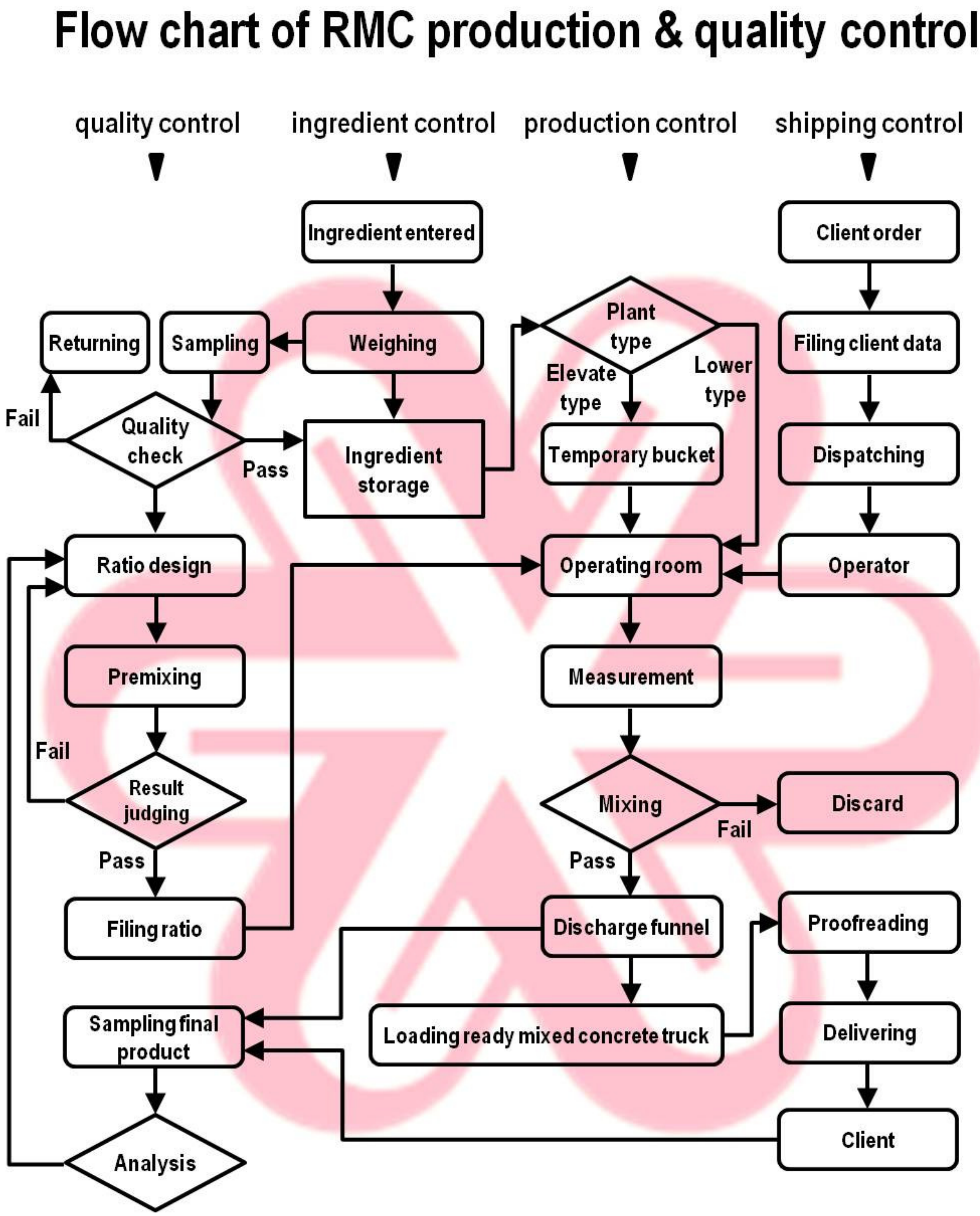
i. Major Products and Their Main Uses

The "ready-mixed concrete industry" is a processing industry for cement products, which consists of four to five kinds of cement, water; fine aggregate, coarse aggregate and selected admixtures (which may include blast furnace slag, fly-ash, microsilica, and chemical admixture). The main raw materials are precisely proportioned, automatically metered and mixed, and then transported to the construction site by ready-mixed vehicles.

Ready-mixed concrete, which is delivered in large amount and can be constructed rapidly, saves labor and time. It can also help reduce sandstone piling up roadside to reduce pollution. All of these qualities meet the requirements of today's environmental protection and is one of the main building materials for public works and private buildings. In addition, the product has superior quality and high strength and is used for today's constructions to ensure the safety of the building structure.

In order to meet the needs of today's various construction projects, the Company's production of concrete has also evolved from the "ordinary concrete" of the past to "high-performance concrete" with high strength, high flowability, high durability and low shrinkage. At the same time, in order to meet the needs of our customers' special projects, we also produce a variety of "customer-made concrete" to meet the needs and objectives of our customers.

ii. Production Process of RMC



(3) Supply Status of Main Materials

i.Cement:

Mainly supplied by domestic cement vendors, while foreign cement vendors supply some.

ii. Sandstone:

In Northern Taiwan, Sandstone is purchased from suppliers managed by the Company. In other regions, sandstone is purchased from the grading of legal dredging streams, the main source of supply is from Hualien River, Houlong River, Da'an River, Dajia River, Zhuoshui River and Laonong River.

(4) Major Suppliers and Clients

i. Major Clients Who Accounted for More than 10% of Total Sales in the Last Two Calendar Years.

No client accounted for more than 10% of total sales in 2018 and 2017.

ii. Major Suppliers Who Accounted for More than 10% of Total Purchase in the Last Two Calendar Years.

No supplier accounted for more than 10% of total purchase in 2018 and 2017.

(5) Production in the Last Two Years

Unit: NT$ thousands

Year / Product	2018			2017		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Ready-mixed concrete (meters) -Taiwan	9,000,000	6,413,812	10,824,702	9,000,000	5,987,822	10,247,575
Ready-mixed concrete (meters) - Suzhou	2,000,000	1,443,032	2,864,897	3,000,000	1,583,335	2,360,825
Calcium silicate and others (PU)	5,433,750	4,495,386	711,265	6,085,800	4,166,539	638,593
Clinker, cement (tons) - Fujian	2,100,000	2,013,715	2,692,502	2,000,000	1,609,528	1,701,527
Total	-	-	17,093,366	-	-	14,414,016

(6) Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Year / Product	2018				2017			
	Local		Export		Local		Export	
	Quantity	Amount	Quantit	Amou	Quantity	Amount	Quantit	Amoun
Ready-mixed concrete (M^3) – Taiwan	6,588,273	11,119,143	-	-	6,130,516	10,491,782	-	-
Ready-mixed concrete (M^3)- Suzhou	1,443,962	2,866,743	-	-	1,586,321	2,365,277	-	-

Product \ Year	2018				2017			
	Local		Export		Local		Export	
	Quantity	Amount	Quantit	Amou	Quantity	Amount	Quantit	Amoun
Clinker, cement - Fujian	2,092,508	2,797,855	-	-	1,805,405	1,908,300	-	-
Calcium silicate (including rock wool and glass wool)	4,387,286	990,417	8,100	2,24	4,070,807	915,187	-	-
Portland I Cement	57,284	140,145	-	-	68,314	164,368	-	-
Port income	-	45,836	-	-	-	-	-	-
Others	-	682,421	-	-	-	-	-	-
Total	-	18,642,560	8,100	2,24	-	16,413,796	-	-

3. Human Resources

Goldsun Building Materials Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees	Staff	517	541	533
	Technical worker	3	2	2
	Worker	1	1	1
	Driver	43	40	40
	Total	564	584	576
Average Age		43.29	43.41	43.51
Average Years of Service		11.02	10.88	11
Education	Ph.D.	0.18%	0.51%	0.52%
	Masters	4.79%	3.94%	3.99%
	Bachelor's Degree	44.86%	46.92%	46.88%
	Senior High School	42.9%	41.44%	41.32%
	Below Senior High	7.27%	7.19%	7.29%

Goldsun Building Materials (Fujian) Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees	Staff	79	68	68
	Technical worker	55	46	46
	Worker	156	164	163
	Driver	3	2	1
	Total	293	280	278
Average Age		39.67	41.56	42.01
Average Years of Service		7.32	7.96	8.28
Education	Ph.D.	0	0	0
	Masters	0	0	0
	Bachelor's Degree	14.68%	13.93%	14.03%
	Senior High School	31.74%	23.57%	23.74%
	Below Senior High	53.58%	62.50%	62.23%

Taipei Port Terminal Company Limited

Year		2017	2018	As of March 30, 2019
Number of Employees	Staff	11	11	8
	Technical worker	19	18	18
	Worker	0	0	4
	Driver	0	0	0
	Total	30	30	30
Average Age		38.3	37.73	37.40
Average Years of Service		1.8	2.51	2.79
Education	Ph.D.	0	0	0
	Masters	3.33%	0	0
	Bachelor's Degree	26.67%	30.00%	30.00%
	Senior High School	63.33%	66.67%	66.67%
	Below Senior High	6.67%	3.33%	3.33%

Kuoyung Construction & Engineering Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees	Staff	3	3	3
	Technical worker	0	0	0
	Worker	0	0	0
	Driver	0	0	0
	Total	3	3	3
Average Age		45	46.57	46.81
Average Years of Service		6	7.47	7.72
Education	Ph.D.	0	0	0
	Masters	33.33%	33.33%	33.33%
	Bachelor's Degree	66.67%	66.67%	66.67%
	Senior High School	0	0	0
	Below Senior High	0	0	0

Goldsun Nihon Cement Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees	Staff	6	7	7
	Technical worker	0	0	0
	Worker	0	0	0
	Driver	0	0	0
	Total	6	7	7
Average Age		43	46.96	47.21
Average Years of Service		11.4	10.82	11.07
Education	Ph.D.	0	0	0
	Masters	16.67%	0	0
	Bachelor's Degree	66.66%	85.71%	85.71%
	Senior High School	16.67%	14.29%	14.29%
	Below Senior High	0	0	0

Wellpool Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees	Direct labor	124	125	125
	Indirect labor	4	4	4
	Management/Administration/ R&D personnel	31	31	31
	Total	159	160	160
Average Age		41.1	41.42	43
Average Years of Service		7.04	6.96	8.7
Education	Ph.D.	0.63%	0.63%	0.63%
	Masters	1.89%	1.25%	1.25%
	Bachelor's Degree	21.38%	24.37%	25.00%
	Senior High School	56.60%	53.12%	52.50%
	Below Senior High	19.50%	20.63%	20.62%

Goyu Building Materials Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees Number of Employees	Staff	-	3	3
	Technical worker	-	2	2
	Worker	-	0	0
	Driver	-	0	0
	Total	-	5	5
Average Age		-	45.74	45.99
Average Years of Service		-	0.4	0.65
Education	Ph.D.	-	0	0
	Masters	-	0	0
	Bachelor's Degree	-	20.00%	20.00%
	Senior High School	-	80.00%	80.00%
	Below Senior High	-	0	0

Suzhou Division, Goldsun Building Materials Co., Ltd.

Year		2017	2018	As of March 30, 2019
Number of Employees Number of Employees	Staff	53	46	45
	Technical worker	61	64	64
	Worker			
	Driver	2	2	2
	Total	116	112	111
Average Age		39.56	40.95	42.12
Average Years of Service		9.27	10.09	11.21
Education	Ph.D.	0	0	0
	Masters	1.3%	1.3%	1.3%
	Bachelor's Degree	25.73%	26.48%	26.48%
	Senior High School	27.02%	27.78%	27.78%
	Below Senior High	45.95%	44.44%	44.44%

4. Environmental Protection Expenditure

(1) Total amount of losses (including compensation) and penalties due to environmental pollutions in the recent year and the current fiscal year up to the publication of the annual report.

Summary \ Year	2018	As of March 30, 2019
Pollution status (type, degree)	None (Complied with applicable orders)	None (Complied with applicable orders)
Object of compensation or disciplinary unit	None	None
Amount of penalty	None	None
Other losses	None	None

(2) Countermeasures (including improvement measures) and potential expenditures (including potential losses, penalties and compensation due to failure to implement improvement measures):

	2019
i. Proposed improvement measures	
A. Improvement plan	None
B. Expected environmental capital expenditures in the next three years	
· Proposed purchase of pollution prevention equipment or expenditure	None
· Expected improvement	None
· Amount	None
C. Impact after improvement	
· Impact on net profit	None
· Impact on competitive position	None
ii. Failure to take countermeasures	
A.Reason for failure to take countermeasures	Not applicable
B.Pollution	Not applicable
C.Potential loss and amount of compensation	Not applicable

(3) In order to implement a consistent environmental protection policy, the Company has designated budgeting every year in line with the building of factories to achieve complete recycling of pollution prevention equipment. In the recent years, we have continued to comply with new environmental protection regulations to update or increase the pollution prevention equipment of existing factories, such as settling basin, water meter installation, tire cleaning pool, aggregate bin and other pollution prevention equipment.

i. The Company's environmental policy and implementation philosophy

A. tory operation must comply with current environmental regulations, be considerate of nearby environment, and improve the quality of environmental protection to become a model among peers.

B. All factories have fully implemented industrial waste reduction and resource recovery measures to reduce operating costs and strengthen business competition.

C. The environmental protection and the factory safety and health system were implemented, aiming at the goal of "zero pollution to the environment" and "zero hazards in the factories".

ii. Equipment improvement, change in production program, recycling and reusing

A. Equipment waste (polluted) water and waste (sand, stone, mud) are automatically recycled and resourced, and various raw materials such as washing water and ready-mixed concrete are separated, concentrated and recycled to achieve the resource processing function.

B. The raw material (cement) is transported with high-efficiency pulsating dust collecting equipment, which limits the emission below environmental protection standards, and the recycling and reusing of the site ensures the quality of the product.

C. Raw materials (coarse and fine aggregate) are transported and stored in closed equipment to take into account production and environmental protection and try achieve zero pollution.

iii. Managing methods and performance

A. Factory inspection system

Closed equipment is used from the arrival of raw materials, transporting, storing, metering, and mixing to transporting to customer sites. During transportation, mixing and transportation of vehicles caused by equipment pollution, manual and mechanical automatic washing and recycling of waste (sewage) water, waste (sand, stone, mud) and resource processing.

B. Operation management system

The factory management team determines the equipment maintenance checkpoints of each factory, promotes the proposal system, and improves the process equipment.

iv. Training and promotion

A. Employee training

Participate in wastewater treatment technicians' workshops held by Environmental Protection Administration and industrial safety and health workshops, and regularly organize labor safety and health education and training.

B. Participate in studies promoted by Authorities.

v. Others

A. Industrial safety and health

Equipment manufacturing, installation and maintenance have been planned to ensure safety and to educate employees on industrial safety and health.

B. Environment

All aspects including transportation, storage, measurement, mixture of raw material and cleaning of road surface in the factory area have been fully considered. Purchase and development of various software and hardware meet the environmental requirements. The green environment enables employees to enjoy a comfortable working environment.

C. Protection measures for working environment and personnel safety

- Established the "Safety and Health Work Rules" and sent to the competent authority for filing (Filing No. 09230172500).
- Established the "Occupational Safety and Health Committee" and held regular meetings to ensure the safety of employees
- Appointed external professionals to perform annual fire inspection on the environment, and then the fire department performs a re-examination on the findings (April 27, 2016 and May 10, 2017).
- Access Control: The Company has implemented access control for all buildings and 24-hour security monitoring in public areas, corridors, elevators, driveways and emergency exits. Emergency intercom has been installed in underground parking lots and elevators. All factory areas are equipped with 24-hour security monitoring.
- First-aid appliances: AEDs and emergency bells are available on all office floors.
- Safety education and promotion: The Company has held annual trainings for occupational safety and health personnel. Occupational safety and health trainings are held in factory areas from February to March every year.

5. Labor Relations

(1) Various aspects of employee welfare measures, continuing education, retirement system and its implementation, as well as labor agreements, and employee protection measures

i Main items of employee welfare measures

A. Insurance

All employees are entitled to labor insurance and National Health Insurance. New recruits join employee group insurance upon date of arrival.

B. Employee health examination

The Company conducts physical examinations when hiring employees and performs regular health checks on employees in accordance with labor safety and health regulations.

C. Welfare activities

The Employee Welfare Committee regularly holds local and oversea travels and irregularly holds a variety of events every year to build rapport between employees, increase employee loyalty and boost morale.

D. Training and education

The Company organizes new employee orientation, management trainings, and professional skills trainings, and encourages employees to enroll in in-service education programs at colleges and universities to enhance employees' work knowledge, skills and correct their attitudes and behaviors. Taking account of the needs of the organization, training and educations will help enhance overall efficiency of the company, and maximize the value of its employees.

E. Retirement system and its implementation

The Company has established a comprehensive retirement system in accordance with the law, and established a labor retirement reserve supervision committee to supervise the withdrawal and use of pensions. The company has established a Supervisory Committee of Labor Retirement Reserve to oversee the allocation and deposit of the retirement reserve. In addition, upon implementation of the Labor Pension Act on July 1, 2015, the Company pays an amount not less than 6% of each employee's monthly salary as employee pension for applicable employees.

ii. Labor agreements

The company values the right of employees and respects the opinions of the trade union. The employers and employees regularly or irregularly communicate their opinions and resolve disputes. There has been no loss caused by labor disputes. The Company maintains a harmonious employer-employee relation.

(2) Any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, estimate of losses incurred to date or likely to be incurred in the future, and countermeasures: None.

(3) Any lawsuit or dispute between the employer and employee not yet resolved: None.

6. Important Contracts: None.

VI. Financial Information

1. Condensed Balance Sheets, Income Statement and Auditor's Opinions for the Past Five Fiscal Years

(1) Goldsun Group

i. Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2014	2015	2016	2017	2018
Current assets		22,299,594	17,615,632	14,343,429	11,334,642	12,529,732
Property, Factory and Equipment		25,952,483	28,111,254	22,194,139	9,227,807	8,154,592
Intangible assets		1,522,387	1,523,429	3,803,035	4,013,353	4,078,614
Other assets		14,843,174	15,566,879	12,803,365	10,130,500	10,946,142
Total assets		64,617,638	62,817,194	53,143,968	34,706,302	35,709,080
Current liabilities	Before distribution	15,888,466	17,483,166	27,864,755	9,606,201	11,021,908
	After distribution	16,496,185	17,339,366	27,864,755	10,298,701	Note 1
Non-current liabilities		18,506,654	17,626,966	6,387,365	3,980,096	4,106,880
Total liabilities	Before distribution	34,395,120	34,629,939	34,252,120	13,586,297	15,128,788
	After distribution	35,002,839	34,773,739	34,252,120	14,278,797	Note 1
Equity attributable to shareholders of the parent		24,412,580	23,054,508	17,538,732	19,682,502	19,482,295
Capital stock		15,192,983	14,680,003	14,280,003	13,850,003	13,850,003
Capital surplus		1,102,437	1,139,467	1,152,561	1,163,101	1,177,912
Retained earnings	Before distribution	7,504,334	6,799,614	2,011,833	4,790,063	4,603,083
	After distribution	6,896,615	6,655,814	2,011,833	4,097,563	Note 1
Other equity interest		641,752	461,471	104,374	(110,626)	(138,664)
Treasury stock		(28,926)	(26,047)	(10,039)	(10,039)	(10,039)
Non-controlling		5,809,938	5,132,747	1,353,116	1,437,503	1,097,997
Total equity	Before distribution	30,222,518	28,187,255	18,891,848	21,120,005	20,580,292
	After distribution	29,614,799	28,043,455	18,891,848	20,427,505	Note 1

Note 1: As of the printing date of the annual report, the Company has not yet held its annual Shareholders' Meeting.

ii. Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Year / Item	Financial Summary for The Last Five Years				
	2014	2015	2016	2017	2018
Operating revenue	35,077,508	28,848,228	25,999,313	16,413,796	18,644,806
Gross profit	3,384,856	238,414	(1,877,208)	1,053,047	1,407,877
Income from operations	889,404	(2,007,546)	(4,694,925)	3,063	449,982
Non-operating income & expenses	400,971	1,145,003	(4,136,040)	2,936,415	89,656
Income before tax	1,290,375	(862,543)	(8,830,965)	2,939,478	539,638
Net income(Loss)	1,068,273	(613,469)	(9,412,074)	2,868,733	591,187
Other comprehensive income (income after tax)	2,618	(461,758)	(263,362)	(247,068)	(29,426)
Total comprehensive income	1,070,891	(1,075,227)	(9,675,436)	2,621,665	561,761
Net income attributable to shareholders of the parent	808,117	18,687	(4,689,933)	2,810,899	514,839
Net income attributable to non-controlling interest	260,156	(632,156)	(4,722,141)	57,834	76,348
Comprehensive income attributable to Shareholders of the parent	856,616	(277,282)	(5,001,078)	2,563,230	485,808
Comprehensive income attributable to non-controlling interest	214,275	(797,945)	(4,674,358)	58,435	75,953
Earnings per share	0.53	0.01	(3.27)	2.01	0.37

(2) Goldsun

i. Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2014	2015	2016	2017	2018
Current assets		6,909,165	6,609,734	6,973,508	6,237,348	6,658,197
Property, Factory and Equipment		4,104,011	4,580,054	4,763,002	4,284,550	4,219,115
Intangible assets		11,087	9,786	11,435	11,954	14,293
Other assets		24,331,601	22,272,858	17,747,537	19,018,018	19,800,639
Total assets		35,355,864	33,472,432	29,495,482	29,551,870	30,692,244
Current liabilities	Before distribution	7,732,255	6,730,149	8,381,481	8,575,863	9,440,848
	After distribution	8,339,974	6,873,949	8,381,481	9,268,363	Note 1
Non-current liabilities		3,211,029	3,687,775	3,575,269	1,293,505	1,769,101
Total liabilities	Before distribution	10,943,284	10,417,924	11,956,750	9,869,368	11,209,949
	After distribution	11,551,003	10,561,724	11,956,750	10,561,868	Note 1
Capital stock		15,192,983	14,680,003	14,280,003	13,850,003	13,850,003
Capital surplus		1,102,437	1,139,467	1,152,561	1,163,101	1,177,912
Retained earnings	Before distribution	7,504,334	6,799,614	2,011,833	4,790,063	4,603,083
	After distribution	6,896,615	6,655,814	2,011,833	4,097,563	Note 1
Other equity interest		641,752	461,471	104,374	(110,626)	(138,664)
Treasury stock		(28,926)	(26,047)	(10,039)	(10,039)	(10,039)
Total equity	Before distribution	24,412,580	23,054,508	17,538,732	19,682,502	19,482,295
	After distribution	23,804,861	22,910,708	17,538,732	18,990,002	Note 1

Note 1: As of the printing date of the annual report, the Company has not yet held its annual Shareholders' Meeting.

ii. Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2014	2015	2016	2017	2018
Operating revenue	11,637,734	12,186,472	11,142,916	10,765,477	11,402,464
Gross profit	802,953	1,138,253	976,388	671,045	437,310
Income from operations	235,905	609,466	389,140	55,126	(114,252)
Non-operating income & expenses	580,898	(667,690)	(5,095,141)	2,751,886	619,069
Income before tax	816,803	(58,224)	(4,706,001)	2,807,012	504,817
Net income	808,117	18,687	(4,689,933)	2,810,899	514,839
Other comprehensive income (income after tax)	48,499	(295,969)	(311,145)	(247,669)	(29,031)
Total comprehensive income	856,616	(277,282)	(5,001,078)	2,563,230	485,808
Earnings per share	0.53	0.01	(3.27)	2.01	0.37

(3) Auditors' Opinions from 2014 to 2018

Year \ Item	Accounting Firm	CPA	Audit Opinion
2018	Ernst & Young	Muriel Yu, HsinMin Hsu	Unqualified opinion
2017	Ernst & Young	Muriel Yu, HsinMin Hsu	Unqualified opinion
2016	Ernst & Young	Muriel Yu, HsinMin Hsu	Unqualified opinion
2015	Ernst & Young	Muriel Yu, Zhang,Lan-Jing	Modified unqualified opinion
2014	Ernst & Young	Muriel Yu, Zeng,Xiang-Yu	Modified unqualified opinion

2. Five-Year Financial Analysis

(1) Consolidated Financial Analysis

i. Goldsun Group

Item	Year	Financial Analysis for the Last Five Years				
		2014	2015	2016	2017	2018
Financial structure (%)	Debt Ratio	53.23	55.13	64.45	39.15	42.37
	Ratio of long-term capital to property, factory and equipment	187.76	161.27	113.90	272.01	302.74
Solvency (%)	Current ratio	140.35	100.76	51.48	117.99	113.68
	Quick ratio	118.42	82.34	44.20	101.26	97.19
	Interest earned ratio (times)	460.00	(133.06)	(1,424.54)	2,269.79	465.93
Operating performance	Accounts receivable turnover (times)	4.47	3.79	3.78	2.58	2.78
	Average collection period	81.66	96.31	96.56	141.47	131.30
	Inventory turnover (times)	18.49	18.33	22.23	18.96	24.05
	Accounts payable turnover (times)	7.45	7.71	8.28	4.90	6.10
	Average days in sales	19.74	19.91	16.42	19.25	15.18
	Property, factory and equipment turnover (times)	1.43	1.07	1.03	1.05	2.15
	Total assets turnover (times)	0.57	0.45	0.45	0.37	0.53
Profitability	Return on total assets (%)	2.23	(0.48)	(15.40)	6.79	2.03
	Return on stockholders' equity (%)	3.65	(2.10)	(39.98)	14.34	2.84
	Pre-tax income to paid-in capital (%)	8.49	(5.88)	(61.84)	21.22	3.90
	Profit ratio (%)	3.05	(2.13)	(36.20)	17.48	3.17
	Earnings per share (NT$)	0.53	0.01	(3.27)	2.01	0.37
Cash flow	Cash flow ratio (%)	11.67	10.27	(16.60)	9.10	0.24
	Cash flow adequacy ratio (%)	42.10	31.44	13.37	10.30	(0.34)
	Cash reinvestment ratio (%)	3.95	2.85	(19.70)	4.31	(3.60)
Leverage	Operating leverage	6.93	(1.64)	(0.28)	666.85	5.21
	Financial leverage	1.68	0.84	0.89	-0.02	1.49

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Interest earned ratio decreased by 79%: mainly due to decrease in pre-tax income by NT$2.4 billion in 2018.
2. Inventory turnover and accounts receivable turnover increased by 27% and 24% respectively: mainly due to increase in cost of goods sold by 12% in 2018.
3. Average days in sales decreasing by 21%: mainly due to increase in inventory turnover by 27% in 2018.
4. Property, factory and equipment turnover and total assets turnover increasing by 105% and 42% respectively: mainly due to increase in net sales by 14% in 2018.
5. Return on total assets and return on stockholders' equity decreased by 70% and 80% respectively: mainly due to decrease in net profit by NT$2.3 billion in 2018.
6. Pre-tax income to paid-in capital decreased by 82%: same as 1.
7. Profit ratio and earnings per share decreased by 82% and 81% respectively: same as 5.
8. Cash flow ratio decreased by 97%: mainly due to decrease in net cash flow from operating activities in 2018.
9. Cash flow adequacy ratio decreased by 103%: same as 7.
10. Cash reinvestment ratio decreased by 183%: same as 7.

11 Operating leverage decreased by 99%: mainly due to increase in operating profit in 2018.

12. Financial leverage increased by 6530%: same as 11.

ii.Goldsun

Item		Year: Financial Analysis for the Last Five Years 2014	2015	2016	2017	2018
Financial structure (%)	Debt Ratio	30.95	31.12	40.54	33.40	36.52
	Ratio of long-term capital to property, factory and equipment	673.09	583.89	443.29	489.57	503.69
Solvency (%)	Current ratio	89.36	98.21	83.20	72.73	70.53
	Quick ratio	76.75	86.14	74.54	63.37	62.22
	Interest earned ratio (times)	1,108.55	42.72	(4,391.57)	2,888.52	614.09
Operating performance	Accounts receivable turnover (times)	3.04	2.90	2.75	2.68	2.70
	Average collection period	120.07	125.86	132.73	136.19	135.19
	Inventory turnover (times)	29.42	29.77	27.51	27.06	28.59
	Accounts payable turnover (times)	5.94	6.44	6.98	7.03	6.89
	Average days in sales	12.41	12.26	13.27	13.49	12.77
	Property, factory and equipment turnover (times)	2.95	2.81	2.39	2.38	2.68
	Total assets turnover (times)	0.33	0.35	0.35	0.36	0.38
Profitability	Return on total assets (%)	2.59	0.30	(14.62)	9.80	1.98
	Return on stockholders' equity (%)	3.37	0.08	(23.11)	15.10	2.63
	Pre-tax income to paid-in capital (%)	5.38	(0.40)	(32.96)	20.27	3.64
	Profit ratio (%)	6.94	0.15	(42.09)	26.11	4.52
	Earnings per share (NT$)	0.53	0.01	(3.27)	2.01	0.37
Cash flow	Cash flow ratio (%)	(10.18)	9.27	3.62	2.77	(0.23)
	Cash flow adequacy ratio (%)	5.48	(0.27)	(3.44)	5.00	12.91
	Cash reinvestment ratio (%)	(2.92)	0.06	0.78	1.17	(3.47)
Leverage	Operating leverage	5.35	2.59	3.53	20.39	(7.83)
	Financial leverage	1.52	1.20	1.37	(1.21)	0.54

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Interest earned ratio decreased by 79%: mainly due to decrease in pre-tax income by NT$2.3billion in 2018.
2. Return on total assets and return on stockholders' equity decreased by 80% and 83% respectively: mainly due to decrease in net profit by NT$2.3 billion in 2018.
3. Pre-tax income to paid-in capital decreased by 82%: same as 1.
4. Profit ratio and earnings per share decreased by 83% and 81% respectively: same as 2.
5. Cash flow ratio decreased by 108%: mainly due to decrease in net cash flow from operating activities in 2018.
6. Cash flow adequacy ratio decreased by 158%: mainly due to increase in net cash flow from operating activities in the last five years.
7. Cash reinvestment ratio decreased by 397%: same as 5.
8. Operating leverage decreased by 138%: mainly due to decrease in operating profit in 2018.
9. Financial leverage increased by 144%: same as 8.

Note: The analysis of the item for calculating formula is as follows.

1 Capital structure

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term capital to real estate, factory and equipment ratio = (Total equity + Long-term liabilities) / Net real estate, factory and equipment

2. Stability

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses) / Current liabilities

(3) Interest coverage ratio = EBIT / Current interest expenses

3. Operating performance

(1) Accounts receivable turnover (including account receivable and note receivable resulting from operations) = Net sales / Average accounts receivable balance for each period (including account receivable and note receivable resulting from operations)

(2) Average cash cycle (days) = 365 / Accounts receivable turnover

(3) Inventory turnover = COGS / Average inventory

(4) Accounts payable turnover (including account payable and note payable resulting from operations) = COGS/ Average accounts payable balance for each period (including account payable and note payable resulting from operations)

(5) Average operating cycle (days) = 365 / Inventory turnover

(6) Real estate, factory and equipment turnover = Net sales / Net real estate, factory and equipment

(7) Total asset turnover = Net sales / Total assets

4. Profitability

(1) Return on assets = [Net profit (loss) + interest expense × (1 - tax rate)] / average total assets

(2) Return on equity = Net profit (loss) / average total equity

(3) Net margin = Net profit (loss) / net sales

(4) EPS = (Net profit - dividend on preferred stock) / Weighted average outstanding shares

5 Cash flow

(1) Cash flow ratio = Net cash flow from operations / Current liabilities

(2) Cash flow adequacy ratio = Net cash from operations over the past five years / (Capital expenses + change in inventory + cash dividends) over the past five years

(3) Cash flow reinvestment ratio = (Net cash flow from operations - cash dividends) / (Gross real estate, factory and equipment + long-term investments + other assets + operating capital).

6. Leverage

(1) Operating leverage = (Net operating revenues - variable operating costs and expenses) / Operating profits

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

Note 4: The calculation of the earnings per share of the preceding paragraph shall pay special attention to the following:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half-year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5: Cash flow analysis should pay special attention to the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the

balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.

4. Cash dividends include cash dividends for common stock and special shares.
5. Net factory property and equipment means the total amount of Property, factory and equipment before deducting accumulated depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variable. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the company's shares are not denominated or the denomination is not NT$10, the calculation of the proportion to the paid-in capital above is calculated by the equity ratio of the balance sheet attributable to the owner of the parent company.

3. Audit Committee’s Report for the Most Recent Year

Inspection Report of Audit Committee

The Board of Directors has prepared the Company's 2018 consolidated financial statements and individual financial statements. Auditors Muriel Yu and HsinMin Hsu of Ernst & Young have audited the financial statements and issued an audit report stating unqualified opinion. The aforementioned financial statements, along with the business report and Loss make-up proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To:

2019 Annual Shareholders’ Meeting

Goldsun Building Materials Co., Ltd.

Convener of the Audit Committee:

March 22, 2019

4. Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017, and Independent Auditors' Report

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, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, and their consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, 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 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 2018 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.

Evaluation for Deferred tax assets

As of December 31, 2018, the Group's Deferred tax assets amounted to NT$640,448 thousand. Deferred tax assets were recognized for all carryforward of unused tax losses and unused tax credits that was affected by the assumptions of management related to probable taxable profit of the Company and assessment result from the local tax authorities. The impairment assessment process involves significant management judgment of assumptions used and the calculation model is complicated as well. We determined the matter as a key audit matter.

Our audit procedures included (but not limited to) the following:

1. Obtaining and evaluating the data and assumption of future taxable profit amount from the management, which including revenue growth rate, gross profit margin, operating expense rete and taxable profit

2. Analyzing the historical financial information and industry forecast prepared by the management to evaluate the reasonableness.

We also consider the appropriateness of the disclosures of deferred tax assets and accounting assumption. Please refer to Note5 and 6.

Revenue Recognition

Revenue from contracts with customers that recognized by the Group amounted to NT$18,485,361 thousand for the year ended December 31, 2018, 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 consolidated subsidiaries, which statements reflected total assets of NT$795,883 thousand, constituting 2% of consolidated total assets as of December 31, 2017, and total operating revenues of NT$0 thousand, constituting 0% of consolidated operating revenues for the years ended December 31, 2017. 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. 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 years 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 years 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 9, “Financial Instruments” and 15, “Revenue from Contracts with Customers” starting from January 1, 2018, 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 2018 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, 2018 and 2017.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 22, 2019

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, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$2,334,885	7	$2,365,160	7
Financial assets at fair value through profit or loss, current	4 and 6	51,332	-	-	-
Financial assets at fair value through other comprehensive income, current	4,6 and 8	574,891	2	-	-
Available-for-sale financial assets, current	4,6 and 8	-	-	742,455	2
Financial assets at amortized cost, current	4,6 and 8	305,010	1	-	-
Debt instrument investments for which no active market exists, current	4,6 and 8	-	-	161,495	-
Notes receivable, net	4,5 and 6	1,814,410	5	1,674,946	5
Accounts receivable, net	4,5 and 6	5,519,714	15	4,378,375	13
Accounts receivable-related parties, net	4,5,6 and 7	9,346	-	11,791	-
Other receivables		74,482	-	360,263	1
Other receivables-related parties	7	28,093	-	25,625	-
Current tax assets	4 and 6	-	-	6,892	-
Inventories, net	4 and 6	770,053	3	663,390	3
Prepayments		1,046,885	2	941,223	3
Other current assets		631	-	3,017	
Total current assets		12,529,732	35	11,334,632	34
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,5,6 and 8	1,538,764	4	-	-
Available-for-sale financial assets, non-current	4,5,6 and 8	-	-	1,070,944	3
Financial assets at amortized cost, non-current	4 and 6	15,800	-	-	-
Financial assets measured at cost, non-current	4 and 6	-	-	472,756	1
Debt instrument investments for which no active market exists, non-current		-	-	7,300	-
Investments accounted for under the equity method	4,5 and 6	1,008,570	3	477,871	1
Property, plant and equipment	4, 6, 7 and 8	8,154,592	23	9,227,807	27
Investment property, net	4,5,6 and 8	6,461,585	18	6,424,562	19
Intangible assets	4 and 6	4,078,614	12	4,013,353	12
Deferred tax assets	4,5 and 6	640,488	2	495,474	1
Prepayment for equipment		221,276	1	36,141	-
Refundable deposits	6	54,762	-	70,776	-
Long-term receivable	4,5 and 6	892,415	2	950,397	3
Long-term prepaid rent	6	109,562	-	121,298	-
Other assets, non-current		2,920	-	2,981	-
Total non-current assets		23,179,348	65	23,371,660	67
Total assets		$35,709,080	100	$34,706,292	100

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

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31, 2018 Amount	%	As of December 31, 2017 Amount	%
Current liabilities					
Short-term loans	4,6 and 8	$3,365,000	10	$2,280,000	7
Short-term notes and bills payable	6 and 8	1,727,825	5	1,798,390	6
Notes payable		359,782	1	292,044	1
Notes payable - related parties	7	285	-	600	-
Accounts payable		2,599,070	7	2,198,648	6
Accounts payable - related parties	7	123,867	-	75,285	-
Other payables		1,078,775	3	1,071,055	3
Other payables - related parties	7	1,685	-	262	-
Current tax liabilities	4,5 and 6	60,757	-	44,282	-
Provisions, current	4 and 6	-	-	243	-
Other current liabilities		89,873	-	80,470	-
Advanced receipts		238,989	1	95,922	-
Current portion of long-term bonds payable	6	1,000,000	3	1,000,000	3
Current portion of long-term loans	4 and 6	376,000	1	669,000	2
Total current liabilities	4,6 and 8	11,021,908	31	9,606,201	28
Non-current liabilities					
Bonds payable	4 and 6	-	-	1,000,000	3
Long-term loans	4,6 and 8	3,149,431	9	1,995,026	6
Provisions, non-current	4 and 6	9,097	-	9,097	-
Deferred tax liabilities	4,5 and 6	640,333	2	635,418	2
Net defined benefit liabilities, non-current	4,5 and 6	240,257	1	266,914	1
Guarantee deposits	7	67,762	-	73,641	-
Total non-current liabilities		4,106,880	12	3,980,096	12
Total liabilities		15,128,788	43	13,586,297	40
Equity attributable to the parent					
Capital					
Common stock	4 and 6	13,850,003	39	13,850,003	40
Additional paid-in capital		1,177,912	3	1,163,101	3
Retained earnings					
Legal reserve		1,545,164	4	1,392,890	4
Special reserve		1,874,430	5	1,874,430	5
Unappropriated earnings		1,183,489	3	1,522,743	4
Other components of equity		(138,664)	-	(110,626)	-
Treasury stock		(10,039)	-	(10,039)	-
Total equity attributable to the parent company		19,482,295	54	19,682,502	56
Non-controlling interests	6	1,097,997	3	1,437,503	4
Total equity		20,580,292	57	21,120,005	60
Total liabilities and equity		$35,709,080	100	$34,706,302	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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2018 Amount	2018 %	2017 Amount	2017 %
Operating revenue	4,5,6 and 7	$18,644,806	100	$16,413,796	100
Operating costs	6 and 7	(17,236,929)	(92)	(15,360,749)	(94)
Gross profit		1,407,877	8	1,053,047	6
Operating expenses	4,5,6 and 7				
Sales and marketing expenses		(177,418)	(1)	(230,536)	(2)
General and administrative expenses		(715,871)	(4)	(811,080)	(4)
Research and development expenses		(8,319)	-	(8,368)	-
Expected credit losses		(56,287)	-	-	-
Subtotal		(957,895)	(5)	(1,049,984)	(6)
Operating income		449,982	3	3,063	-
Non-operating income and loss	4,6 and 7				
Other income		237,911	1	368,810	1
Other gains and losses		(86,700)	-	2,653,413	(1)
Finance costs		(147,469)	(1)	(135,473)	(4)
Share of profit or loss of associates and joint ventures		85,914	-	49,665	28
Subtotal		89,656	-	2,936,415	24
Income before income tax		539,638	3	2,939,478	24
Income tax benefit (expense)	4,5 and 6	51,549	-	(70,745)	-
Net income		591,187	3	2,868,733	24
Other comprehensive income	4 and 6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(17,226)	-	(39,334)	-
Unrealized gains on fair value through other comprehensive income equity instrument investment		4,508	-	-	-
Income tax related to items that will not be reclassified		3,568	-	6,665	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(20,276)		(242,860)	
Unrealized gain on available-for-sale financial assets		-	-	33,652	-
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		-	-	(5,191)	(2)
Total other comprehensive (loss) income, net of tax		(29,426)	-	(247,068)	(2)
Total comprehensive income		$561,761	3	$2,621,665	25
Net income attributable to:					
Shareholders of the parent		$514,839		$2,810,899	
Non-controlling interests		76,348		57,834	
		$591,187		$2,868,733	
Comprehensive income attributable to:					
Shareholders of the parent		$485,808		$2,563,230	
Non-controlling interests		75,953		58,435	
		$561,761		$2,621,665	
Earnings per share (NT$)	6				
Basic earnings per share		$0.37		$2.01	
Diluted earnings per share		$0.37		$2.00	

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, 2018 and 2017
(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, 2017	$14,280,003	$1,152,561	$1,392,890	$2,353,140	$(1,734,197)	$(167,924)	$-	$272,298	$(10,039)	$17,538,732	$1,353,116	$18,891,848
Net income in 2017	-	-	-	-	2,810,899	-	-	-	-	2,810,899	57,834	2,868,733
Other comprehensive (loss) income, net of tax in 2017	-	-	-	-	(32,669)	(248,659)	-	33,659	-	(247,669)	601	(247,068)
Total comprehensive income	-	-	-	-	2,778,230	(248,659)	-	33,659	-	2,563,230	58,435	2,621,665
Purchase of treasury shares	-	-		-	-	-	-	-	(409,672)	(409,672)	-	(409,672)
Retirement of treasury share	(430,000)	20,328	-	-	-	-	-	-	409,672	-	-	-
Reversal of Special reserve	-	-	-	(478,710)	478,710	-	-	-	-	-	-	-
The differences between the fair value of the consideration paid or received	-	(9,855)	-	-	-	-	-	-	-	(9,855)	88,934	79,079
from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries			-									
Changes in subsidiaries' ownership	-	67	-	-	-	-	-	-	-	67	-	67
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(62,982)	(62,982)
Balance as of December 31, 2017	$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
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, 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	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

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

GOLDSUN BUILDING MATERIALS CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Description	2018	2017
Cash flows from operating activities:		
Profit before tax from continuing operations	$539,638	$2,939,478
Net income before tax	539,638	2,939,478
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	570,008	681,112
Amortization	105,632	26,451
Bad debt expense	-	(46,598)
Expected credit losses	56,287	-
Interest expense	147,469	135,473
Interest revenue	(58,776)	(36,568)
Dividend income	(69,599)	(62,724)
Gain on disposal of subsidiary	(4,568)	-
Loss (gain) on disposal of investments	(2,625)	1,522
Share of gain of associates and joint ventures	(85,914)	(49,665)
Loss (gain) on disposal of property, plant and equipment	(44,414)	30,899
Gain on disposal of investment property	(59,470)	(2,765,056)
Loss on disposal of financial assets at fair value through profit or loss	(355)	-
Impairment loss	-	30,583
Changes in operating assets and liabilities:		
Notes receivable, net	(139,495)	74,183
Accounts receivable, net	(1,202,745)	397,230
Accounts receivable-related parties, net	2,445	51,783
Other receivables	(108,603)	(131,723)
Other receivables-related parties	(2,468)	(12,912)
Inventories, net	(117,083)	19,795
Prepayments	(140,710)	(135,710)
Other current assets	2,531	(345)
Long-term receivable	58,915	(507,879)
Notes payable	69,250	(322,706)
Notes payable - related parties	(297)	600
Accounts payable	404,797	556,865
Accounts payable - related parties	48,582	(2,094)
Other payables	(156,545)	(229,301)
Other payables - related parties	80,808	(34,200)
Provisions, current	(243)	-
Other current liabilities	13,720	68,531
Advanced receipts	143,067	240,038
Net defined liabilities, non-current	(40,315)	(15,474)
Cash generated from operations	8,924	901,588
Interest received	58,776	36,568
Income tax paid	(40,856)	(64,103)
Net cash provided by operating activities	26,844	874,053
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(139,505)	-
Proceeds from disposal of property, plant and equipment	307,823	767,859
Proceeds from disposal of investment property	275,357	3,522,332
Acquisition of property, plant and equipment	(607,857)	(747,637)
Acquisition of investment property	(5,134)	(4,579)
Proceeds from disposal of financial assets at fair value through profit or loss	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	2,475	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,110	-
Acquisition of financial assets at fair value through other comprehensive income	(24,931)	-
Increase in financial assets at amortized cost, current	(143,668)	-
Increase in financial assets at amortized cost, non-current	(8,500)	-
Proceeds from disposal of available-for-sale financial assets	-	1,257,945
Acquisition of available-for-sale financial assets	-	(1,299,554)
Capital deducted by cash of available-for-sale financial assets	-	3,574
Acquisition of financial assets measured at cost	-	(4,000)
Decrease in debt instrument investments for which no active market exists	-	51,926
Capital deducted by cash of investments accounted for under the equity method	-	998
Losing the control of subsidiary	(58,888)	(888,465)
Acquisition of intangible assets	(23,058)	(264,340)
Increase in prepayment for equipment	(236,248)	(13,088)
Decrease in refundable deposits	16,014	12,290
Decrease in long-term prepaid rent	11,736	6,935
Decrease (increase) in other non-current assets	(3,878)	4,994
Dividends received	149,067	161,297
Net cash (used in) provided by investing activities	(333,335)	2,568,487
Cash flows from financing activities:		
Increase (decrease) in short-term loans	1,085,000	(2,358,638)
Decrease in short-term notes and bills payable	(70,565)	(193,996)
Increase in long-term loans	6,550,000	5,800,000
Decrease in long-term loans	(5,619,000)	(7,635,408)
(Decrease) increase in guarantee deposits	(5,879)	14,002
Cash dividends paid	(692,500)	(33,891)
Decrease in bonds payable	(1,000,000)	-
Purchase of treasury shares	-	(409,672)
Donated surplus	12,990	-
Interest paid	(145,828)	(143,565)
Changes in non-controlling interests	134,765	79,804
Net cash provided by (used in) financing activities	248,983	(4,881,364)
Effect of exchange rate changes on cash and cash equivalents	27,233	(356,234)
Net decrease in cash and cash equivalents	(30,275)	(1,795,058)
Cash and cash equivalents at beginning of year	2,365,160	4,160,218
Cash and cash equivalents at end of year	$2,334,885	$2,365,160

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 2018 and 2017 were authorized for issue by the Board of Director's meeting on March 22, 2019.

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, 2018. The nature and the impact of each new standard and amendment that has a material effect on The Group is described below:

A. *IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15* "Clarifications *to IFRS 15 Revenue from Contracts with Customers")*

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. In accordance with the transition provision in IFRS 15, The Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (January 1, 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's principal activities consist of the sale of goods and rendering of services. The impacts arising from the adoption of IFRS 15 on The Group are summarized as follows:

a. Please refer to Note 4 for the accounting policies before or after January 1, 2018.

b. Before January 1, 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from January 1, 2018, in accordance with IFRS 15, The Group recognized revenue when (or as) The Group satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on The Group's revenue recognition from sale of goods. However, for some contracts, part of the consideration was received from customers upon signing the contract, then The Group has the obligation to provide the sale of goods subsequently. Before January 1, 2018, The Group recognized the consideration received in advance from customers under advanced receipts. Starting from January 1, 2018, in accordance with IFRS 15, it should be recognized as contract liabilities.

c. Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

B. *IFRS 9"Financial Instruments"*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with the transition provision in IFRS 9, The Group elected not to restate prior periods at the date of initial application (January 1, 2018). The adoption of IFRS 9 has the following impacts on The Group:

a. The Group adopted IFRS 9 since January 1, 2018 and it adopted IAS 39 before January 1, 2018. Please refer to Note 4 for more details on accounting policies.

b. In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at January 1, 2018. The classifications of financial assets and its carrying amounts as at January 1, 2018 are as follow:

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through other comprehensive income		Fair value through profit or loss	$205,154
Available-for-sale financial assets (including measured at cost $472,756)	$2,286,155	Fair value through other comprehensive income	2,072,675
At amortized cost	9,999,680	At amortized cost (including cash and cash equivalents (except cash on hand), at amortized cost of financial assets, notes receivables, account receivables (including related parities), other receivables (including related parities), refundable deposits and long -term receivables)	9,999,680
Loans and receivables (including cash and cash equivalents (except cash on hand), debt instrument investments for which no active market exists, notes receivables, account receivables (including related parities), other receivables (including related parities), refundable deposits and long-term receivables)			
Total	$12,285,835	Total	$12,277,509

c. The transition adjustments from IAS 39 to IFRS 9 for the classifications of financial assets and financial liabilities as at January 1, 2018 are as follow:

IAS 39		IFRS 9			Retained earnings	Other components of equity
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjustment	Adjustment
Available-for-sale financial assets (including measured at cost $472,756) (Note 1)	$205,154	Measured at fair value through profit or loss	$205,154	$-	$1,771	$(1,771)
	2,081,001	Measured at fair value through other comprehensive income (equity instruments)	2,072,675	(8,326)	2,173	(10,499)
Subtotal	2,286,155					
Loans and receivables (Note 2)						
Cash and cash equivalents (except cash on hand)	2,358,712	Cash and cash equivalents (except cash on hand)	2,358,712	-	-	-
Debt instrument investments for which no active market exists	168,795	At amortized cost of financial assets	168,795	-	-	-
Note receivables	1,674,946	Note receivables	1,674,946	-	-	-
Accounts receivables (including related parties)	4,390,166	Accounts receivables (including related parties)	4,390,166	-	-	-
Other receivables (including related parties)	385,888	Other receivables (including related parties)	385,888	-	-	-
Refundable deposits	70,776	Refundable deposits	70,776	-	-	-
Long -term receivables	950,397	Long -term receivables	950,397	-	-	-
Subtotal	9,999,680				-	-
Total	$12,285,835	Total	$12,277,509		$3,944	$(12,270)

Notes:

(1) In accordance with of IAS 39, The Group's available-for-sale financial assets included fund, investments in stocks of listed and unlisted companies. Adjustment details are described as follow:

Funds

As the cash flow characteristics for funds are not solely payments of principal and interest on the principal amount outstanding, so funds are classified as financial assets mandatorily measured at fair value through profit or loss in accordance with IFRS 9. As at January 1, 2018, the Group reclassified available-for-sale financial assets of NT$174,754 thousand to financial assets mandatorily measured at fair value through profit or loss. Besides, changes in fair value of NT$412 thousand previously recognized in other components of equity was reclassified to retained earnings.

Stocks (including listed and unlisted companies)

The Group assessed the facts and circumstances existed as at January 1, 2018, and determined these stocks were not held-for-trading; therefore, so The Group elected to designate them as financial assets measured at fair value through other comprehensive income. As at January 1, 2018, The Group reclassified available-for-sale financial assets (including measured at cost) to financial assets at fair value through profits or loss and financial assets measured at fair value through other comprehensive income of NT$30,400 thousand and NT$2,072,675 thousand, respectively. Other related adjustments are described as follow:

(a) The stock of unlisted companies previously measured at cost in accordance with IAS 39 had an original cost NT$472,756 thousand, which was NT$2,173 thousand impaired. However, in accordance with IFRS 9, stocks of unlisted companies must be measured at fair value and shall not recognize impairment. The fair value of the stocks of unlisted companies was NT$464,430 thousand as at January 1, 2018. Accordingly, The Group adjusted the carrying amount of financial assets measured at fair value through other comprehensive income of NT$464,430 thousand and also adjusted the retained earnings and other components of equity by NT$2,173 thousand and NT$10,499 thousand, respectively.

(b) As at January 1, 2018, the Group reclassified the stocks measured at fair value from available-for-sale financial assets to financial assets measured at fair value through other comprehensive income. This adjustment did not result any differences in the carrying amounts of assets, but reclassified within equity accounts. As at January 1, 2018, The Group reclassified available-for-sale financial assets to financial assets mandatorily measured at fair value through profit or loss. Besides, changes in fair value of NT$1,359 thousand previously recognized in other equity was reclassified to retained earnings.

(2) In accordance with IAS 39, the cash flow characteristics for loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that existed as at January 1, 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at January 1, 2018. Therefore, there is no impact on the carrying amount as at January 1, 2018. As at January 1. 2018, debt instrument investments for which no active market exists of NT$168,795 thousand was reclassified to financial assets measured at amortized cost.

d. Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

C. IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The Group originally recorded their foreign currency sales transactions based on the exchange rate on the date of revenue recognition and converted into its functional currency. The exchange difference was recognized when the foreign currency advance payment was written off. The Group elected to apply this interpretation prospectively on January 1, 2018. This change in accounting principle did not significantly impact The Group's recognition and measurement.

D. Disclosure *Initiative - Amendment to IAS 7 "Statement of Cash Flows":*

The Group required to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Please refer to Note 12 for more details.

(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	IFRS 16 "Leases"	January 1, 2019
B	IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019
D	IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28	January 1, 2019
D	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
E	Improvements to International Financial Reporting Standards (2015-2017 cycle)	January 1, 2019
F	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019

A. *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under one single accounting model (except for short-term or low-value asset lease exemptions), which is for lessees to recognize right-of-use assets and lease liabilities on the balance sheet and the depreciation expense and interest expense associated with those leases in the statements of comprehensive income. Besides, lessors' classification remains unchanged as operating or finance leases, but additional disclosure information is required.

B. IFRIC 23 "*Uncertainty Over Income Tax Treatments*"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

C. *IAS 28"Investment in Associates and Joint Ventures" - Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS

28.

D. *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

E. *Improvements to International Financial Reporting Standards (2015-2017 cycle):*

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

F. *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

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, 2019. Apart from item A explained below, the remaining standards and interpretations have no material impact on the Group.

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 impact arising from the adoption of IFRS 16 on the Group are summarized as follows:

a. For the definition of a lease, the Group elects not to reassess whether a contract is, or contains, a lease at the date of initial application (January 1, 2019) in accordance with the transition provision in IFRS 16. Instead, 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.

The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes 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.

Leases classified as operating leases

For leases that were classified as operating leases applying IAS 17, the Group expects to measure and recognize 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 chooses, on a lease-by-lease basis, to measure the right-of-use asset at either. An amount equal to the lease liability, 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. The Group expects the right-of-use asset will increase by NT$1,154,094 thousand and the lease liability will increase by NT$1,154,094 thousand on January 1, 2019. And the Group expects to reclassify the land use right of NT$109,562 thousand recognized as long-term prepaid rent to right-of-use asset on January 1, 2019.

b. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group's financial statements 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	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
D	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

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. *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.

D. *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. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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 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, 2018 and 2017 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, 2018	December 31, 2017
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	49%	49%
The Company	GOLDSUN NIHON CEMENT CO., LTD.	Cement import and sale	59%	59%
The Company	EASE GREAT INVESTMENTS LTD.	Investment holding	84%	84%
The Company	TAIPEI PORT TERMINAL COMPANY LIMITED	International trade, warehousing and tally packaging	72%	78%
The Company	HWA YA DEVELOPMENT CO.,	Hotel operator	31%	31%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%) December 31, 2018	December 31, 2017
	LTD. (Note 2)			
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%	-
The Company	GIMPO MARINE CO., LTD.	Shipping	100%	-
The Company	TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Investment	100%	100%
The Company	RAIXIN QUALITY PRODUCTS LTD.	Upholstery and sales of furniture	Note3	27%
The Company	GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Sales of pre-mixed concrete and cement	100%	100%
The Company	GOYU BUILDING MATERIALS CO., LTD. (Note 4)	Sales of building materials	65%	-
RUEI SHIN CONSTRUCTIN CO., LTD	EASE GREAT INVESTMENTS LTD.	Investment holding	16%	16%
RUEI SHIN CONSTRUCTIN CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	International trade, warehousing and tally packaging	28%	22%
WELLPOOL CO., LTD.	GAPE-GOLDSUN CORPORATION	Sales of calcium silicate board and other boards	100%	100%
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	Upholstery and sales of furniture	Note3	27%
EASE GREAT INVESTMENTS LTD. (Samoa)	GOLDSUN INTERNATIONAL DEVELOPMENT CORP. (GOLDSUN INC., Cayman)	Investment holding	100%	100%
EASE GREAT INVESTMENTS LTD. (Samoa)	GREAT SMART LTD.(Cayman)	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%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%) December 31, 2018	December 31, 2017
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%
GOLDSUN INC., Cayman	FU YANG PORT CO., LTD.	Sandstone processing	Note5	41%
GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	Production and sales of cement	100%	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 Company and its subsidiary, GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD. each held 27% and 27% shares of the RAIXIN QUALITY PRODUCTS LTD. On October 22, 2018, the shareholders meeting of RAIXIN QUALITY PRODUCTS LTD. approved the proposal of capital reduction for 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 39%, which resulted in losing control. Since October 31, 2018, RAIXIN QUALITY PRODUCTS LTD. was accounted for using the equity method as associate and not consolidated by the Company. The Company measured assets and liabilities at fair value when associate acquired.

Note4: To fulfilled future market demand and improve product competitiveness. Tthe Company and CHYI YUH CONSTRUCTION CO., LTD., invested GOYU BUILDING MATERIALS CO., LTD., and the Company held 65% shares of GOYU BUILDING MATERIALS CO., LTD. Total amount of investment was NT$182,000 thousand.

Note5: 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 accounted for using the equity method as associate and not consolidated by the Company. The Company measured assets and liabilities at fair value when associate acquired.

(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* (Before January 1, 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) 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* (Before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) 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 accounting policy from 1 January 2018 as follow:

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

Financial asset measured at fair value through other comprehensive income

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 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.

The accounting policy before 1 January 2018 as follow:

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

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss. A financial asset 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 asset at fair value through profit or loss; or a financial asset 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.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

B. Impairment of financial assets

The accounting policy from 1 January 2018 as follow:

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.

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.

The accounting policy before 1 January 2018 as follow:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

a. significant financial difficulty of the issuer or obligor; or
b. a breach of contract, such as a default or delinquency in interest or principal payments; or
c. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
d. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

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 carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) 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.

Before January 1, 2018, if the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

<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 FIFO method.

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* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*). 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
Leased 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

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	30~55 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

Company 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.

Company 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:

	Computer software	Right-of-use of Transportation equipment	Mining right	Concession
Useful lives	Finite	Finite	Finite	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	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.
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(17) 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 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 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 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 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.

<u>Provision for decommissioning, restoration and rehabilitation costs</u>

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.

<u>Maintenance warranties</u>

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 accounting policy from 1 January 2018 as follow:

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 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 30 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 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.

The accounting policy before 1 January 2018 as follow:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

A. the significant risks and rewards of ownership of the goods have passed to the buyer;
B. neither continuing managerial involvement nor effective control over the goods sold have been retained;
C. the amount of revenue can be measured reliably;
D. it is probable that the economic benefits associated with the transaction will flow to the entity; and
E. the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Company's right to receive the payment is established.

(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 Company 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 Company 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 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 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 10% 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 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 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

Starting from January 1, 2018:

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.

Before January,1 2018:

The Group considers the estimation of future cash flows when there is objective evidence showed indications of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. However, as the impact from the discounting of short-term receivables is not material, the impairment of short-term receivables is measured as the difference between the asset's carrying amount and the estimated undiscounted future 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 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 Group as of December 31, 2018.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2018	2017
Cash on hand and petty cash	$6,087	$6,448
Checking accounts and demand deposits	1,541,305	1,374,298
Time deposits	666,186	936,715
Cash equivalents (Note)	121,307	47,699
Total	$2,334,885	$2,365,160

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,	
	2018	2017(Note)
Mandatorily measured at fair value through profit or loss:		
Fund	51,332	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

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,	
	2018	2017(Note)
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	$1,437,433	
Unlisted companies stocks	676,222	
Total	$2,113,655	
Current	$574,891	
Non-current	1,538,764	
Total	$2,113,655	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

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

(4) Available-for-sale financial assets

	As of December 31,	
	2018(Note)	2017
Stocks		$1,638,645
Fund (Beneficial certificates)		174,754
Total		$1,813,399
Current		$742,455
Non-current		1,070,944
Total		$1,813,399

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 8 for more details on available-for-sale financial assets under pledge

(5) Financial assets measured at amortized cost

	As of December 31,	
	2018	2017(Note)
Time deposit	$252,910	
Restricted cash – demand deposits	67,900	
Total	$320,810	
Current	$305,010	
Non-current	15,800	
Total	$320,810	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

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

(6) Financial assets measured at cost – non-current

	As of December 31,	
	2018(Note)	2017
Stocks		$472,756

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

Financial assets measured at cost were not pledged.

(7) Debt instrument investments for which no active market exists

	As of December 31,	
	2018(Note)	2017
Time deposits that have maturity more than three months		$168,168
Restricted cash – demand deposits		627
Total		$168,795
Current		$161,495
Non-current		7,300
Total		$168,795

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 8 for more details on Debt instrument investments for which no active market exists under pledge.

(8) Notes receivable

	As of December 31,	
	2018	2017
Notes receivables arising from operating activities	$1,816,162	$1,676,735
Less: loss allowance	(1,752)	(1,789)
Total	$1,814,410	$1,674,946

Notes receivable were not pledged.

The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6(24) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk

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

Accounts receivable and accounts receivable - related parties

	As of December 31,	
	2018	2017
Accounts receivable	$5,644,135	$4,447,325
Less: loss allowance	(124,421)	(68,950)
Subtotal	5,519,714	4,378,375
Accounts receivable - related parties	9,346	11,791
Less: loss allowance	-	-
Subtotal	9,346	11,791
Total	$5,529,060	$4,390,166

Long-term receivable

	As of December 31,	
	2018	2017
Construction retainage receivable	$887,367	$878,141
Overdue receivables	93,043	169,293
Less: loss allowance	(87,995)	(97,037)
Total	$892,415	$950,397

Accounts receivable and long - term receivable were not pledged.

Accounts receivable are generally on 30-120 day terms. The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6(24) for more details on impairment of trade receivables. The Group adopted IAS 39 for impairment assessment before January 1, 2018. The movements in the provision for impairment of accounts receivable, accounts receivable - related parties and long-term receivables are as follows: (Please refer to Note 12 for more details on credit risk management.)

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	$97,295	$94,368	$191,663
Charge (reversal) for the current period	41,219	(5,422)	35,797
Write off	(9,557)	(19,996)	(29,553)
Disposal of subsidiaries	(31,920)	-	(31,920)
As of December 31, 2017	$97,037	$68,950	$165,987

Impairment loss that was individually determined for the December 31, 2017, arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such trade receivables.

Aging analysis of accounts receivable, accounts receivable - related parties and long-term receivable that are past due as of the end of the reporting period but not impaired is as follows:

	Neither past due nor impaired	Past due but not impaired					
As of	<=60 days	61-90 days	91-180 days	181-365 days	1 -2 years	>=2 years	Total
December 31, 2017	$2,580,227	$641,750	$762,460	$583,156	$542,910	$230,060	$5,340,563

(10) Inventories

	As of December 31,	
	2018	2017
Raw materials	$409,467	$315,614
Building for sale	79,872	79,872
Land of construction	210,367	210,367
Work in process	17,090	14,840
Finished goods	53,257	33,039
Merchandise	-	9,658
Total	$770,053	$663,390

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.

For the year ended December 31, 2017, the Group recognized the cost of inventories in expense amounted to NT$12,347,151 thousand, including write-down of inventories NT$1,762 thousand.

Inventories were not pledged.

(11) 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,			
	2018		2017	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
LIANYUAN CONCH CEMENT CO., LTD.	$616,269	20%	$477,871	20%
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	126,860	30%	-	-
FU YANG PORT CO., LTD. (Note 1)	235,914	41%	-	-
RAIXIN QUALITY PRODUCTS LTD. (Note 2)	29,527	39%	-	-
Total	$1,008,570		$477,871	

Note1：On June 19, 2018, the board of directors of FU YANG PORT CO., LTD. approved the proposal of transfer of director's shareholdings, result in the Company has not power over more than half of FU YANG PORT CO., LTD.' s voting rights and therefore loss the control. Since June 19, 2018, FU YANG PORT CO., LTD. was accounted for using the equity method as associate and not consolidated by the Company. The Company measured assets and liabilities at fair value when associate acquired. Please refer to Note6(31) for more detail.

Note2: On October 22, 2018, the shareholders meeting of RAIXIN QUALITY PRODUCTS LTD. approved the proposal of capital reduction to cover accumulated deficits and issuance of Common Stock. The Company and the subsidiary, GOLDSUN INNOVATIVE BUILDING MATERIALS CO., did not acquire new shares proportionately to its ownership interests. Hence, the Group's shareholding percentage changed from 54% to 39%. Since October 31, 2018, RAIXIN QUALITY PRODUCTS LTD. was accounted for using the equity method as associate and not consolidated by the Company. The Company measured assets and liabilities at fair value when associate acquired. Please refer to Note6(31) for more detail.

The Group's investments listed above are not individually material. The aggregate carrying amount of the Group's investments in associates is NT$1,008,570 and NT$477,871 as of December 31, 2018 and 2017, respectively. The aggregate financial information as follows:

	For the years ended December 31,	
	2018	2017
Profit or loss from continuing operations	$85,914	$49,665
Other comprehensive income (post-tax)	-	(5,191)
Total comprehensive income	$85,914	$44,474

The associates had no contingent liabilities or capital commitments as of December 31, 2018 and 2017.

(12) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Aircraft and 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
As of January 1, 2017	$3,908,268	$3,010,936	$4,989,102	$77,465	$2,733,213	$18,353,052	$486,609	$1,190,265	$657,734	$35,406,644
Additions	28,624	24,070	58,880	2,201	319,840	-	1,751	298,588	13,683	747,637
Disposals	(272,827)	(124,482)	(79,292)	(4,789)	(371,999)	-	(18,024)	(43,680)	(41,340)	(956,433)
Disposal of subsidiaries	(98,966)	(202,768)	-	-	(110,315)	(18,353,052)	-	-	(411,773)	(19,176,874)
Transfers	130,609	254,120	24,821	-	6,163	-	(4,535)	(496,143)	25,969	(58,996)
Exchange effect	-	(18,067)	(22,427)	(771)	(114,922)	-	-	(5,034)	(15,758)	(176,979)
Other changes	-	(63,607)	(3,167)	426	4	-	-	-	2,780	(63,564)
As of December 31, 2017	$3,695,708	$2,880,202	$4,967,917	$74,532	$2,461,984	$-	$465,801	$943,996	$231,295	$15,721,435
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	(33,519)
As of December 31, 2018	$-	$1,179,400	$3,503,593	$60,929	$1,012,696	$-	$104,207	$-	$168,876	$6,029,701
As of January 1, 2017	$-	$1,182,258	$3,226,132	$63,403	$1,011,711	$5,035,086	$383,223	$-	$440,202	$11,342,015
Depreciation	-	102,641	311,401	2,660	116,328	-	38,868	-	65,397	637,295
Disposals	-	(34,119)	(17,955)	(4,386)	(53,160)	-	(12,171)	-	(35,884)	(157,675)
Disposal of subsidiaries	-	(76,449)	-	-	(73,424)	(5,035,086)	-	-	(280,950)	(5,465,909)
Transfers	-	857	(9,394)	-	-	-	(1,848)	-	10,385	-
Exchange effect	-	(5,003)	(57,854)	(537)	(12,774)	-	-	-	(37,774)	(113,942)
Other changes	-	(5,126)	(1,834)	97	703	-	-	-	10,642	4,482
As of December 31, 2017	$-	$1,165,059	$3,450,496	$61,237	$989,384	$-	$408,072	$-	$172,018	$6,246,266
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
As of January 1, 2017	$215,335	$322	$987	$-	$36,426	$1,492,939	$-	$-	$124,482	$1,870,491
Impairment	-	-	-	-	30,450	-	-	-	-	30,450
Disposal of subsidiaries	-	-	-	-	(36,426)	(1,492,939)	-	-	(124,214)	(1,653,579)
As of December 31, 2017	$215,335	$322	$987	$-	$30,450	$-	$-	$-	$268	247,362
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
December 31, 2017	$3,480,373	$1,714,821	$1,516,434	$13,295	$1,442,150	$-	$57,729	$943,996	$59,009	$9,227,807

For the year ended December 31, 2018, certain property, plant and equipment was impaired. The Group recognized NT$30,450 thousand impairment loss based on recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable amount was based on value in use and was determined at the level of the cash generating unit. The projected cash flows that were used to calculate value in use reflect the demand for products and services.

The cash-generating unit consisted of assets of JIN SHUN MARITIME LIMITED (a subsidiary). In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 4.85% on a pre-tax basis.

Capitalized borrowing costs of property, plant and equipment are as follows:

Item	2017
Construction in progress	NT$35,583
Prepayment for equipment	-
Capitalisation rate of borrowing costs	2.01%

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 50 years, 2~20 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.

(13) Investment property

	Land	Buildings	Total
Cost:			
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
As of January 1, 2017	$6,661,559	$2,392,278	$9,053,837
Additions from acquisitions	1,773	2,806	4,579
Disposals	(757,327)	(40,717)	(798,044)
Disposal of subsidiaries	(413,334)	(340,626)	(753,960)
Transfers	(132,591)	248,605	116,014
As of December 31, 2017	$5,360,080	$2,262,346	$7,622,426
Depreciation:			
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

	Land	Buildings	Total
As of January 1, 2017	$-	$1,331,757	$1,331,757
Depreciation	-	43,817	43,817
Disposal of subsidiaries	-	(151,907)	(151,907)
Disposals	-	(40,768)	(40,768)
Transfers	-	2,011	2,011
As of December 31, 2017	$-	$1,184,910	$1,184,910
Impairment:			
As of January 1, 2018	$-	$12,954	$12,954
Impairment	-	-	-
Transfers	-	-	-
As of December 31, 2018	$-	$12,954	$12,954
As of January 1, 2017	$-	$12,954	$12,954
Impairment	-	-	-
Transfers	-	-	-
As of December 31, 2017	$-	$12,954	$12,954
Net carrying amount as of:			
December 31, 2018	$5,176,682	$1,284,903	$6,461,585
December 31, 2017	$5,360,080	$1,064,482	$6,424,562

	For the years ended December 31,	
	2018	2017
Rental income from investment property	$161,051	$176,854
Less: Direct operating expense generated from rental income of investment property	(115,316)	(121,792)
Total	$45,735	$55,062

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$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.

The fair value of investment properties was NT$19,819,063 thousand as of December 31, 2017. The fair value NT$1,920,374 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$17,898,689 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.

(14) Intangible assets

	Mining right	Concession	Computer software	Goodwill	Total
Cost:					
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)
As of December 31, 2018	$302,326	$3,966,110	$40,049	$-	$4,308,485
As of January 1, 2017	$111,972	$3,731,228	$186,193	$44	$4,029,437
Addition-acquired separately	21,788	236,253	6,299	-	264,340
Disposal of subsidiaries	-	-	(159,044)	(44)	(159,088)
Transfers	-	(1,252)	1,088	-	(164)
Exchange effect	(1,197)	(56)	(23)	-	(1,276)
As of December 31, 2017	$132,563	$3,966,173	$34,513	$-	$4,133,249
Amortization:					
107.1.1	$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
As of January 1, 2017	$148	$79,619	$85,575	$-	$165,342
Amortization	1,061	20,050	5,340	-	26,451
Disposal of subsidiaries	-	-	(71,883)	-	(71,883)
Exchange effect	10	-	(24)	-	(14)
As of December 31, 2017	$1,219	$99,669	$19,008	$-	$119,896
Impairment:					
As of January 1, 2018	$-	$-	$-	$-	$-
Impairment	-	-	-	-	-
As of December 31, 2018	$-	$-	$-	$-	$-
As of January 1, 2017	$-	$-	$61,060	$-	$61,060
Reversal	-	-	(61,060)	-	(61,060)
As of December 31, 2017	$-	$-	$-	$-	$-
Net carrying amount as of:					
December 31, 2018	$296,870	$3,765,389	$16,356	$-	$4,078,614
December 31, 2017	$131,344	$3,866,504	$15,505	$-	$4,013,353

Recognized as amortized amount of intangible assets are as follows.

	2018	2017
Operating costs	$100,013	$21,381
Operating expenses	$5,619	$5,070

(15) Long-term prepaid rent

	As of December 31,	
	2018	2017
Land use rights	$109,562	$121,298

(16) Short-term loans

	107.12.31	106.12.31
Unsecured bank loans	$2,000,000	$1,670,000
Secured bank loans	1,365,000	610,000
Total	$3,365,000	$2,280,000
Interest rates		
Credit bank loans	0.95%~1.08%	1.08%~1.15%
Secured bank loans	0.95%~1.12%	1.08%~1.15%

The Group's unused short-term lines of credits amount to NT$6,442,000 thousand and NT$6,270,000 thousand, as of December 31, 2018 and 2017, respectively.

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

(17) Short-term notes and bills payable

	As of December 31,	
Guarantee institution	2018	2017
Guaranteed by bank	$1,730,000	$1,800,000
Less：Unamortised discount	(2,175)	(1,610)
Net	$1,727,825	$1,798,390
Interest rates	0.60%~0.92%	0.40%~0.89%

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

(18) Bonds payable

		As of December 31,	
	Interest rates	2018	2017
Domestic secured bonds	1.4%	$1,000,000	$2,000,000
Less：current portion		(1,000,000)	(1,000,000)
Net		$-	$1,000,000

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.

(19) Long-term loans

Details of long-term loans are as follows:

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.
Bank of KGI	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		
Bank of KGI	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	3,531,000	
Less: Organization cost	(5,569)	
	$3,525,431	
Current portion	(376,000)	
Non-current portion	$3,149,431	
Interest rates	1.09%~2.015%	

Lenders	As of December 31, 2017	Maturity date and terms of repayment
Secured long-term loan		
Syndicated loans from Bank of Taiwan Cooperative	$2,000,000	Effective October 11, 2018. Since the first use date, principal is repaid in 29 half-yearly payments; interest paid every quarter.
Bank of KGI	231,000	Effective January 6, 2016 till November 18, 2018; the repayment will be due in a lump-sum payment on the expiration of the term; interest paid monthly.
International Commercial Bank of China	70,000	Effective June 26, 2017. Since the first use date, principal is repaid in 10 yearly payments. The

		credit limit would be decreased per year within credit period. Unused credit amount is NT$360,000 thousand.
Unsecured long-term loan		
Bank of KGI	369,000	Effective November 15, 2016 till November 18, 2018, the repayment will be due in a lump-sum payment on the expiration of the term; interest paid monthly.
Subtotal	2,670,000	
Less: Organization cost	(5,974)	
	$2,664,026	
Current portion	(669,000)	
Non-current portion	$1,995,026	
Interest rates	1.15%~2.0105%	

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. The loan agreement included debt covenants requiring minimum levels of debt ratio and interest coverage ratio. As of the year ended December 31, 2018, TAIPEI PORT TERMINAL COMPANY LIMITED did not breach any such covenants.

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

(20) 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, 2018 and 2017 are NT$19,248 thousand and NT$18,678 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$48,720 thousand to its defined benefit plan during the 12 months beginning after December 31, 2018.

The average duration of the defined benefits plan obligation are 11 years as of December 31, 2018 and 2017.

Pension costs recognized in profit or loss for the years ended December 31, 2018 and 2017:

	For the years ended December 31,	
	2018	2017
Current period service costs	$12,007	$11,540
Interest expense (income) of net defined benefit liabilities (assets)	3,225	3,748
Total	$15,232	$15,288

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

	As of December 31,		
	2018	2017	2016
Defined benefit obligation	$489,084	$476,845	$430,404
Plan assets at fair value	(248,827)	(209,931)	(180,559)
Other non-current liabilities – Net defined benefit liabilities recognized on the consolidated balance sheets	$240,257	$266,914	$249,845

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, 2017	$430,404	$(180,559)	$249,845
Current period service costs	11,540	-	11,540
Net interest expense (income)	6,456	(2,708)	3,748
Subtotal	17,996	(2,708)	15,288
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	1,011	-	1,011
Actuarial gains and losses arising from changes in financial assumptions	34,547	-	34,547
Experience adjustments	3,146	630	3,776
Subtotal	38,704	630	39,334
Payments from the plan	(10,259)	10,259	-
Contributions by employer	-	(37,553)	(37,553)
As of December 31, 2017	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

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

	As of December 31,	
	2018	2017
Discount rate	0.93%~0.99%	1.20%~1.39%
Expected rate of salary increases	1.50%~2.00%	1.50%~2.00%

A sensitivity analysis for significant assumption as of December 31, 2018 and 2017 is, as shown below:

	Effect on the defined benefit obligation			
	2018		2017	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$(22,043)	$-	$(22,974)
Discount rate decreases by 0.5%	33,869	-	30,760	-
Future salary increases by 0.5%	33,505	-	30,349	-
Future salary decreases by 0.5%	-	(22,034)	-	(23,015)

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.

(21) Provisions

	Maintenance warranties	Decommissioning, restoration and rehabilitation	Total
As of January 1, 2018	$4,839	$4,501	$9,340
Arising during the period	-	-	-
Unused provision reversed	(243)	-	(243)
As of December 31, 2018	$4,596	$4,501	$9,097
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
Current－Dec 31, 2017	$243	$-	$243
Non-current－Dec 31, 2017	4,596	4,501	9,097
As of Dec 31, 2017	$4,839	$4,501	$9,340

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.

(22) Equity

A. Common stock

	As of December 31, 2018	As of December 31, 2017
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.

The Company's board of directors approved to buy back the common stock in the open market on May 10, 2017, and the Company's board of directors resolved to retire 43,000 thousand common shares of treasury stock on August 9, 2017, totaling NT$409,672 thousand. The capital reduction base date was August 31, 2017, and the registration for change has been completed.

B. Capital surplus

	As of December 31, 2018	As of December 31, 2017
Additional paid-in capital	$551,173	$551,173
Treasury share transactions	306,380	304,559
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	1,619	1,619
Changes in ownership interests in subsidiaries	187,289	187,289
Share-based payments	103,200	103,200
Donated surplus	12,990	-
Others	15,261	15,261
Total	$1,177,912	$1,163,101

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, 2018 and 2017, 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.

As of January 1, 2018, and 2017, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$1,874,430 thousand and NT$2,353,140 thousand, respectively.

Furthermore, the Company did not reverse special reserve to retained earnings during the year ended December 31, 2018. The Company reversed special reserves of NT$478,710 thousand to retain earinings for the year ended December 31, 2017, because the Company's subsidiary, RUEI SHIN CONSTRUCTION CO., LTD., disposed of investment property. As of December 31, 2018, and 2017, the amount of special reserve set aside for the first-time adoption of IFRSs all amounted to NT$1,874,430 both.

Details of the 2018 and 2017 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 22, 2019 and June 20, 2018, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2018	2017	2018	2017
Legal reserve	$51,482	$152,274	$-	$-
Common stock-cash dividend	346,250	692,500	0.25	0.5

Please refer to Note 6(26) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,	
	2018	2017
Beginning balance	$1,437,503	$1,353,116
Profit attributable to non-controlling interests	76,348	57,834
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	-	608
Unrealized gains (losses) on available-for-sale financial assets	-	(7)
Remeasurements of defined benefit plan	(395)	-
Donated surplus	107	-
Acquisition of subsidiary	98,000	-
Acquisitions through business combinations		97,566
Acquisition of additional interest in a subsidiary	-	(8,632)
Acquisition of new shares in subsidiary not in proportionate to ownership interest	36,872	-
Acquisition of cash divided in a subsidiary	(72,139)	-
Losing control of subsidiaries	(478,299)	(62,982)
Ending balance	$1,097,997	$1,437,503

(23) Operating revenue

	For the years ended December 31,	
	2018(Note)	2017
Revenue from contracts with customers		
Sale of goods revenue	$17,583,033	$15,279,799
Port operation revenue	45,836	63,538
Other operating revenue	856,492	897,679
Subtotal	18,485,361	16,241,016
Lease revenue	159,445	172,780
Total	$18,644,806	$16,413,796

Note: The Group has adopted IFRS 15 from January 1, 2018. The Group elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).

The Group has adopted IFRS 15 from January 1, 2018. Analysis of revenue from contracts with customers during the year is as follows:

A. Disaggregation of revenue

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	898,926	1,643	1,759	902,328
Total	$12,817,361	$2,868,386	$2,799,614	$18,485,361
Timing of revenue recognition :				
At a point in time	$12,817,361	$2,868,386	$2,799,614	$18,485,361
Over time	-	-	-	-
Total	$12,817,361	$2,868,386	$2,799,614	$18,485,361

B. Assets recognized from costs to fulfil a contract

None.

(24) Expected credit losses

	For the years ended December 31,	
	2018	2017
Operating expenses – Expected credit (gains) losses		
Notes receivable	$(37)	
Accounts receivable	57,257	
Long-term receivable	(933)	
Total	$56,287	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group'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 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, 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:

Group 1: The gross 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	$3,524,897	$827,101	$505,202	$535,895	$251,040	$5,644,135
Loss ratio	-%	3%	3%	7%	19%	
Lifetime expected credit losses	3,092	22,004	14,100	38,038	47,187	124,421
Total	$3,521,805	$805,097	$491,102	$497,857	$203,853	$5,519,714

Group 3: The gross carrying amount of overdue receivables is NT$93,043 thousand, its loss

allowance amounting to NT$72,758 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 will be

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, 2018 is as follows:

	Notes receivable	Accounts receivable	Long-term receivable
Beginning balance (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)
Ending balance	$1,752	$124,421	$87,995

(25) Operating leases

A. Operating lease commitments - Group as lessee

The Group has entered into commercial leases on lands, buildings and equipments. These leases have an average life of one to seven years that it would be automatically renewed unless terminate it by the Group. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2018 and 2017, are as follows:

	As of December 31,	
	2018	2017
Within one year	$117,733	$103,834
Over one year but within five years	307,745	101,185
Over five years	396,822	30,000
Total	$822,300	$235,019

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2018	2017
Minimum lease payments	$111,132	$96,021

B. Operating lease commitments - Group as lessor

The Group 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, 2018 and 2017, are as follows:

	As of December 31,	
	2018	2017
Within one year	$280,830	$154,306
Over one year but within five years	616,906	348,371
Over five years	334,030	390,284
Total	$1,231,766	$892,961

The contingent rent recognized as income as follows:

	For the years ended December 31,	
	2018	2017
Contingent rent	$19,044	$20,383

(26) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2018 and 2017:

	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$689,768	$390,866	$1,080,634	$704,965	$487,382	$1,192,347
Labor and health insurance	43,552	26,380	69,932	42,088	27,793	69,881
Pension	21,459	13,021	34,480	20,884	13,082	33,966
Other employee benefits expense	16,908	15,397	32,305	17,694	18,041	35,735
Depreciation	505,386	64,622	570,008	629,354	51,758	681,112
Amortization	100,013	5,619	105,632	21,381	5,070	26,451

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, 2018, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2018 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 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.

A resolution was passed at a Board of Directors meeting held on March 21, 2018 to distribute NT$48,474 thousand in cash as employees' compensation and remuneration to directors both of 2017. No material differences exist between the estimated amount and the actual distribution.

(27) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2018	2017
Interest income	(Note)	$36,568
Financial assets measured at amortized cost	$58,776	-
Dividend income	69,599	62,724
Others	109,536	269,518
Total	$237,911	$368,810

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

B. Other gains and losses

	For the years ended December 31, 2018	2017
Gain (loss) on disposal of property, plant and equipment	$44,414	$(30,899)
Gain on disposal of Investment property	59,470	2,765,056
Gain (loss) on disposal of investments	2,625	(1,522)
Disposal of subsidiaries (Note)	4,568	-
Foreign exchange (loss) gain, net	(40,206)	15,430
Impairment losses	-	(30,583)
Gain on financial assets at fair value through profit or loss	355	-
Other expense-others	(157,926)	(64,069)
Total	$(86,700)	$2,653,413

Note: Please refer to Note 6(31) for more detail.

C. Finance costs

	For the years ended December 31, 2018	2017
Interest on borrowings from bank	$(119,737)	$(78,116)
Interest on bonds payable	(27,732)	(57,357)
Total	$(147,469)	$(135,473)

(28) Components of other comprehensive income

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)

For the year ended December 31, 2017

	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	$(39,334)	$-	$(39,334)	$6,665	$(32,669)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(242,860)	-	(242,860)	-	(242,860)
Unrealized gains or losses from available-for-sale financial assets	35,224	(1,572)	33,652	-	33,652
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(5,191)	-	(5,191)	-	(5,191)
Total of other comprehensive (loss) income	$(252,161)	$(1,572)	$(253,733)	$6,665	$(247,068)

(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, 2018	For the years ended December 31, 2017
Current income tax expense (income):		
Current income tax charge	$87,625	$68,899
Adjustments in respect of current income tax of prior periods	(2,643)	(1,337)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(111,282)	1,599
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	45,616	2,898
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(57,533)	(1,314)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(13,332)	-
Total income tax (income) expense	$(51,549)	$70,745

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2018	2017
Deferred tax expense:		
Remeasurements of defined benefit plans	$3,568	$6,665

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,	
	2018	2017
Accounting profit before tax from continuing operations	$539,638	$2,939,478
Tax at the domestic rates applicable to profits in the country concerned (2018: 20%; 2017: 17%)	$110,135	$481,290
Tax effect of revenues exempt from taxation	2,761	(438,961)
Tax effect of non-deductible expenses from taxation	7,620	3,236
Tax effect of deferred tax assets / liabilities	(165,252)	30,513
Others	(418)	(5,410)
10% surtax on unappropriated retained earnings	7,215	1,414
Adjustments in respect of current income tax of prior periods	(2,643)	(1,337)
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	$(51,549)	$70,745

Deferred tax assets (liabilities) relate to the following:

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
Allowance for sales return and discounts	648	(648)	-	-
Inventory valuation losses	2,274	338	-	2,612
Impairment losses	6,866	105,254	-	112,120
Components of buildings	28,351	951	-	29,302
Decommissioning costs	1,310	(514)	-	796
Compensated absences	524	200	-	724
Defined benefit liabilities	72,727	3,936	3,568	80,231
Difference of revenue from tax book	32	(26)	-	6
Increment tax on land value payable	(635,268)	-	-	(635,268)
Unrealized gains or losses from financial assets	-	(58)	-	(58)
Unused taxable loss	104,184	151,000	-	255,184
Unused tax credits	255,338	(122,287)	-	133,051

	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
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)

For the year ended December 31, 2017

	Beginning balance as of January 1, 2017	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Others	Ending balance as of December 31, 2017
Temporary differences					
Unrealized exchange losses	$8,035	$(334)	$-	$-	$7,701
Unrealized exchange gains	(153)	3	-	-	(150)
Loss allowance	11,289	4,230	-	-	15,519
Allowance for sales return and discounts	842	(194)	-	-	648
Inventory valuation losses	1,974	300	-	-	2,274
Unrealized impairment loss	6,963	(97)	-	-	6,866
Components of buildings	24,634	3,717	-	-	28,351
Decommissioning costs	1,310	-	-	-	1,310
Compensated absences	524	-	-	-	524
Defined benefit liabilities	69,826	(3,764)	6,665	-	72,727
Difference of revenue from tax book	41	(9)	-	-	32
Increment tax on land value payable	(759,420)	-	-	124,152	(635,268)
Unused taxable loss	99,048	5,136	-	-	104,184
Unused tax credits	267,509	(12,171)	-	-	255,338
Deferred tax (expense)/income		$(3,183)	$6,665	$124,152	
Net deferred tax assets/(liabilities)	$(267,578)				$(139,944)
Reflected in balance sheet as follows:					
Deferred tax assets	$491,995				$495,474
Deferred tax liabilities	$(759,573)				$(635,418)

The following table contains information of the unused tax losses in Taiwan of the Group:

Occurred year	Deficit amounts	Unused tax losses 2018	2017	Last credit year
2009	$467,159	$168,460	$168,460	2019
2010	12,307	455	455	2020
2011	479	479	479	2021
2012	475	475	475	2122
2013	54,247	54,247	54,247	2023
2014	661	661	661	2024
2015	776	776	776	2025
2016	1,459	1,459	1,459	2026
2017	112,524	112,524	93,731	2027
2018	81,268	81,268	-	2028
		$420,804	$320,743	

The following table contains information of the unused tax losses in Mainland Chain of the Group:

Occurred year	Deficit amounts	Unused tax losses as of 2018	2017	Last credit year
2012	$240,279	$-	$137,176	2017
2014	77,307	77,201	77,862	2019
2015	343,516	163,023	343,399	2020
2016	409,630	409,481	408,481	2021
2017	114,238	114,238	11,073	2022
		$763,943	$977,991	

Details of the Company's unused tax credit are as follows:

Laws and regulations	Credits item	Unused balance 2018	2017	Last credit year
Statute for Promoting Private Participation in Public Construction	Investment tax credits	$-	$28,776	2018
		146,102	180,000	2019
		60,000	60,000	2020
		$206,102	$268,776	

Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that have not been recognized amount to NT$795,215 thousand and NT$934,587 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 Group'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, 2018 and 2017, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT$131,168 thousand and NT$36,289 thousand, respectively.

As of December 31, 2018, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2016	Except 2014 of year
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	Assessed and approved up to 2017	
RUEI SHIN CONSTRUCTIN CO., LTD.	Assessed and approved up to 2016	
GOLDSUN INVESTMENT CO., LTD.	Assessed and approved up to 2016	
WELLPOOL CO., LTD.	Assessed and approved up to 2016	
GAPE-GOLDSUN CORPORATION	Assessed and approved up to 2016	
GOLDSUN NIHON CEMENT CO., LTD.	Assessed and approved up to 2015	
TAIPEI PORT TERMINAL COMPANY LIMITED	Assessed and approved up to 2014	
HUA YA DEVELOPMENT CO., LTD.	Assessed and approved up to 2017	
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Assessed and approved up to 2017	

(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, 2018	2017
A.Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$514,839	$2,810,899
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,381,359	1,400,096
Basic earnings per share (NT$)	$0.37	$2.01

	For the years ended December 31, 2018	2017
B.Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$514,839	$2,810,899
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	1,381,359	1,400,096
Effect of dilution:		
Employee bonus-stock (in thousands)	1,927	4,692
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,383,286	1,404,788
Diluted earnings per share (NT$)	$0.37	$2.00

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 new shares in a subsidiary not in proportionate to ownership interest

RAIXIN QUALITY PRODUCTS LTD. issued new shares on June 14,2017, However, GOLDSUN INNOVATIVE BUILDING MATERIALS CO. did not subscribe new shares proportionately to its ownership interests, which resulted in changes in ownership interest of subsidiaries amounting to NT$6,730 thousand, and was recognized as an increase of paid-in capital.

The Company received additional cash from the issuance of new shares in the amount of NT$41,000. The carrying amount of RAIXIN QUALITY PRODUCTS LTD.'s equity (excluding goodwill on the original acquisition) was NT$27,203 thousand. Following is a schedule of changes in RAIXIN QUALITY PRODUCTS LTD. including changes in adjustments to additional paid-in capital:

Additional cash received from the issuance of new shares	$(41,000)
Increase to equity of RAIXIN QUALITY PRODUCTS LTD.	27,203
Difference recognized in additional paid-in capital within equity	$(13,797)

B. Acquisition of shares issued by subsidiaries

In 2017, the Company acquired an additional 1% of the voting shares of WELLPOOL CO., LTD., increasing its ownership to 49%. A cash consideration of NT$11,055 thousand was paid to the non-controlling interest shareholders. Therefore, the difference between the actual acquisition and the book value, amounting to NT$3,141 thousand, and recognized as a decrease of paid-in capital.

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	$-

TRANSASIA AIRWAYS CORPORATION

On January 11, 2017, the shareholders meeting of TransAsia Airways Corp., approved the liquidation proposal and the bankruptcy assignee accedes at the same date. TransAsia Airways Corp., was no longer subsidiaries of the Company.

Analysis of assets and liabilities of TransAsia Airways Corp., as of the date losing control:

	Carrying amount
Cash and cash equivalents	$888,465
Current investments in debt instrument without active market	38,895
Notes and accounts receivable	105,304
Other receivable	213,677
Deferred tax assets	10,842
Inventories	273,914
Prepayment	57,264
Other current assets	203,601
Non-current available-for-sale financial assets	48,353
Investments accounted for using equity method	265,889
Property, plant and equipment	12,057,386
Investment property	602,053
Intangible assets	26,145
Prepayments for business facilities	1,582,492
Refundable deposits	25,731
Long and short-term loans	(11,367,834)
Notes and accounts payable	(1,367,257)
Other payables	(650,725)
Other current liabilities and advance receipts	(399,455)
Bonds payable	(2,599,150)
Other non-current liabilities and guarantee deposits	(15,590)
Total net assets	$-

(32) 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:

		For the years ended December 31,	
Name	Country of Incorporation and operation	2018	2017
WELLPOOL CO., LTD. and its subsidiary	Taiwan	51%	51%

Note: The holding percentage mentioned above is disclosed as the comprehensive holding percentage. Both of the companies 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,	
	2018	2017
WELLPOOL CO., LTD. and its subsidiary	$514,712	$491,114

Profit/(loss) allocated to material non-controlling interest:

	For the years ended December 31,	
	2018	2017
WELLPOOL CO., LTD. and its subsidiary	$87,983	$83,284

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,	
	2018	2017
Operating revenue	$992,797	$915,187
Profit of (loss) for the period from continuing operations	173,211	163,757
Total comprehensive income for the period	172,434	163,500

Summarized information of financial position :

	As of December 31,	
	2018	2017
Current assets	$415,979	$393,259
Non-current assets	794,963	809,322
Current liabilities	184,849	154,001
Non-current liabilities	12,790	81,733

Summarized cash flow information :

	For the years ended December 31,	
	2018	2017
Operating activities	$173,571	$241,828
Investing activities	(44,021)	(340,539)
Financing activities	(175,978)	(8,025)
Net decrease in cash and cash equivalents	(46,428)	(106,736)

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.	Entity with significant influence over the Group
TRANSASIA CATERING SERVICES LTD.	Associate
SVS CORPORATION	Associate
GOLDSUN EXPRESS & LOGISTICS CO., LTD.	Associate
BABYBOSS CITY LIMITED	Associate
Goldsun Express Ltd.	Associate
CHOPPA TECH CO., LTD.	Associate
LEE WAY ELECTRONICS CO., LTD.	Associate
Lee Bao Security Co., Ltd.	Associate
Lee Bao Technology Co., Ltd.	Associate
Gowin Building Management and Maintenance Co., Ltd.	Associate
Goyun Security Co., Ltd.	Associate
Goyun Science and Technology Co., Ltd.	Associate
Kuo Hsing Security Co., Ltd.	Associate
AION TECHNOLOGIES INC.	Associate
LITENET CORPORATION	Associate
Gowin Security Co., Ltd.	Associate
TRUST SANDSTONE CO., LTD.	Associate
CPMI Corporation	Associate

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2018	2017
Entity with significant influence over the Group	$916	$58,590
Associates	37,072	57,149
Total	$37,988	$115,739

The sales price and term to related parties are equivalent to third parties.

(2) Pruchase

	For the years ended December 31,	
	2018	2017
Entity with significant influence over the Group	$1,760	$240
Associates	728,960	714,035
Total	$730,720	$714,275

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.

(3) Accounts receivable - related parties

	As of December 31,	
	2018	2017
Associates	$9,346	$11,791

(4) Notes payable - related parties

	As of December 31,	
	2018	2017
Entity with significant influence over the Group	$46	$360
Associates	239	240
Total	$285	$600

(5) Accounts payable - related parties

	As of December 31,	
	2018	2017
Entity with significant influence over the Group	$744	$4
Associates	123,123	75,281
Total	$123,867	$75,285

(6) Other receivable - related parties

	As of December 31,	
	2018	2017
Associates		
GOLDSUN EXPRESS & LOGISTICS CO., LTD.	$23,721	$25,617
Others	4,372	8
Total	$28,093	$25,625

(7) Other payable - related parties

	As of December 31,	
	2018	2017
Entity with significant influence over the Group	$860	$6
Associates	825	256
Total	$1,685	$262

(8) The Group leased the land and building to related parties for the years ended December 31, 2018 and 2017, the detail as below:

A. Operating income - other

	For the years ended December 31,	
	2018	2017
Entity with significant influence over the Group	$57	$286
Associates	12,329	8,807
Total	$12,386	$9,093

B. Guarantee deposits

	As of December 31,	
	2018	2017
Entity with significant influence over the Group	$20	$-
Associates	1,311	1,207
Total	$1,331	$1,207

(9) The Group has purchased equipment which were recognized as property plant and equipment amounted to NT$4,304 thousand and NT$3,519 thousand for the years ended December 31, 2018 and

2017, respectively.

(10)Key management personnel compensation

	For the years ended December 31,	
	2018	2017
Short-term employee benefits	$79,800	$127,281
Post-employment benefits	194	-
Total	$79,994	$127,281

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount		
Assets pledged for security	December 31, 2018	December 31, 2017	Secured liabilities
Available-for-sale financial assets-Stocks	(Note 1)	$1,399,880	Bank loan、C/P
Financial assets at fair value through other comprehensive income, current	$498,400	(Note 1)	Bank loan、C/P
Financial assets at fair value through other comprehensive income, non-current	855,675	(Note 1)	Bank loan、C/P
Securities (Note 2)	766,500	495,000	Bank loan、C/P
Financial assets measured at amortized cost, current	135,775	(Note 1)	Restricted account、Loan guarantee
Financial assets measured at amortized cost, non-current	15,800	(Note 1)	Performance guarantee
Debt instrument investments for which no active market exists－Time deposits	(Note 1)	7,300	Performance guarantee
Debt instrument investments for which no active market exists－Demand deposits	(Note 1)	627	Restricted account、Loan guarantee
Investment property	1,213,497	926,842	Bank loan、C/P
Property, plant and equipment－Land and building	3,317,906	3,267,176	Bank loan款、C/P
Intangible assets－Concession	1,846,900	1,892,130	Bank loan
Guarantee deposits	20,000	20,000	Performance guarantee
Total	$8,670,453	$8,008,955	

Note 1: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

Note 2: The Group’s subsidiaries which were consolidated by the Company.

9. Commitments and contingencies

(1) Promissory notes issued by the Company to secure bank loans and construction performance amounted to NT$674,131 thousand as of December 31, 2018.

(2) On October 22, 2009, TAIPEI PORT TERMINAL COMPANY LIMITED signed the BOT contract with the Keelung Harbor Bureau, MOTC. Under the BOT contract, TAIPEI PORT TERMINAL

COMPANY LIMITED obtained the right to build and operate the development project on the location of Bulk & General Cargo Terminal No.2 of Taipei Port. The construction and operating period is 50 years from the day following the signing of the contract. TAIPEI PORT TERMINAL COMPANY LIMITED need to complete the related infrastructure asset and operate officially in the five years. On September 20, 2012, concession operation has been approved, and mainly engaged in cargo of trading, warehousing, storage and handling.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2018	2017
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$51,332	(Note1)
Financial assets at fair value through other comprehensive income	2,113,655	(Note1)
Available-for-sale financial assets (Note 2)	(Note 1)	2,286,155
Financial assets measured at amortized cost (Note 3)	11,042,830	(Note1)
Loans and receivables (Note 4)	(Note 1)	9,999,680
Total	$13,207,817	$12,285,835

Financial liabilities

	As of December 31,	
	2018	2017
Financial liabilities at amortized cost:		
Short-term loans	$3,365,000	$2,280,000
Short-term notes and bills payable	1,727,825	1,798,390
Notes payable (including related parties)	360,067	292,644
Accounts payable (including related parties)	2,722,937	2,273,933
Other payables (including related parties)	1,080,460	1,071,317
Bonds payable (including due in one year)	1,000,000	2,000,000
Long-term loan (including due in one year)	3,525,431	2,664,026
Guarantee deposits	67,762	73,641
Total	$13,849,482	$12,453,951

Note:

1. The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.
2. December 31, 2017 contains measured at cost.
3. 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.
4. Contains cash and cash equivalents (except cash on hand), current investments in debt instrument without active market, 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 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.

<u>Foreign currency risk</u>

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, 2018 and 2017 is decreased/increased by NT$39,905 thousand and NT$55,520 thousand, respectively.

When NTD strengthens/weakens against CNY by 10%, the profit for the years ended December 31, 2018 and 2017 is decreased/increased by NT$1,613 thousand and NT$1,203 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$6,405 thousand and NT$4,356 thousand for the years ended December 31, 2018 and 2017, 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, 2017, an increase/decrease of 10% in the price of the listed equity securities classified as available-for-sale financial assets could have an impact of NT$145,583 thousand on the equity attributable to the Group.

For the year ended December 31, 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$143,743 thousand on the equity attributable to the Group.

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, 2018 and 2017, 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.

(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, 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

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2017					
Borrowings	$2,995,930	$326,372	$283,763	$1,739,561	$5,345,626
Short-term notes and bills payable	1,800,000	-	-	-	1,800,000
Notes payable	292,644	-	-	-	292,644
Accounts payable	2,273,933	-	-	-	2,273,933
Other payables	1,071,317	-	-	-	1,071,317
Bonds payable	1,014,000	1,028,000 -	-	-	2,042,000

(6) Reconciliation for liabilities arising from financing activities

Information of reconciliation for liabilities during 2018 is as follows:

	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)	841,406	(5,969)	849,872
Non-cash change	-	-	-	-	-	-
2018.12.31	$3,365,000	$1,727,825	$1,000,000	$3,505,432	$67,672	$9,665,929

Information of reconciliation for liabilities during 2017 is as follows:

Not applicable.

(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 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 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 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 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, 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

As of December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets				
Stocks	$1,487,042	$-	$151,603	$1,638,645
Fund	174,754	-	-	174,754

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2018 and 2017, 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, 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

	Assets
	Available-for-sale financial assets
	Stock
Beginning balances as of January 1, 2017	$232,520
Total gains recognized for the year ended December 31, 2017	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	(80,917)
Ending balances as of December 31, 2017	$151,603

Total profits and losses recognized in profit or loss for the years ended December 31, 2018 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, 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

As of December 31, 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Available-for-sale	Market approach	Earnings per share	7.47~ 45.75	Not applicable	10% increase (decrease) in the earnings would result in increase (decrease) in the Group's equity by NT$15,160 thousand

<u>Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy</u>

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, 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(13))	$-	$-	$20,068,271	$20,068,271

As of December 31, 2017

	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(13))	$-	$-	$19,819,063	$19,819,063

(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, 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

	As of 31 December, 2017		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
CNY	$2,632	4.57	$12,028
USD	18,656	29.76	555,203
Non-monetary items:			
USD	14,556	29.76	433,187

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$(40,206) thousand and NT$15,430 thousand for the years ended December 31, 2018 and 2017, 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. 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: Please refer to Attachment 4.
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: None.
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 4.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: Please refer to Attachment 5.
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, 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

For the year ended December 31, 2017

	Taiwan Segment	Cement Segment in Mainland China	Pre-mixed concrete Segment in Mainland China	Subtotal	Other	Adjustment and elimination	Consolidated
Revenue							
External customer	$10,700,634	$2,365,614	$1,912,352	$14,978,600	$1,435,196	$-	$16,413,796
Inter-segment	64,843	-	-	64,843	1,063,715	(1,128,558)	-
Total revenue	$10,765,477	$2,365,614	$1,912,352	$15,043,443	$2,498,811	$(1,128,558)	$16,413,796
Segment profit	$2,807,012	$27,035	$80,732	$2,916,779	$3,359,225	$(3,336,526)	$2,939,478

[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, 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	$15,230,809	$3,420,348	$1,969,679	$20,620,836	$1,749,434	$(21,361,700)	$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

As of December 31, 2017

	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	$14,403,773	$3,325,716	$1,552,028	$19,281,517	$7,358,342	$(26,161,988)	$477,871
Segment assets	$29,551,870	$8,395,898	$5,595,134	$43,542,902	$20,928,852	$(29,765,452)	$34,706,302
Segment liabilities	$9,869,368	$1,320,680	$1,971,562	$13,161,610	$3,643,765	$(3,219,078)	$13,586,297

ATTACHMENT 1 : Financing provided to others for the year ended December 31, 2018 (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 40,313 (NTD 1,238,400)	USD 40,000 (NTD 1,228,800)	USD 40,000 (NTD 1,228,800)	1.80%	2	$-	Operating	$-	-	-	USD 196,092 (NTD 6,023,976)	USD 196,092 (NTD 6,023,976)
2	GOLDSUN INTERNATIONAL DEVELOPMENT CORP.	TRANSASIA AIRWAYS CORPORATION	Long-term receivable	USD 7,946 (NTD 244,101)	-	-	-	2	-	Operating	-	-	-	USD 214,684 (NTD 6,595,118)	USD 214,684 (NTD 6,595,118)
3	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	Long-term receivable	RMB 21,752 (NTD 97,230)	-	-	-	2	-	Operating	-	-	-	RMB 173,827 (NTD 777,287)	RMB 173,827 (NTD 777,287)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Long-term receivable	RMB 5,999 (NTD 26,820)	RMB 6,000 (NTD 26,820)	RMB 6,000 (NTD 26,820)	2.01%	2	-	Operating	-	-	-	RMB 173,827 (NTD 777,287)	RMB 173,827 (NTD 777,287)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Long-term receivable	RMB 31,999 (NTD 143,040)	RMB 32,000 (NTD 143,040)	RMB 32,000 (NTD 143,040)	2.01%	2	-	Operating	-	-	-	RMB 173,827 (NTD 777,287)	RMB 173,827 (NTD 777,287)
4	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	TRANSASIA AIRWAYS CORPORATION	Long-term receivable	NTD 50,000	-	-	-	2	-	Operating	-	-	-	NTD 392,683	NTD 392,683
5	JIN SHUN MARITIME LTD.	TRANSASIA AIRWAYS CORPORATION	Other receivable	USD 2,979 (NTD 91,515)	-	-	-	2	-	Operating	-	-	-	USD 5,432 (NTD 166,864)	USD 5,432 (NTD 166,864)
6	RUEI SHIN CONSTRUCTIN CO., LTD	GIMPO MARINE CO., LTD.	Long-term receivable	NTD 115,000	NTD 115,000	NTD 115,000	1.45%	2	-	Operating	-	-	-	NTD 4,773,122	NTD 4,773,122
		GREAT SMART LIMITED.,	Long-term receivable	NTD 216,720	NTD 215,040	NTD 215,040	1.20%	2	-	Operating	-	-	-	NTD 4,773,122	NTD 4,773,122
		GOLDSUN BUILDING MATERIALS CO., LTD.	Long-term receivable	NTD 1,475,000	NTD 1,375,000	NTD 1,375,000	1.03~1.28%	2	-	Operating	-	-	-	NTD 4,773,122	NTD 4,773,122
7	TAICANG PORT GOLDSUN CONCRETE CO., LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	Other receivable	RMB 29,378 (NTD 131,320)	-	-	-	2	-	Operating	-	-	-	RMB 69,783 (NTD 312,041)	USD 69,783 (NTD 312,041)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 8,000 (NTD 35,760)	RMB 8,000 (NTD 35,760)	RMB 8,000 (NTD 35,760)	2.01%	2	-	Operating	-	-	-	RMB 69,783 (NTD 312,041)	RMB 69,783 (NTD 312,041)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Other receivable	RMB 47,000 (NTD 210,090)	RMB 47,000 (NTD 210,090)	RMB 47,000 (NTD 210,090)	2.01%	2	-	Operating	-	-	-	RMB 69,783 (NTD 312,041)	RMB 69,783 (NTD 312,041)
8	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Other receivable	RMB 6,953 (NTD 31,080)	-	-	-	2	-	Operating	-	-	-	RMB 104,481 (NTD 467,197)	RMB 104,481 (NTD 467,197)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 42,000 (NTD 187,740)	RMB 42,000 (NTD 187,740)	RMB 42,000 (NTD 187,740)	2.01%	2	-	Operating	-	-	-	RMB 104,481 (NTD 467,197)	RMB 104,481 (NTD 467,197)

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. and GOLDSUN INTERNATION DEVELOPMENT CORP. shall not exceed double of the net asset value from the latest financial statement. and others shall not exceed the 100% net asset value from the latest financial statement.

ATTACHMENT 2 : Endorsement/Guarantee provided to others for the year ended December 31, 2018

(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.	3	$3,896,459	$250,776	$248,832	$1,573	$-	1.28%	$9,741,148	Y		Y
1	RUEI SHIN CONSTRUCTIN CO., LTD	GOLDSUN BUILDING MATERIALS CO., LTD.	4	4,773,122	3,604,000	3,604,000	304,000	-	75.51%	4,773,122		Y	
2	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	467,197	255,904	191,405	91,076	-	40.97%	467,197			Y
3	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	777,287	472,527	471,809	275,542	-	60.70%	777,287			Y
4	TAICANG PORT GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	312,041	129,210	90,071	-	-	28.87%	312,041			Y
5	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	577,058	203,346	181,370	158,059	-	31.43%	577,058			Y
6	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	600,653	190,121	147,734	178,163	-	24.60%	600,653			Y
7	KUNSHAN GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	323,333	222,447	175,917	67,195	-	54.41%	323,333			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) For the 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" 。

ATTACHMENT 3 : Securities held as of December 31, 2018 (Unit:Foreign currency: thousands, NTD: thousands)

Names of companies held	Type and name of securities	Relationship with the Company	Financial statement account	December 31, 2018 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	15,486,625	$551,324	-	$551,324	14,000 thousand shares provide for loan guarante
	TAIWAN SECOM CO., LTD.	Investor under the equity method	Financial assets at fair value through other comprehensive income, non-current	4,217,669	372,842	1%	372,842	4,200 thousand shares provide for loan guarantee
	O-BANK		Financial assets at fair value through other comprehensive income, non-current	40,571,078	324,569	2%	324,569	40,000 thousand shares provide for loan guarante
	GLOBAL SECURITIES FINANCE CORPORATION		Financial assets at fair value through other comprehensive income, non-current	700,837	3,946	-	3,946	
	TAIWAN AIRPORT SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	7,405,200	164,395	17%	164,395	7,405 thousand shares provide for loan guarantee
	ANFENG SPRING ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	150,000	2,262	5%	2,262	
	OVERSEAS INVESTMENT & DEVELOPMENT CORP.		Financial assets at fair value through other comprehensive income, non-current	2,000,000	15,360	2%	15,360	
	FUHWA VENTURE CAPITAL INC.		Financial assets at fair value through other comprehensive income, non-current	742,500	4,826	5%	4,826	
	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	2,328	-	2,328	Included in treasury shares
	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income, current	728,200	23,567	-	23,567	
	TAIWAN SECOM CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	1,868,000	165,131	-	165,131	
GOLDSUN INVESTMENT CO., LTD	Stock-							
	EVERTERMINAL. CO., LTD		Financial assets at fair value through other comprehensive income, non-current	1,429,653	9,593	1.46%	9,593	
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	32,853	-	32,853	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	-	448,482	19%	448,482	
	FUJIAN HENGZHONG SAND STONE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	-	24,931	19%	24,931	

ATTACHMENT 3-1: Securities held as of December 31, 2018 (Unit:Foreign currency: thousands, NTD: thousands)

Names of companies held	Type and name of securities	Relationship with the Company	Financial statement account	December 31, 2018				Remark
				Units (thousand) / bonds / shares (thousand)	Carrying amount	Percentage of ownership (%)	Fair value/Net assets value	
TAIPEI PORT TERMINAL COMPANY LIMITED	Fund - Jih Sun Money Market Fund		Financial assets at fair value through profit or loss, current	2,205,844	$32,632	-	$32,632	
GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Fund - BOSERA FUNDS		Financial assets at fair value through profit or loss, current	4,181,903	18,700	-	18,700	

ATTACHMENT 4: 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, 2018 (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 & Co., Ltd	Associate Company	NOTE1	$722,120	NOTE1	Net 30 days	$-	-	$(117,469)	3.81%	
GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	411,869	2%	Net 30 days	-	-	49,733	0.68%	
TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	240,154	2%	Net 30 days	-	-	19,767	0.27%	

Note 1: The Company provided the services of shipping cement to GOLDSUN BUILDING MATERIALS CO., LTD. and accounted to "Other operating income".

ATTACHMENT 5: Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock as of December 31, 2018 (Unit:Foreign currency: thousands, NTD: thousands)

The name of the company	Counter-party	Relationship	Ending balance of receivables	Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for doubtful account
					Amount	Collection status		
GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	The Company's subsidiary	$1,228,800	-	$-	-	$-	$-
RUEI SHIN CONSTRUCTIN CO., LTD	GREAT SMART LTD.	Affiliate with same parent company	215,040	-	-	-	-	-
RUEI SHIN CONSTRUCTIN CO., LTD	GIMPO MARINE CO., LTD.	Affiliate with same parent company	115,000	-	-	-	-	-
RUEI SHIN CONSTRUCTIN CO., LTD	GOLDSUN BUILDING MATERIALS CO., LTD	Parent Company	1,375,000	-	-	-	-	-

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 2018						
0	GOLDSUN BUILDING MATERIALS CO., LTD.	WELLPOOL CO., LTD.	1	Other operating revenue	$51,779	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	WELLPOOL CO., LTD.	1	Accounts receivables	18,655	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	1	Other operating revenue	17,143	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	1	Other receivables	1,375,000	Interest rate:1.03%~1.28%	4%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	1	Other operating revenue	14,161	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	1	Property, plant and equipment	57,339	(Note 4)	-
1	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	411,869	(Note 4)	2%
1	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts receivables	49,733	(Note 4)	-
2	TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	240,154	(Note 4)	1%
2	TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts receivables	23,042	(Note 4)	-
2	TAIPEI PORT TERMINAL COMPANY LIMITED	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	3	Other payables	31,868	(Note 4)	-
3	RUEI SHIN CONSTRUCTIN CO., LTD	GREAT SMART LTD.	3	Other receivables	215,040	Interest rate:1.2%	-
3	RUEI SHIN CONSTRUCTIN CO., LTD	GIMPO MARINE CO., LTD.	3	Other receivables	115,000	Interest rate:1.45%	-
4	GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	1	Other receivables	1,228,800	Interest rate:1.8%	3%

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, 2018			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%	$392,683	$68,379	$68,379	
	REI SHIN CONSTRUCTION CO., LTD	Taipei, TW	Real estate rental, sale and development	1,285,045	1,285,045	377,000,000	100%	4,773,122	153,050	153,050	
	TRANSASIA AIRWAYS CORPORATION	Taipei, TW	Aviation services	3,969,297	3,969,297	305,360,458	40%	-	-	-	
	WELLPOOL CO., LTD.	Taipei, TW	Sales of calcium silicate board and other boards	377,102	377,102	17,740,389	49%	498,591	173,211	85,228	15,000 thousand shares provide for loan guarantee
	EASE GREAT INVESTMENTS LTD.	Samoa	Investment and holding	4,918,315 (USD 149,462)	4,918,315 (USD 149,462)	149,462,000	84%	5,284,249	508,837	426,151	
	GOLDSUN INVESTMENT CO., LTD	Taipei, TW	Investment	53,500	53,500	3,996,000	100%	28,251	579	579	
	GOLDSUN NIHON CEMENT CO., LTD.	Kaohsiung, TW	Cement import and sale	119,121	119,121	11,460,000	59%	177,668	13,134	7,722	
	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	1,800,000	1,800,000	180,000,000	72%	1,817,399	(102,619)	(77,221)	
	TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Hong Kong	Investment	480,289 (USD 15,436)	453,555 (USD 14,566)	116,686,664	100%	474,646	(236)	(236)	
	HWA YA DEVELOPMENT CO., LTD.	Taipei, TW	Hotel operator	196,928	196,928	15,714,108	31%	160,501	(1,579)	(485)	
	GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Taipei, TW	Sales of ready-mixed concrete and cement products	60,000	60,000	6,000,000	100%	29,973	(11,633)	(11,633)	
	RAIXIN QUALITY PRODUCTS LTD.	Taipei, TW	Upholstery and sales of furniture	41,000	41,000	1,913,333	16%	12,158	(44,605)	(10,615)	

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, 2018			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%	$166,864	$(11,680)	$(11,680)	
	YUAN SHUN MARITIME LTD.	Hong Kong	Shipping	1,198,017 (USD 38,900)	1,198,017 (USD 38,900)	303,420,000	100%	1,163,629	(2,151)	(2,151)	
	JING SHUN MARITIME LTD.	Hong Kong	Shipping	(Note 2)	-	1	100%	(25,706)	(3,996)	(3,996)	
	FENG SHUN MARITIME LTD.	Hong Kong	Shipping	(Note 2)	-	1	100%	(1,225)	(1,201)	(1,201)	
	GOYU BUILDING MATERIALS CO., LTD.	Chiayi, TW	Sales of building	182,000	-	18,200,000	65%	178,639	(5,171)	(3,361)	
	GIMPO MARINE CO., LTD.	New Taipei City,	Shipping	100,000	-	10,000,000	100%	99,367	(633)	(633)	
RUEI SHIN CONSTRUCTIN CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	700,000	500,000	70,000,000	28%	706,766	(102,619)	-	
RUEI SHIN CONSTRUCTIN CO., LTD	EASE GREAT INVESTMENTS LTD.	Samoa	Investment and holding	898,577 (USD 29,000)	898,577 (USD 29,000)	29,000,000	16%	1,025,299	508,837	-	
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	TRANSASIA AIRWAYS CORPORATION	Taipei, TW	Aviation services	22,962	22,962	1,809,330	-	-	-	-	(Note 1)
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	Taipei, TW	Upholstery and sales of furniture	48,667	40,000	2,733,334	23%	17,369	(44,605)	-	
WELLPOOL CO., LTD.	GAPE-GOLDSUN CORPORATION	Taipei, TW	Sales of calcium silicate board and other boards	1,283	1,283	100,000	100%	1,448	14	-	
EASE GREAT INVESTMENTS LTD.	GREAT SMART LTD.	Cayman	Investment and holding	3,645,095 (USD 112,300)	3,645,095 (USD 112,300)	112,300,000	100%	3,011,988 (USD 98,046)	470,170	-	
	GOLDSUN INTERNATIONAL DEVELOPMENT CORP.	Cayman	Investment and holding	2,171,797 (USD 66,162)	2,171,797 (USD 66,162)	66,162,000	100%	3,297,559 (USD 107,342)	38,920	-	

Note 1: On January 11, 2017, the shareholders meeting of TransAsia Airways Corp., which is the Group's investee recognized in investments accounted for under the equity method, approved the liquidation proposal. No more investment income or loss has been recognized since 2017.

Note 2: YUAN SHUN MARITIME LTD. invested the entity in debt to equity swap.

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, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2018	Accumulated inward remittance of earnings as of December 31, 2018
					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)	$(20,244) (Note 4)	100%	$(20,244) (Note 4)	$467,197 (Note 4)	$-
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)	23,955 (Note 4)	100%	23,955 (Note 4)	777,287 (Note 4)	-
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)	4,734 (Note 4)	100%	4,734 (Note 4)	312,041 (Note 4)	-
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)	33,268 (Note 4)	100%	33,268 (Note 4)	577,058 (Note 4)	-
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)	20,009 (Note 4)	100%	20,009 (Note 4)	323,333 (Note 4)	-
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)	26,906 (Note 4)	100%	26,906 (註四)	600,653 (Note 4)	-
FU YANG PORT CO., LTD.	Sandstone processing	782,516 (USD 24,256)	(Note 1)	322,625 (USD 10,000)	-	-	322,625 (USD 10,000)	(135,733) (Note 5)	41%	(52,620) (Note 5)	235,914 (Note 5)	-
GOLDSUN COMENT (FUJIAN) CO., LTD.	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)	306,360 (Note 4)	100%	306,360 (Note 4)	1,353,410 (Note 5)	-
LIANYUAN CONCH CEMENT CO., LTD.(Note8)	Cement production and	2,383,120 (USD 74,800)	(Note 2)	376,549 (USD 10,800)	-	-	376,549 (USD 10,800)	756,560 (Note 4)	20%	151,312 (Note 4)	616,269 (Note 4)	-
FUZHOU SANSHUN STONE MATERIAL CO., LTD.	Sandstone processing	1,016,143 (RMB 230,500)	(Note 3)	453,555 (USD 14,566)	-	-	453,555 (USD 14,566)	-	19%	-	448,482 (Note 6)	-
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%	-	24,931 (Note 6)	-
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	Sandstone processing	465,000 (RMB 100,000)	(Note 7)	-	-	-	-	(27,678) (Note 4)	30%	(7,416) (Note 4)	126,860 (Note 4)	-

Accumulated investment in Mainland China as of December 31, 2018	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$5,136,088 (USD 156,638)	$5,827,655 (USD 189,702)	$12,348,175 (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: The financial statements were certificated by the CPA of the parent company in Taiwan.
Note 5: The financial statements were certificated by the other CPA in Mainland China.
Note 6: Company recognized the investment as " Financial assets at fair value through other comprehensive income, non-current".
Note 7: Indirect investment through GOLDSUN (CHANGSHU) CONCRETE CO., LTD.
Note 8: The name was changed from GOLDSUN COMENT (HUNAN) CO., LTD. to LIANYUAN CONCH CEMENT CO., LTD. on June 30, 2017.
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 1997. The calculation method for the mainland area is 60% of the net value or the combined net value, whichever is higher.

5.Financial Statements for the Years Ended December 31, 2018 and 2017, and Independent Auditors' Report

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, 2018 and 2017, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, 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, 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, 2018 and 2017, and its financial performance and cash flows for the years ended December 31, 2018 and 2017, 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 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 2018 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.

Allowance for Deferred tax assets

As of December 31, 2018, the Company's Deferred tax assets amounted to NT$440,756 thousand. Deferred tax assets were recognized for all carryforward of unused tax losses and unused tax credits that was affected by future changes of market and economy to such assumptions, probable taxable profit of the Company and assessment result from the local tax authorities. The impairment assessment process involves significant management judgment of assumptions used and the calculation model is complicated as well. We determined the matter as a key audit matter.

Our audit procedures included (but not limited to) the following:

1. Obtaining and evaluating the data and assumption of future taxable profit amount from the management, which including revenue growth rate, gross profit margin, operating expense rete and taxable profit

2. Analyzing the historical financial information and industry forecast prepared by the management to evaluate the reasonableness.

We also consider the appropriateness of the disclosures of operating revenue. Please refer to Note5 and 6.

Revenue Recognition

Revenue from contracts with customers that recognized by the Company amounted to NT$11,243,019 thousand for the year ended December 31, 2018. and the main source of revenue is the sale of pre-mixed concrete. The timing of sales was recognized and the performance obligations was satisfied when the goods are delivered to the customers 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 6.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. 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 reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT$235,914 thousand and NT$293,598 thousand, representing 1% and 1% of total assets as of 31 December 2018 and 2017, respectively. The related shares of profits (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(52,620) thousand and NT$(5,614) thousand, representing 10% and 0% of the income before tax for the years ended 31 December 2018 and 2017, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(13,487) thousand and NT$19,933 thousand, representing 3% and 1% of the comprehensive income (loss) for the years ended 31 December 2018 and 2017, respectively.

Emphasis of Matter - Applying for New Accounting Standards

We draw attention to Note 3 of the parent company only financial statements, which describes the Company applied for the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" starting from January 1, 2018, 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 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 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 2018 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 22, 2019

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, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2018		December 31, 2017	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$576,887	2	$728,637	2
Financial assets at fair value through other comprehensive income, current	4,6 and 8	551,324	2	-	-
Available-for-sale financial assets, current	4,6 and 8	-	-	543,570	2
Financial assets at amortized cost, current	4,6 and 8	245,610	1	-	-
Debt instrument investments for which no active market exists, current	4 and 6	-	-	160,869	1
Notes receivable, net	4,5 and 6	897,517	3	940,616	3
Notes receivable-related parties,net	4,5,6 and 7	-	-	12,726	-
Accounts receivable, net	4,5 and 6	3,546,174	12	3,008,873	10
Accounts receivable-related parties,net	4,5,6 and 7	26,531	-	12,116	-
Other receivables		2,407	-	1,827	-
Other receivables-related parties	7	27,934	-	25,650	-
Inventories, net	4 and 6	395,080	1	371,994	1
Prepayments	7	388,733	1	430,470	1
Total current assets		6,658,197	22	6,237,348	20
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,5,6 and 8	890,627	3	-	-
Available-for-sale financial assets, non-current	4,5,6 and 8	-	-	889,856	3
Financial assets measured at cost, non-current	4,5 and 6	-	-	39,254	-
Investments accounted for under the equity method	4,5,6 and 8	15,230,809	50	14,403,773	50
Property, plant and equipment	4, 6 and 8	4,219,115	14	4,284,550	15
Investment property, net	4,5,6 and 8	3,193,062	10	3,217,250	11
Intangible assets	4 and 6	14,293	-	11,954	-
Deferred tax assets	4,5 and 6	440,756	1	418,127	1
Prepayment for equipment		7,715	-	8,669	-
Refundable deposits	8	18,973	-	20,654	-
Long-term receivable	4,5 and 6	18,189	-	18,310	-
Long-term prepaid rent		508	-	2,125	-
Total non-current assets		24,034,047	78	23,314,522	80
Total assets		$30,692,244	100	$29,551,870	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 BALANCE SHEETS
December 31, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2018		December 31, 2017	
Liabilities and Equity	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	4,6 and 8	$2,700,000	9	$2,250,000	8
Short-term notes and bills payable	6 and 8	1,727,825	6	1,798,390	6
Notes payable		1,089	-	121	-
Accounts payable		1,524,822	5	1,281,162	4
Accounts payable - related parties	7	191,167	1	184,285	1
Other payables		533,013	2	611,532	2
Other payables - related parties	7	1,375,000	4	775,000	3
Current tax liabilities	4,5 and 6	5,122	-	-	-
Other current liabilities		85,606	-	71,952	-
Advanced receipts		197,204	1	3,421	-
Current portion of long-term bonds payable	4,6 and 8	1,000,000	3	1,000,000	3
Current portion of long-term loans	4,6 and 8	100,000	-	600,000	2
Total current liabilities		9,440,848	31	8,575,863	29
Non-current liabilities					
Bonds payable	4,6 and 8	-	-	1,000,000	3
Long-term loans	4,6 and 8	1,500,000	5	-	-
Deferred tax liabilities	4,5 and 6	4,803	-	150	-
Provisions, non-current	4 and 6	4,500	-	4,500	-
Net defined benefit liabilities, non-current	4,5 and 6	227,790	1	255,501	1
Guarantee deposits	7	32,008	-	33,354	-
Total non-current liabilities		1,769,101	6	1,293,505	4
Total liabilities		11,209,949	37	9,869,368	33
Equity attributable to the parent					
Capital					
Common stock	4 and 6	13,850,003	45	13,850,003	47
Additional paid-in capital	6	1,177,912	4	1,163,101	4
Retained earnings	6				
Legal reserve		1,545,164	5	1,392,890	5
Special reserve		1,874,430	6	1,874,430	6
Unappropriated earnings		1,183,489	4	1,522,743	5
Total Retained earnings		4,603,083	15	4,790,063	16
Other components of equity	6	(138,664)	(1)	(110,626)	-
Treasury stock	6	(10,039)	-	(10,039)	-
Total equity		19,482,295	63	19,682,502	67
Total liabilities and equity		$30,692,244	100	$29,551,870	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, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2018		2017	
		Amount	%	Amount	%
Operating revenue	4,5,6 and 7	$11,402,464	100	$10,765,477	100
Operating costs	6 and 7	(10,965,154)	(96)	(10,094,432)	(94)
Gross profit		437,310	4	671,045	6
Operating expenses	4,5,6 and 7				
Sales and marketing expenses		(132,114)	(1)	(171,507)	(2)
General and administrative expenses		(366,010)	(4)	(436,046)	(4)
Research and development expenses		(8,319)	-	(8,366)	-
Expected credit losses		(45,119)	-	-	-
Subtotal		(551,562)	(5)	(615,919)	(6)
Operating (loss) income		(114,252)	(1)	55,126	-
Non-operating income and loss	4,6 and 7				
Other income		114,632	1	105,054	1
Other gains and losses		(15,264)	-	(111,847)	(1)
Finance costs		(98,196)	(1)	(100,663)	(1)
Share of profit or loss of associates and joint ventures		617,897	5	2,859,342	28
Subtotal		619,069	5	2,751,886	27
Income before income tax		504,817	4	2,807,012	27
Income tax benefit	4,5 and 6	10,022	-	3,887	-
Net income		514,839	4	2,810,899	27
Other comprehensive income	4 and 6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(16,101)	-	(39,208)	-
Unrealized gains on fair value through other comprehensive income equity instrument investment		4,508	-	-	-
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss		(383)	-	(126)	-
Income tax related to items that will not be reclassified		3,221	-	6,665	-
Items that may be reclassified subsequently to profit or loss					
Unrealized gain on available-for-sale financial assets		-	-	27,271	-
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		(20,276)	-	(242,271)	(2)
Total other comprehensive (loss) income, net of tax		(29,031)	-	(247,669)	(2)
Total comprehensive income		$485,808	4	$2,563,230	25
Earnings per share (NT$)	6				
Basic earnings per share		$0.37		$2.01	
Diluted earnings per share		$0.37		$2.00	

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 CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(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 Equity
Balance as of January 1, 2017	$14,280,003	$1,152,561	$1,392,890	$2,353,140	$(1,734,197)	$(167,924)	$-	$272,298	$(10,039)	$17,538,732
Net income in 2017	-	-	-	-	2,810,899	-	-	-	-	2,810,899
Other comprehensive (loss) income, net of tax in 2017	-	-	-	-	(32,669)	(248,659)	-	33,659	-	(247,669)
Total comprehensive income	-	-	-	-	2,778,230	(248,659)	-	33,659	-	2,563,230
Purchase of treasury shares	-	-		-	-	-	-	-	(409,672)	(409,672)
Retirement of treasury share	(430,000)	20,328	-	-	-	-	-	-	409,672	-
Reversal of Special reserve	-	-	-	(478,710)	478,710	-	-	-	-	-
The differences between the fair value of the consideration paid or received	-	(9,855)	-	-	-	-	-	-	-	(9,855)
from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries			-							
Changes in subsidiaries' ownership	-	67	-	-	-	-	-	-	-	67
Balance as of December 31, 2017	$13,850,003	$1,163,101	$1,392,890	$1,874,430	$1,522,743	$(416,583)	$-	$305,957	$(10,039)	$19,682,502
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

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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Description	2018	2017
Cash flows from operating activities:		
Profit before tax from continuing operations	$504,817	$2,807,012
Net income before tax	504,817	2,807,012
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	199,662	219,836
Bad debt expense	-	32,936
Expected credit losses	45,119	-
Amortization	5,035	4,399
Interest expense	98,196	100,663
Interest revenue	(12,131)	(6,588)
Dividend income	(61,134)	(55,256)
Gain on disposal of investments	(1,839)	(403)
Gain on disposal of subsidiary	(4,568)	-
Share of gain of associates and joint ventures	(617,897)	(2,859,342)
Gain on disposal of property, plant and equipment	(5,744)	(1,975)
Gain on disposal of investment property	6,282	92
Changes in operating assets and liabilities:		
Notes receivable, net	43,790	7,104
Notes receivable-related parties,net	12,726	(3,015)
Accounts receivable, net	(575,483)	51,054
Accounts receivable-related parties,net	(14,415)	24,718
Other receivables	(174)	2,896
Other receivables-related parties	(2,284)	12,233
Inventories, net	(23,086)	2,071
Prepayments	41,737	(76,807)
Long-term receivable	(7,507)	(22,638)
Notes payable	968	(304,654)
Notes payable - related parties	-	(3,745)
Accounts payable	243,660	316,874
Accounts payable - related parties	6,882	50,229
Other payables	(80,160)	98,399
Other current liabilities	14,042	(7,320)
Advanced receipts	193,783	3,356
Net defined liabilities, non-current	(43,811)	(15,750)
Cash generated from operations	(33,534)	376,379
Interest received	12,131	6,588
Income tax paid	-	(43,726)
Net cash (used in) provided by operating activities	(21,403)	339,241
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	11,592	278,639
Acquisition of property, plant and equipment	(119,200)	(188,200)
Proceeds from disposal of investment property	-	38,608
Acquisition of investment property	(3,376)	(3,984)
Proceeds from disposal of available-for-sale financial assets	-	900,403
Acquisition of available-for-sale financial assets	-	(843,910)
Capital deducted by cash of financial assets at fair value through other comprehensive income	2,475	-
Acquisition of financial assets at amortized cost	(84,741)	-
Acquisition of financial assets measured at cost	-	(4,001)
Proceeds from disposal of financial assets at fair value through profit or loss	32,239	-
Acquisition of investments accounted for under the equity method	(308,733)	(52,055)
Capital deducted by cash of investments accounted for under the equity method	-	1,451,186
Increase in debt instrument investments for which no active market exists	-	(160,869)
Acquisition of intangible assets	(7,374)	(3,830)
Decrease(increase) in prepayment for equipment	954	(75)
Decrease in refundable deposits	1,681	6,691
Decrease in long-term prepaid rent	1,617	1,618
Decrease in other non-current assets	-	182
Dividends received	140,600	153,829
Net cash (used in) provided by investing activities	(332,266)	1,574,232
Cash flows from financing activities:		
Increase (decrease) in short-term loans	450,000	(2,100,000)
Decrease in short-term notes and bills payable	(70,565)	(193,996)
Decrease in bonds payable	(1,000,000)	-
Increase in long-term loans	6,550,000	5,600,000
Decrease in long-term loans	(5,550,000)	(6,300,000)
(Decrease) increase in guarantee deposits	(1,346)	1,292
Increase in other payables - related parties	600,000	775,000
Donated surplus	12,885	-
Cash dividends paid	(692,500)	-
Purchase of treasury shares	-	(409,672)
Interest paid	(96,555)	(101,932)
Net cash provided by (used in) financing activities	201,919	(2,729,308)
Net decrease in cash and cash equivalents	(151,750)	(815,835)
Cash and cash equivalents at beginning of year	728,637	1,544,472
Cash and cash equivalents at end of year	$576,887	$728,637

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

GOLDSUN BUILDING MATERIALS CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

GOLDSUN BUILDING MATERIALS CO., LTD. NOTES TO FINANCIAL STATEMENTS ("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, 2018 and 2017 were authorized for issue by the Board of Directors on March 22, 2019.

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 1 January 2018. The nature and the impact of each new standard and amendment that has a material effect on The Company is described below:

A. *IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15* "Clarifications *to IFRS 15 Revenue from Contracts with Customers")*

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. In accordance with the transition provision in IFRS 15, The Company elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (1 January 2018). The Company also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Company's principal activities consist of the sale of goods and rendering of services. The impacts arising from the adoption of IFRS 15 on The Company are summarized as follows:

a. Please refer to Note 4 for the accounting policies before or after 1 January 2018.

b. Before 1 January 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from 1 January 2018, in accordance with IFRS 15, the Company recognized revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Company's revenue recognition from sale of goods. However, for some contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the sale of goods subsequently. Before 1 January 2018, the Company recognized the consideration received in advance from customers under advanced receipts. Starting from 1 January 2018, in accordance with IFRS 15, it should be recognized as contract liabilities.

c. Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

B. *IFRS 9"Financial Instruments"*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with the transition provision in IFRS 9, the Company elected not to restate prior periods at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Company:

a. The Company adopted IFRS 9 since 1 January 2018 and it adopted IAS 39 before 1 January 2018. Please refer to Note 4 for more details on accounting policies.

b. In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at 1 January 2018. The classifications of financial assets and its carrying amounts as at 1 January 2018 are as follow:

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through other comprehensive income		Fair value through profit or loss	$30,400
Available-for-sale financial assets (including measured at cost $39,254)	$1,472,680	Fair value through other comprehensive income	1,433,305
At amortized cost Loans and receivables (including cash and cash equivalents (except cash on hand), debt instrument investments for which no active market exists, notes receivables, account receivables (includind related parities), other recivables (including related parities), refundable deposits and long-term receivables)	4,925,768	At amortized cos t(including cash and cash equivalents (except cash on hand), at amortized cost of financial assets, notes receivables, account receivables (includind related parities), other recivables (including related parities), refundable deposits and long -term receivalbles)	4,925,768
Total	$6,398,448	Total	$6,389,473

c. The transition adjustments from IAS 39 to IFRS 9 for the classifications of financial assets and financial liabilities as at 1 January 2018 are as follow:

IAS 39		IFRS 9			Retained earnings	Other components of equity
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjustment	Adjustment
Parent Company						
Available-for-sale financial assets (including measured at cost $39,254) (Note 1)	$30,400	Measured at fair value through profit or loss	$30,400	$-	$1,771	$(1,771)
	1,442,280	Measured at fair value through other comprehensive income (equity instruments)	1,433,305	8,957	2,173	(11,148)
Subtotal	1,472,680					
Loans and receivables (Note 2)						
Cash and cash equivalents (except cash on hand)	724,127	Cash and cash equivalents (except cash on hand)	724,127	-	-	-
Debt instrument investments for which no active market exists	160,869	At amortized cost of financial assets	160,869	-	-	-
Note receivables (including related parties)	953,342	Note receivables (including related parties)	953,342	-	-	-
Accounts receivables (including related parties)	3,020,989	Accounts receivables (including related parties)	3,020,989	-	-	-
Other receivables (including related parties)	27,477	Other receivables (including related parties)	27,477	-	-	-
Refundable deposits	20,654	Refundable deposits	20,654	-	-	-
Long -term receivables	18,310	Long -term receivables	18,310	-	-	-
Subtotal	4,925,768		4,925,768	-	-	-
Total	6,398,448		6,389,473	(8,975)	3,944	(12,919)
Subsidiaries	5,887,387		5,888,036	649	-	649
Total	$12,285,835	Total	$12,277,509	$(8,326)	$3,944	$(12,270)

Notes:

(1) In accordance with of IAS 39, the Company's available-for-sale financial assets included investments in stocks of listed and unlisted companies. Adjustment details are described as follow:

Stocks (including listed and unlisted companies)

The Company assessed the facts and circumstances existed as at 1 January 2018, and determined these stocks were not held-for-trading; therefore, so the Company elected to designate them as financial assets measured at fair value through other comprehensive income. As at 1 January 2018, the Company reclassified available-for-sale financial assets (including measured at cost) to financial assets at fair value through profits or loss and financial assets measured at fair value through other comprehensive income of NT$30,400 thousand and NT$1,433,305 thousand, respectively. Other related adjustments are described as follow:

(a) The stock of unlisted companies previously measured at cost in accordance with IAS 39 had an original cost NT$39,253 thousand, which was NT$2,173 thousand impaired. However, in accordance with IFRS 9, stocks of unlisted companies must be measured at fair value and shall not recognize impairment. The fair value of the stocks of unlisted companies was NT$30,278 thousand as at 1 January 2018. Accordingly, the Company adjusted the carrying amount of financial assets measured at fair value through other comprehensive income of NT$30,278 thousand and also adjusted the retained earnings and other components of equity by NT$2,173 thousand and NT$(11,148) thousand, respectively.

(b) As at 1 January 2018, the Compnay reclassified the stocks measured at fair value from available-for-sale financial assets to financial assets measured at fair value through other comprehensive income. This adjustment did not result any differences in the carrying amounts of assets, but reclassified within equity accounts。As at 1 January 2018, the Company reclassified available-for-sale financial assets of NT$30,400 thousand to financial assets mandatorily measured at fair value through profit or loss. Besides, changes in fair value of NT$(1,771) thousand previously recognized in other equity was reclassified to retained earnings.

(2) In accordance with IAS 39, the cash flow characteristics for loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that existed as at 1 January 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at 1 January 2018. Therefore, there is no impact on the carrying amount as at 1 January 2018.

d. Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

C. IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The Company originally recorded their foreign currency sales transactions based on the exchange rate on the date of revenue recognition and converted into its functional currency. The exchange difference was recognized when the foreign currency advance payment was written off. The

Company elected to apply this interpretation prospectively on 1 January 2018. This change in accounting principle did not significantly impact the Company's recognition and measurement.

D. Disclosure *Initiative - Amendment to IAS 7 "Statement of Cash Flows":*

The Company required to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Please refer to Note 12 for more details.

(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	IFRS 16 "Leases"	1 January 2019
B	IFRIC 23 "Uncertainty Over Income Tax Treatments"	1 January 2019
D	IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28	1 January 2019
D	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
E	Improvements to International Financial Reporting Standards (2015-2017 cycle)	1 January 2019
F	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019

A. *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under one single accounting model (except for short-term or low-value asset lease exemptions), which is for lessees to recognize right-of-use assets and lease liabilities on the balance sheet and the depreciation expense and interest expense associated with those leases in the statements of comprehensive income. Besides, lessors' classification remains unchanged as operating or finance leases, but additional disclosure information is required.

B. IFRIC 23 "*Uncertainty Over Income Tax Treatments*"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

C. *IAS 28"Investment in Associates and Joint Ventures" - Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS

28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

D. *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

E. *Improvements to International Financial Reporting Standards (2015-2017 cycle):*

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

F. *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

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 2019. Apart from item A explained below, the remaining standards and interpretations have no material impact on the Company.

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 impact arising from the adoption of IFRS 16 on the Company are summarized as follows:

a. For the definition of a lease, the Company elects not to reassess whether a contract is, or contains, a lease at the date of initial application (1 January 2019) in accordance with the transition provision in IFRS 16. Instead, 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.

The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognizes 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.

Leases classified as operating leases

For leases that were classified as operating leases applying IAS 17, the Company expects to measure and recognize those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019 and; the Company chooses, on a lease-by-lease basis, to measure the right-of-use asset at either. An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019. The Company expects the right-of-use asset will increase by NT$678,725 thousand and the lease liability will increase by NT$678,725 thousand on 1 January 2019.

b. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Company's financial statements 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"	1 January 2021
C	Definition of a Business (Amendments to IFRS 3)	1 January 2020
D	Definition of Material (Amendments to IAS 1 and 8)	1 January 2020

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. *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.

D. *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. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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 Company evaluates 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, 2018 and 2017 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 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* (Before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) 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* (Before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) 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 accounting policy from 1 January 2018 as follow:

The Company accounts for regular way purchase or sales of financial assets on the trade 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 recognise 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.

Financial asset measured at fair value through other comprehensive income

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 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.

<u>Financial asset measured at fair value through profit or loss</u>

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.

<u>The accounting policy before 1 January 2018 as follow:</u>

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss. A financial asset 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 asset at fair value through profit or loss; or a financial asset 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.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

B. Impairment of financial assets

The accounting policy from 1 January 2018 as follow:

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.

The accounting policy before 1 January 2018 as follow:

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

a. significant financial difficulty of the issuer or obligor; or
b. a breach of contract, such as a default or delinquency in interest or principal payments; or
c. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
d. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

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 carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) 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.

Before 1 January 2018, if the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

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.

(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 on a FIFO

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 is 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.

(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
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

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

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 Companys 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.

<u>Provision for decommissioning, restoration and rehabilitation costs</u>

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 accounting policy from 1 January 2018 as follow:

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 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.

The accounting policy before 1 January 2018 as follow:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

A. the significant risks and rewards of ownership of the goods have passed to the buyer;
B. neither continuing managerial involvement nor effective control over the goods sold have been retained;
C. the amount of revenue can be measured reliably;
D. it is probable that the economic benefits associated with the transaction will flow to the entity; and
E. the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Company's right to receive the payment is established.

(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. <u>Significant Accounting Judgments, Estimates and Assumptions</u>

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 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, 2018.

E. Accounts receivables–estimation of impairment loss

Starting from 1 January 2018:

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.

Before1 January 2018:

The Company considers the estimation of future cash flows when there is objective evidence showed indications of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. However, as the impact from the discounting of short-term receivables is not material, the impairment of short-term receivables is measured as the difference between the asset's carrying amount and the estimated undiscounted future 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,	
	2018	2017
Cash on hand and petty cash	$4,610	$4,510
Checking accounts and demand deposits	341,337	282,463
Time deposits	159,815	393,965
Cash equivalents (Note)	71,125	47,699
Total	$576,887	$728,637

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,	
	2018	2017(Note)
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	$1,248,735	
Unlisted companies stocks	193,216	
Total	$1,441,951	
Current	$551,324	
Non-current	890,627	
Total	$1,441,951	

Note: The Company adopted IFRS 9 since 1 January 2018. The Company elected not to restate period periods in accordance with the transition provision in IFRS 9.

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

(3) Available-for-sale financial assets

	As of December 31,	
	2018(Note)	2017
Stocks		$1,157,557
Valuation adjustment		275,869
Total		$1,433,426

Current		$543,570
Non-current		889,856
Total		$1,433,426

Note: The Group adopted IFRS 9 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 8 for more details on available-for-sale financial assets under pledge.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2018	2017(Note)
Time deposit	$245,610	

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

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

(5) Financial assets measured at cost

	As of December 31,	
	2018(Note)	2017
Stocks		$39,254

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

Financial assets measured at cost were not pledged.

(6) Debt instrument investments for which no active market exists-current

	As of December 31,	
	2018(Note)	2017
Time deposits that have maturiey more than three months		$160,869

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Debt instrument investments for which no active market exists-current were not pledged.

(7) Notes receivable and notes receivable - related parties

	As of December 31,	
	2018	2017
Notes receivables arising from operating activities	$898,100	$941,890
Less: loss allowance	(583)	(1,274)
Subtotal	897,517	940,616
Notes receivable - related parties	-	12,726
Less: loss allowance	-	-
Subtotal	-	12,726
Tatal	$897,517	$953,342

Notes receivable were not pledged.

The Company adopted IFRS 9 for impairment assessment since 1 January 2018. Please refer to Note 6(22) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(8) Accounts receivable, accounts receivable from related parties, and long-term receivables

Accounts receivable and accounts receivable - related parties

	As of December 31,	
	2018	2017
Accounts receivable	$3,632,397	$3,057,889
Less: loss allowance	(86,223)	(49,016)
Subtotal	3,546,174	3,008,873
Accounts receivable - related parties	26,531	12,116
Less: loss allowance	-	-
Subtotal	26,531	12,116
Total	$3,572,705	$3,020,989

Long-term receivable

	As of December 31,	
	2018	2017
Overdue receivables	$90,947	$91,549
Less: loss allowance	(72,758)	(73,239)
Total	$18,189	$18,310

Accounts receivable were not pledged.

Accounts receivable are generally on 90 day terms. The Company adopted IFRS 9 for impairment assessment since 1 January 2018. Please refer to Note 6(22) for more details on impairment of trade receivables. The Company adopted IAS 39 for impairment assessment before 1 January 2018. The movements in the provision for impairment of accounts receivable, accounts receivable - related parties and long-term receivables are as follows: (Please refer to Note 12 for more details on credit risk management.)

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	$62,722	$36,874	$99,596
Charge for the current period	10,517	12,142	22,659
As of December 31, 2017	$73,239	$49,016	$122,255

Impairment loss that was individually determined for the December 31, 2017, arose due to the fact that the counterparty was in financial difficulties that refusal to pay for the purchase price. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Company does not hold any collateral for such trade receivables.

Aging analysis of accounts receivable, accounts receivable - related parties and long-term receivable that are past due as of the end of the reporting period but not impaired is as follows:

	Neither past due nor impaired	Past due but not impaired				
As of	<=90 days	91~180 days	181~365 days	1 -2 years	>=2 years	Total
December 31, 2017	$2,391,355	$486,821	$82,098	$73,593	$5,432	$3,039,299

(9) Inventories

	As of December 31,	
	2018	2017
Raw materials	$104,840	$81,754
Building for sale	79,872	79,872
Land of construction	210,368	210,368
Total	$395,080	$371,994

The cost of inventories recognized in expenses amounted to NT$8,772,995 thousand and NT$8,038,446 thousand for the year ended December 31, 2018 and 2017, respectively.

No inventories were pledged.

(10) Investments accounted for under the equity method

	As of December 31,			
	2018		2017	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
RUEI SHIN CONSTRUCTIN CO., LTD	$4,773,122	100%	$4,630,529	100%
GOLDSUN INVESTMENT CO., LTD.	28,251	100%	29,457	100%
WELLPOOL CO., LTD.	498,591	49%	475,733	49%
GOLDSUN NIHON CEMENT CO., LTD.	177,668	59%	181,407	59%
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	392,683	100%	330,706	100%
EASE GREAT INVESTMENT LTD. (Note 1)	5,284,249	84%	4,921,105	84%
HUA YA DEVELOPMENT CO., LTD.	160,501	31%	160,986	31%
TAIPEI PORT TERMINAL COMPANY LIMITED (Note 2)	1,817,399	72%	1,899,222	78%
JIN SHUN MARITIME LIMITED	166,864	100%	173,189	100%
YUAN SHUN MARITIME LIMITED	1,163,629	100%	1,108,438	100%
JING SHUN MARITIME LIMITED	(25,706)	100%	-	-
FENG SUN MARITIME LIMITED	(1,225)	100%	-	-

TAIWAN BUILDING MATERIALS (HONG KONG) LMITED	474,646	100%	433,190	100%
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	29,973	100%	40,443	100%
RAIXIN QUALITY PRODUCTS LTD. (Note3)	-	-	19,368	27%
GOYU BUILDING MATERIALS CO., LTD	178,639	65%	-	-
GIMPO MARINE CO., LTD.	99,367	100%	-	-
Subtotal	15,218,651		14,403,773	
Investments in associates:				
RAIXIN QUALITY PRODUCTS LTD. (Note3)	12,158	16%	-	-
Total	$15,230,809		$14,403,773	

Note1: The Company and its subsidiary, RUEI SHIN CONSTRUCTIN CO., LTD., held 84% and 16% shares of the EASE GREAT INVESTMENT LTD, respectively. Therefore, the shares of EASE GREAT INVESTMENT LTD was held by the Group 100%.

Note2: The Company and its subsidiary, RUEI SHIN CONSTRUCTIN CO., LTD., held 78% and 22% shares of the TAIPEI PORT TERMINAL COMPANY LIMITED, respectively. TERMINAL COMPANY LIMITED had a capital injection in 2018. RUEI SHIN CONSTRUCTIN CO., LTD., subscribed new shares incrementally and thus the Company and RUEI SHIN CONSTRUCTIN CO., LTD., shareholding percentage changed to 72% and 28%, respectively.

Note3: The Company and its subsidiary, GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD. held 27% and 27% shares of the RAIXIN QUALITY PRODUCTS LTD., respectively. RAIXIN QUALITY PRODUCTS LTD., had a capital injection in 2018. The Group did not subscrib to the shares incrementally and thus the Company and GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD. shareholding percentage decreased to 16% and 23%, respectively.

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, 2018 and 2017.

No investments in associates were pledged.

The summarized financial information of the associate is as follows:

	For the years ended December 31,	
	2018	2017
Loss from continuing operations	$(5,362)	$-
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$(5,362)	$-

The associates had no contingent liabilities or capital commitments as of December 31, 2018 and 2017.

(11) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Lease improvment	Construction in progress and equipment awaiting examination	Other equipment	Total
Cost:								
As of January 1, 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
As of January1, 2017	$3,225,007	$846,192	$1,700,657	$1,072,744	$127,021	$558,871	$100,602	$7,631,094
Additions	-	3,940	26,087	19,720	514	131,571	6,368	188,200
Disposals	(272,827)	(7,929)	(36,498)	(19,414)	(3,176)	-	(8,531)	(348,375)
Transfers	-	249,942	36,273	6,163	1,707	(494,675)	2,169	(198,421)
Other changes	-	-	(173)	-	-	-	25	(148)
As of December 31, 2017	$2,952,180	$1,092,145	$1,726,346	$1,079,213	$126,066	$195,767	$100,633	$7,272,350
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
As of January 1, 2017	$-	$582,803	$1,389,187	$737,348	$74,358	$-	$83,087	$2,866,783
Depreciation	-	33,540	72,492	63,062	14,728	-	7,563	191,385
Disposals	-	(6,247)	(35,728)	(18,302)	(3,127)	-	(8,307)	(71,711)
Other changes	-	-	-	-	-	-	34	34
As of December 31, 2017	$-	$610,096	$1,425,951	$782,108	$85,959	$-	$82,377	$2,986,491
Impairment:								
As of January 1, 2018	$-	$322	$987	$-	$-	$-	$-	$1,309
Impairment	-	-	-	-	-	-	-	-
As of December 31, 2018	$-	$322	$987	$-	$-	$-	$-	$1,309
As of January 1, 2017	$-	$322	$987	$-	$-	$-	$-	$1,309

Impairment	-	-	-	-	-	-	-	-
As of December 31, 2017	$-	$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
December 31, 2017	$2,952,180	$481,727	$299,408	$297,105	$40,107	$195,767	$18,256	$4,284,550

The major components of the buildings are main building structure and pre-mixed equipments, which are depreciated 5~ 20 years.

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

(12) Investment property

	Land	Buildings	Total
Cost:			
As of January 1, 2018	$2,535,394	$1,643,741	$4,179,135
Addition-from purchase	-	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
As of January 1, 2017	$2,572,321	$1,483,258	$4,055,579
Addition- from purchase	1,773	2,211	3,984
Disposals	(38,700)	(40,717)	(79,417)
Transfers	-	198,989	198,989
As of December 31, 2017	$2,535,394	$1,643,741	$4,179,135
Depreciation:			
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
As of January 1, 2017	$-	$966,078	$966,078
Depreciation	-	28,451	28,451
Disposals	-	(40,717)	(40,717)
As of December 31, 2017	$-	$953,812	$953,812
Impairment:			
As of January 1, 2018	$-	$8,073	$8,073
Impairment	-	-	-
As of December 31, 2018	$-	$8,073	$8,073
As of January 1, 2017	$-	$8,073	$8,073
Impairment	-	-	-
As of December 31, 2017	$-	$8,073	$8,073
Net carrying amount as of:			
December 31, 2018	$2,554,416	$638,646	$3,193,062
December 31, 2017	$2,535,394	$681,856	$3,217,250

	For the years ended December 31,	
	2018	2017
Rental income from investment property	$110,764	$98,744
Less：Direct operating expense generated from rental income of investment property	(82,932)	(84,413)
Total	$27,832	$14,331

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

The fair value of investment properties is 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 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 is NT$8,400,741 thousand as of December 31, 2017. The fair value NT$820,429 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$7,580,312 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.

(13) Intangible assets

	For the years ended December 31,	
	2018	2017
Cost:		
Beginning Balance	$27,138	$22,220
Addition-acquired separately	7,374	3,830
Disposals	(678)	-
Transfers	-	1,088
Ending Balance	$33,834	$27,138
Amortization:		
Beginning Balance	$15,184	$10,785
Amortization	5,035	4,399
Disposals	(678)	-
Ending Balance	$19,541	$15,184
Net carrying amount as of:		
Ending Balance	$14,293	$11,954

Recognized as amortized amount of intangible assets are as follows.

	2018	2017

Operating costs	$336	$258
Operating expenses	$4,699	$4,141

(14) Short-term loans

	As of December 31,	
	2018	2017
Credit bank loans	$1,950,000	$1,640,000
Secured bank loans	750,000	610,000
Total	$2,700,000	$2,250,000
Interset rates		
Credit bank loans	0.950%~1.100%	1.080%~1.150%
Secured bank loans	0.950%~1.120%	1.080%~1.150%

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

The Company's unused short-term lines of credits amount to NT$6,292 thousand and NT$6,100 thousand as of December 31, 2018 and 2017, respectively.

(15) Short-term notes and bills payable

	As of December 31,	
Guarantee institution	2018	2017
Guaranteed by bank	$1,730,000	$1,800,000
Less：Unamortised discount	(2,175)	(1,610)
Net	$1,727,825	$1,798,390
Interest rates	0.60%~0.92%	0.40%~0.89%

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

(16) Bonds payable

		As of December 31,	
	Interest rates	2018	2017
Domestic secured bonds	1.4%	$1,000,000	$2,000,000
Less：current portion		(1,000,000)	(1,000,000)
Net		$-	$1,000,000

The Company issued five-year domestic secured bonds with a face value of NT$2,000,000 thousand for the first time on December 25, 2014. The principal amount of the bonds is repaid in installments of NTD$1,000,000 which reach forth 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.

(17) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2018	Maturity date and terms of repayment
Secured Long-term Loan from Bank of KGI	$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 Bank of KGI	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%	

Lenders	As of December 31, 2017	Maturity date and terms of repayment
Secured Long-term Loan from Bank of KGI	$231,000	Effective January 6, 2016 till November 18, 2018; the repayment will be due in a lump-sum payment on the expiration of the term; interest paid monthly.
Unsecured Long-term Loan from Bank of KGI	369,000	Effective January 6, 2016 till November 18, 2018; the repayment will be due in a lump-sum payment on the expiration of the term; interest paid monthly.
Subtotal	600,000	
Less: current portion	(600,000)	
Total	$-	
Interest rates	1.1500%	

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

(18) 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, 2018 and 2017 are NT$12,417 thousand and NT$11,658 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$58,264 thousand to its defined benefit plan during the 12 months beginning after December 31, 2018.

The average duration of the defined benefits plan obligation are 11 years as of December 31, 2018 and 2017.

Pension costs recognized in profit or loss for the years ended December 31, 2018 and 2017:

	For the years ended December 31,	
	2018	2017
Current period service costs	$11,386	$10,871
Interest expense (income) of net defined benefit liabilities (assets)	3,066	3,581
Total	$14,452	$14,452

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

	As of December 31,		
	2018.12.31	2017.12.31	2017.1.1
Defined benefit obligation	$460,440	$450,734	$403,412
Plan assets at fair value	(232,650)	(195,233)	(164,704)
Other non-current liabilities - Net defined benefit liabilities recognized on the balance sheets	$227,790	$255,501	$238,708

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, 2017	$403,412	$(164,704)	$238,708
Current period service costs	10,871	-	10,871
Net interest expense (income)	6,051	(2,470)	3,581
Subtotal	16,922	(2,470)	14,452
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	1,011	-	1,011
Actuarial gains and losses arising from changes in financial assumptions	34,279	-	34,279
Experience adjustments	3,178	740	3,918
Subtotal	38,468	740	39,208
Payments from the plan	(8,068)	8,068	-
Contributions by employer	-	(36,867)	(36,867)
As of December 31, 2017	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

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

	As of December 31,	
	2018	2017
Discount rate	0.99%	1.20%
Expected rate of salary increases	1.50%	1.50%

A sensitivity analysis for significant assumption as of December 31, 2018 and 2017 is, as shown below:

	Effect on the defined benefit obligation			
	2018		2017	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$(20,612)	$-	$(21,998)
Discount rate decreases by 0.5%	32,307	-	29,234	-
Future salary increases by 0.5%	31,967	-	28,960	-
Future salary decreases by 0.5%	-	(20,610)	-	(22,040)

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.

(19) Provisions-Non current

Decommissioning, restoration and rehabilitation

	As of December 31,	
	2018	2017
Beginning balance	$4,500	$4,500
Reversal	-	-
Ending balance	$4,500	$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,	
	2018	2017
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.

The Company's board of directors approved the buying back of common stock in the open market on May 10, 2017, and its in accordance with the Company Act, the Company's board of directors resolved to retire 43,000 thouasnd common shares of treasury stock on August 9, 2017, totaling NT$409,672 thousand. The capital reduction base date was August 31, 2017, and the registration for change has been completed.

B. Capital surplus

	As of December 31,	
	2018	2017
Additional paid-in capital	$551,173	$551,173
Treasury share transactions	306,380	304,559
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	1,619	1,619
Changes in ownership interests in subsidiaries	187,289	187,289
Share-based payments	103,200	103,200
Donated surplus	12,990	-
Others	15,261	15,261
Total	$1,177,912	$1,163,101

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, 2018 and 2017, the Company's shares held by the subsidiaries were NT$10,039 thousand, and the number of the Company's shares held by subsidiaries were 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.

As of January 1, 2018 and 2017, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$1,874,430 thousand and NT$2,353,140 thousand, respectively.

Furthermore, the Company did not reverse special reserve to retained earnings during the year ended December 31, 2018 as a result of the use, disposal or reclassification of related assets. Also, the Company's subsidiary, RUEI SHIN CONSTRUCTION CO., LTD., disposed of investment property and reversed special reserves of NT$478,710 thousand to retained earnings. As of December 31, 2018 and 2017, the amount of special reserve set aside for the first-time adoption of IFRSs all amounted to NT$1,874,430 both.

Details of the 2018 and 2017 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 22, 2019 and June 20, 2018, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2018	2017	2018	2017
Legal reserve	$51,482	$152,274	$-	$-
Common stock-cash dividend	346,250	692,500	0.25	0.5

Please refer to Note 6(25) for further details on employees' compensation and remuneration to directors and supervisors.

(21) Operating revenue

	For the years ended December 31,	
	2018(Note)	2017
Revenue from contracts with customers		
Sale of goods revenue	$11,119,143	$10,491,754
Other operating revenues	123,876	100,943
Subtotal	11,243,019	10,592,697
Lease revenue	159,445	172,780
Total	$11,402,464	$10,765,477

Note: The Company has adopted IFRS 15 from 1 January 2018. The Company elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (1 January 2018).

The Company has adopted IFRS 15 from 1 January 2018. Analysis of revenue from contracts with customers during the year is as follows:

	2018
Timing of revenue recognition:	
At a point in time	$11,243,019

(22) Expected credit losses

	Period ended 31 Dec.	
	2018	2017(Note)
Operating expenses – Expected credit (gains) losses		
Notes receivable	$(691)	
Accounts recevible	38,182	
Long-term receivable	7,628	
Total	$45,119	

Note: The Company adopted IFRS 9 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 12 for more details on credit risk.

The credit risk for the Company's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Because the counterparties are banks and financial institution with good credit rating, the loss allowance is measured at an amount equal to 12-month expected credit losses of zero thousand (loss ratio of 0 %).

The Company 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 Company's loss allowance as at December 31, 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:

Group 1: The gross 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 amount	$2,639,704	$678,937	$204,681	$64,642	$44,433	$3,632,397
Loss ratio	-%	3%	5%	30%	82%	
Lifetime expected credit losses	-	20,368	10,234	19,393	36,228	86,223
Total	$2,639,704	$658,569	$194,447	$45,249	$8,205	$3,546,174

The gross carrying amount of account receivable – related parties is NT$26,531 thousand, its loss allowance amounting to NT$0 thousand because the counterparties are subsidiary and associate, and not yet due.

Group 3: The gross 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, 2018 is as follows:

	Notes receivable	Accounts receivable	Long-term receivable
Beginning balance (in accordance with IAS 39)	$1,274	$49,016	$73,239
Transition adjustment to retained earnings	-	-	-
Beginning balance (in accordance with IFRS 9)	1,274	49,016	73,239
Addition/(reversal) for the current period	(691)	38,182	7,628
Write off	-	(975)	(8,109)
Ending balance	$583	$86,223	$72,758

(23) Operating leases

A. Operating lease commitments - Company as lessee

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, 2018 and 2017, are as follows:

	As of December 31,	
	2018	2017
Within one year	$63,000	$92,194
Over one year but within five years	136,957	77,915
Over five years	102,320	25,862
Total	$302,277	$195,971

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2018	2017
Minimum lease payments	$77,505	$90,168

C. Operating lease commitments - Company as lessor

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, 2018 and 2017, are as follows:

	As of December 31,	
	2018	2017
Within one year	$224,330	$69,326
Over one year but within five years	604,620	220,567
Over five years	356,671	384,096
Total	$1,185,621	$673,989

The contingent rent recognized as income amounted to NT$19,044 thousand and NT$20,383 thousand for the years ended December 31, 2018 and 2017, respectively.

(24) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2018 and 2017:

	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$433,644	$287,266	$720,910	$435,096	$345,165	$780,261
Labor and health insurance	21,188	18,691	39,879	20,074	17,994	38,068
Pension	15,902	10,967	26,869	15,124	10,986	26,110
Remuneration to directors	-	16,111	16,111	-	48,474	48,474
Depreciation	176,852	22,810	199,662	199,973	19,863	219,836
Amortization	336	4,699	5,035	258	4,141	4,399

The headcount of the Company were 595 and 564, including 11 and 11 non-employee directors for the years ended December 31, 2018 and 2017, respectively.

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, 2018, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2018 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 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.

A resolution was passed at a Board of Directors meeting held on March 21, 2018 to distribute NT$48,474 thousand in cash as employees' compensation and remuneration to directors both of 2017. No material differences exist between the estimated amount and the actual distribution.

(25) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2018	2017
Interest income	$12,131	$6,588
Dividend income	61,134	55,256
Other income-others	41,367	43,210
Total	$114,632	$105,054

B. Other gains and losses

	For the years ended December 31,	
	2018	2017
Gains on disposal of property, plant and equipment	$5,744	$1,975
Losses on disposal of investment property	(6,282)	(92)
Gains on disposal of investment	1,839	403
Gains on disposal of subsidiary (Note1)	4,568	-
Foreign exchange (gains) or loss, net	10,489	(47,236)
Other expense-others	(31,622)	(66,897)
Total	$(15,264)	$(111,847)

Note1: Please refer to Note6(30) for more informtion。

C. Finance costs

	For the years ended December 31,	
	2018	2017
Interest on borrowings from bank	$84,196	$72,663
Interest on bonds payable	14,000	28,000
Total	$98,196	$100,663

(26) Components of other comprehensive income

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)

For the year ended December 31, 2017

	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	$(39,208)	$-	$(39,208)	$6,665	$(32,543)
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(126)	-	(126)	-	(126)
To be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from available-for-sale financial assets	27,674	(403)	27,271	-	27,271
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(242,271)	-	(242,271)	-	(242,271)
Total of other comprehensive (loss) income	$(253,931)	$(403)	$(254,334)	$6,665	$(247,669)

(27) 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,	
	2018	2017
Current income tax expense (income):		
Current income tax charge	$5,122	$-
Adjustments in respect of current income tax of prior periods	-	(1,430)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	15,957	(1,190)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	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	(31,097)	(1,267)
Total income tax income	$(10,022)	$(3,887)

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2018	2017
Deferred tax income:		
Remeasurements of defined benefit plans	$3,221	$6,665

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,	
	2018	2017
Accounting profit before tax from continuing operations	$504,817	$2,807,012
Tax at the domestic rates applicable to profits in the country concerned (2018: 20%; 2017: 17%)	100,963	477,192
Tax effect of revenues exempt from taxation	(111,760)	(495,875)
Tax effect of expenses not deductible for tax purposes	1,720	1,968
Tax effect of deferred tax assets / liabilities	6,186	14,248
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(12,539)	-
Others	286	10
10% surtax on unappropriated retained earnings	5,122	-
Adjustments in respect of current income tax of prior periods	-	(1,430)
Total income tax expense recognized in profit or loss	$(10,022)	$(3,887)

Deferred tax assets (liabilities) relate to the following:

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
Gains on deferred tax		$14,755	$3,221	
Deferred tax assets(net)	$417,977			$435,953
Reflected in balance sheet as follows:				
Deferred tax assets	$418,127			$440,756
Deferred tax liabilities	$(150)			$(4,803)

For the year ended December 31, 2017

	Beginning balance as of January 1, 2017	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2017
Temporary differences				
Defined benefit liabilities	$67,599	$(3,811)	$6,665	$70,453
Loss allowance	10,913	4,218	-	15,131
Inventory valuation losses	1,123	-	-	1,123
Unrealized impairment loss	6,486	-	-	6,486

Decommissioning costs	677	-	-	677
Components of buildings	11,466	407	-	11,873
Unrealized exchange losses	7,575	(848)	-	6,727
Unrealized exchange gains	-	(150)	-	(150)
Allowance for sales return and discounts	842	(194)	-	648
Unused taxable loss	34,665	15,006	-	49,671
Unused tax credits	267,509	(12,171)	-	255,338
Gains on deferred tax		$2,457	$6,665	
Deferred tax assets(net)	$408,855			$417,977
Reflected in balance sheet as follows:				
Deferred tax assets	$408,855			$418,127
Deferred tax liabilities	$-			$(150)

The following table contains information of the unused tax losses of the Compnay:

		Unused balance		
Occurred year	Deficit amounts	2018	2017	Last credit year
2009	$374,645	$150,883	$150,883	2019
2013	53,026	53,026	53,026	2023
2017	109,261	109,261	109,261	2027
2018	79,690	79,690	-	2028
		$392,860	$313,170	

Details of the Company's unused tax credit are as follows:

		Unused balance		
Laws and regulations	Credits item	2018	2017	Last credit year
Statute for Promoting Private Participation in Public Construction	Investment tax credits	$-	$28,776	2018
		146,102	180,000	2019
		60,000	60,000	2020
		$206,102	$268,776	

Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that have not been recognized amount to NT$790,893 thousand and NT$712,130 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 Group'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, 2018 and 2017, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT$131,168 thouand and NT$36,289 thousand, respectively.

The assessment of income tax returns

As of December 31, 2018, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2016 (except 2014)	-

(28) 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,	
	2018	2017
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$514,839	$2,810,899
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,381,359	1,400,096
Basic earnings per share (NT$)	$0.37	$2.01
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$514,839	$2,810,899
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,381,359	1,400,096
Effect of dilution:		
Employee bonus-stock (in thousands)	1,927	4,692
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,383,286	1,404,788

Diluted earnings per share (NT$)	$0.37	$2.00

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.

(29) Changes in parent's interest in subsidiaries

A. Acquisition of new shares in a subsidiary not in proportionate to ownership interest

RAIXIN QUALITY PRODUCTS LTD. issued new shares on June 14,2017, However, GOLDSUN INNOVATIVE BUILDING MATERIALS CO. did not acquire new shares proportionately to its ownership interests, which resulted in changes in ownership interest of subsidiaries amounting to NT$6,730 thousand, and was recognized as an increase of paid-in capital.

The Company received additional cash from the issuance of new shares in the amount of NT$41,000. The carrying amount of RAIXIN QUALITY PRODUCTS LTD.'s equity (excluding goodwill on the original acquisition) was NT$27,203 thousand. Following is a schedule of interest disposed in RAIXIN QUALITY PRODUCTS LTD. including changes in adjustments to additional paid-in capital:

Additional cash received from the issuance of new shares	$(41,000)
Increase to equity of RAIXIN QUALITY PRODUCTS LTD.	27,203
Difference recognized in additional paid-in capital within equity	$(13,797)

B. Acquisition of shares issued by subsidiaries

In 2017, the Company acquired an additional 1% of the voting shares of WELLPOOL CO., LTD., increasing its ownership to 49%. A cash consideration of NT$11,055 thousand was paid to the non-controlling interest shareholders. Therefore, the difference between the actual acquisition and the book value, amounting to NT$3,141 thousand, and was as a decrease of paid-in capital.

C. Losing subsidiaries' control

RAIXIN QUALITY PRODUCTS LTD.

On October 22, 2018, the shareholders meeting of RAIXIN QUALITY PRODUCTS LTD. approved the proposal of capital reduction for cover accumulated deficits and issuance of Common Stock. The Company and GOLDSUN INNOVATIVE BUILDING MATERIALS CO., did not acquire 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 RAIXIN QUALITY PRODUCTS 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	$-

TRANSASIA AIRWAYS CORPORATION

On January 11, 2017, the shareholders meeting of TransAsia Airways Corp., approved the liquidation proposal and the bankruptcy assignee accedes at the same date. TransAsia Airways Corp., was no longer subsidiaries of the Company.

Analysis of assets and liabilities of TransAsia Airways Corp., as of the date losing control:

	Carrying amount
Cash and cash equivalents	$888,465
Current investments in debt instrument without active market	38,895
Notes and accounts receivable	105,304
Other receivable	213,677
Deferred tax assets	10,842
Inventories	273,914
Prepayment	57,264
Other current assets	203,601
Non-current available-for-sale financial assets	48,353
Investments accounted for using equity method	265,889
Property, plant and equipment	12,057,386
Investment property	602,053
Intangible assets	26,145
Prepayments for business facilities	1,582,492
Refundable deposits	25,731
Long and short-term loans	(11,367,834)
Notes and accounts payable	(1,367,257)
Other payables	(650,725)
Other current liabilities and advance receipts	(399,455)
Bonds payable	(2,599,150)
Other non-current liabilities and guarantee deposits	(15,590)
Total net assets	$-

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.	Entity with significant influence over the Company
WELLPOOL CO., LTD.	Subsidiary
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
RAIXIN QUALITY PRODUCTS LTD.	Subsidiary
REI SHIN CONSTRUCTION CO., LTD.	Subsidiary
General Investments Ltd.	Subsidiary
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Subsidiary
GOYU BUILDING MATERIALS CO., LTD.	Subsidiary
Gimpo Marine Co., Ltd	Subsidiary
TRANSASIA CATERING SERVICES LTD.	Associate
Legend Travel Service, Ltd.	Associate
SVS CORPORATION	Associate
GOLDSUN EXPRESS & LOGISTICS CO., LTD.	Associate
BABYBOSS CITY LIMITED	Associate
Goldsun Express Ltd.	Associate
CHOPPA TECH CO., LTD.	Associate
LEE WAY ELECTRONICS CO., LTD.	Associate
Lee Bao Security Co., Ltd.	Associate
GOYUN BUILDING MANAGEMENT SERVICES CO., LTD.	Associate
Goyun Security Co., Ltd.	Associate
Goyun Science and Technology Co., Ltd.	Associate
Kuo Hsing Security Co., Ltd.	Associate
AION TECHNOLOGIES INC.	Associate
LITENET CORPORATION	Associate
Gowin Security Co., Ltd.	Associate
TRUST SANDSTONE CO., LTD.	Associate
CPMI Corporation	Associate

(1) Sales

	For the years ended December 31,	
	2018	2017
Entity with significant influence over the Company	$-	$211
Subsidiaries	11,102	603
Total	$11,102	$814

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) Purchase

	For the years ended December 31,	
	2018	2017
Subsidiaries	$726,068	$768,671
Associates	965,720	711,795
Total	$1,691,788	$1,480,466

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.

(3) Notes receivable - related parties

	As of December 31,	
	2018	2017
Subsidiaries		
WELLPOOL CO., LTD.	$-	$12,726

(4) Accounts receivable - related parties

	As of December 31,	
	2018	2017
Entity with significant influence over the Company	$-	$597
Subsidiaries		
WELLPOOL CO., LTD.	18,655	4,302
KUOYUNG CONSTRUCTION & ENGINEERING CO.,	4,834	-

LTD.		
Others	13	879
Associates		
TRUST SANDSTONE CO., LTD.	2,313	6,338
Others	716	-
Total	$26,531	$12,116

(5) Notes payable - related parties

	As of December 31,	
	2018	2017
Subsidiaries		
GOLDSUN NIHON CEMENT CO., LTD.	$49,733	$65,828
TAIPEI PORT TERMINAL COMPANY LIMITED	19,767	24,475
Others	561	-
Associates		
GOLDSUN EXPRESS & LOGISTICS CO., LTD.	117,469	91,054
Others	3,637	2,928
Total	$191,167	$184,285

(6) Other receivable - related parties

	As of December 31,	
	2018	2017
Subsidiaries		
JING SHUN MARITIME LIMITED	$3,958	$-
GOYU BUILDING MATERIALS CO., LTD.	210	-
Others	34	38
Associates		
GOLDSUN EXPRESS & LOGISTICS CO., LTD.	23,721	25,610
Others	11	2
Total	$27,934	$25,650

(7) Prepayments

	As of December 31,	
	2018	2017
Associates		
Goldsun Express Ltd.	$162,521	$19,257
LITENET CORPORATION	9,439	-
Others	3,920	818
Subsidiaries		
Others	-	1,682
Total	$175,880	$21,757

(8) Other payable - related parties

	As of December 31,	
	2018	2017
Subsidiaries		
REI SHIN CONSTRUCTION CO., LTD.	$1,375,000	$775,000

Other payables – related parities was loan form related parities due within one year. Interest rate is 1.03%~1.28%.

(9) The Company leased the land and building to related parties for the years ended December 31, 2018 and 2017 , the detail as below:

A. Operating income-other operating income

	For the years ended December 31,	
	2018	2017
Entity with significant influence over the Company	$57	$286
Subsidiaries	83,138	65,305
Associates	61,887	81,650
Total	$145,082	$147,241

B. Guarantee deposits

	As of December 31,	
	2018	2017
Entity with significant influence over the Company	$20	$-
Subsidiaries	1,242	1,242
Associates	14	14
Total	$1,276	$1,256

(10) Other operating costs

	For the years ended December 31,	
	2018	2017
Entity with significant influence over the Company	$11,017	$6,408

(11) Operating expense

	As of December 31,	
	2018	2017
Entity with significant influence over the Company	$6,417	$11,214
Subsidiaries	772	1,209

Associates	23,287	30,314
Total	$30,476	$42,737

(12) 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:

	As of December 31,	
	2018	2017
Entity with significant influence over the Company	$9,607	$48,733
Subsidiaries	3,755	25,064
Total	$13,362	$73,797

(13) Key management personnel compensation

	For the years ended December 31,	
	2018	2017
Short-term employee benefits	$56,088	$107,378
Post-employment benefits	-	-
Total	$56,088	$107,378

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	Carrying amount		
Assets pledged for security	December 31, 2018	December 31, 2017	Secured liabilities
Property, plant and equipment, lands and buildings	$2,642,365	$2,338,271	Bank loan、C/P
Investment property	894,684	908,756	Bank loan、C/P
Available-for-sale financial assets-Stocks	(Note)	1,399,879	Bank loan、C/P
Financial assets at fair value through other comprehensive income-Stocks	1,354,075	(Note)	Bank loan、C/P
Long-term equity investment for using equity method	766,500	495,000	C/P
Financial assets measured at amortized cost-Time deposits	70,691	-	Bank loan
Total	$5,728,315	$5,141,906	

Note: The Company adopted IFRS 9 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 9.

9. Commitments and contingencies

(1) Promissory notes issued by the Compnay to secure bank loans and construction performance amounted to NT$674,131 thousand as of December 31, 2018.

(2) The Company provide endorsements or guarantees for subsidiaries, Please refer to Note 13.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2018	2017
Financial assets at fair value through other comprehensive income	$1,441,951	(Note1)
Available-for-sale financial assets: (Note2)	(Note1)	$1,472,680
Financial assets measured at amortized cost (Note3)	5,355,612	(Note1)
Loans and receivables (Note 4)	(Note1)	4,925,768
Total	$6,797,563	$6,398,448

Financial liabilities

	As of December 31,	
	2018	2017
Financial liabilities at amortized cost:		
Short-term loan	$2,700,000	$2,250,000
Short-term notes and bills payable	1,727,825	1,798,390
Notes payable	1,089	121
Accounts payable (including related parties)	1,715,989	1,465,447
Other payables (including related parties)	1,908,013	1,386,532
Bonds payable (including due in one year)	1,000,000	2,000,000
Long-term loan (including due in one year)	1,600,000	600,000
Guarantee deposits	32,008	33,354
Total	$10,684,924	$9,533,844

Note:

1. The Company adopted IFRS 9 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 9.
2. December 31, 2017 contains measured at cost.
3. 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.
4. Contains cash and cash equivalents (except cash on hand), current investments in debt instrument without active market, 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.

<u>Foreign currency risk</u>

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 2018 and 2017 are increased/decreased by NT$39,905 thousand and NT$55,440 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$5,451 thousand and NT$3,972 thousand for the years ended December 31, 2018 and 2017, 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$124,873 thousand for the year ended December 31, 2018. When the investment price of available-for-sale of financial assets of publicly quoted entity increase / decrease ten basis points, the Cpmpany's equity would increase / decrease by NT$129,180 thousand for the year ended December 31, 2017.

(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, 2018, and 2017, amounts receivables from top ten customers are 16% and 21%, 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.

<u>Non-derivative financial instruments</u>

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2018					
Borrowings	$3,404,924	$304,262	$608,517	$-	$4,317,703
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

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2017					
Borrowings	$2,856,593	$-	$-	$-	$2,856,593
Short-term notes and bills payable	1,800,000	-	-	-	1,800,000
Notes payable	121	-	-	-	121
Accounts payable	1,465,447	-	-	-	1,465,447
Others payable	611,532	-	-	-	611,532
Others payable-related parties	775,423	-	-	-	775,423
Bonds payable	1,014,000	1,028,000	-	-	2,042,000

(6) Fair values of financial instruments

Information of reconciliation for liabilities during 2018 is as follows:

	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
2018.01.01	$2,250,000	$1,798,390	$2,000,000	$600,000	$33,354	$6,681,744
Cash flow	450,000	(70,565)	(1,000,000)	1,000,000	(1,346)	378,089
Non-cash change	-	-	-	-	-	-
2018.12.31	$2,700,000	$1,727,825	$1,000,000	$1,600,000	$32,008	$7,059,833

Information of reconciliation for liabilities during 2017 is as follows: Not applicable.

(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, 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

As of December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets				
Stocks	$1,291,802	$-	$141,624	$1,433,426

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2018 and 2017, 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, 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 losses on measured at fair value through other comprehensive income equity instrument investment)	23,779
Ending balances as of December 31, 2018	$193,216
Beginning balances as of January 1, 2017	$167,869
Total gains recognized for the year ended December 31, 2017:	
Amount recognized in OCI	(26,245)
Ending balances as of December 31, 2017	$141,624

Total profits and losses recognized in profit or loss for the years ended 31 December 2018 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, 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

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
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

As of December 31, 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Available-for-sale	Market approach	Earnings per share	7.47~45.75	Not applicable	10% increase (decrease) in the earnings would result in increase (decrease) in the Company's equity by NT$14,162 thousand

<u>Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy</u>

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, 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(13))	$-	$-	$9,287,806	$9,287,806

As of December 31, 2017

	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(13))	$-	$-	$8,400,741	$8,400,741

(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, 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

	As of 31 December, 2017		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$18,629	29.76	$554,399
Non-monetary items:			
USD	14,556	29.76	433,190

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: Please refer to Attachment 4.
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: None.
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 4.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: Please refer to Attachment 5.
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, 2018

(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)	Amont 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 40,313 (NTD 1,238,400)	USD 40,000 (NTD 1,228,800)	USD 40,000 (NTD 1,228,800)	1.80%	2	$-	Operating	$-	-	-	USD 196,092 (NTD 6,023,976)	USD 196,092 (NTD 6,023,976)
2	GOLDSUN INTERNATIONAL DEVELOPMENT CORP.	TRANSASIA AIRWAYS CORPORATION	Long-term receivable	USD 7,946 (NTD 244,101)	-	-	-	2	-	Operating	-	-	-	USD 214,684 (NTD 6,595,118)	USD 214,684 (NTD 6,595,118)
3	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	Long-term receivable	RMB 21,752 (NTD 97,230)	-	-	-	2	-	Operating	-	-	-	RMB 173,827 (NTD 777,287)	RMB 173,827 (NTD 777,287)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Long-term receivable	RMB 5,999 (NTD 26,820)	RMB 6,000 (NTD 26,820)	RMB 6,000 (NTD 26,820)	2.01%	2	-	Operating	-	-	-	RMB 173,827 (NTD 777,287)	RMB 173,827 (NTD 777,287)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Long-term receivable	RMB 31,999 (NTD 143,040)	RMB 32,000 (NTD 143,040)	RMB 32,000 (NTD 143,040)	2.01%	2	-	Operating	-	-	-	RMB 173,827 (NTD 777,287)	RMB 173,827 (NTD 777,287)
4	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	TRANSASIA AIRWAYS CORPORATION	Long-term receivable	NTD 50,000	-	-	-	2	-	Operating	-	-	-	NTD 392,683	NTD 392,683
5	JIN SHUN MARITIME LTD.	TRANSASIA AIRWAYS CORPORATION	Other receivable	USD 2,979 (NTD 91,515)	-	-	-	2	-	Operating	-	-	-	USD 5,432 (NTD 166,864)	USD 5,432 (NTD 166,864)
6	RUEI SHIN CONSTRUCTIN CO., LTD	GIMPO MARINE CO., LTD.	Long-term receivable	NTD 115,000	NTD 115,000	NTD 115,000	1.45%	2	-	Operating	-	-	-	NTD 4,773,122	NTD 4,773,122
		GREAT SMART LIMITED.,	Long-term receivable	NTD 216,720	NTD 215,040	NTD 215,040	1.20%	2	-	Operating	-	-	-	NTD 4,773,122	NTD 4,773,122
		GOLDSUN BUILDING MATERIALS CO., LTD.	Long-term receivable	NTD 1,475,000	NTD 1,375,000	NTD 1,375,000	1.03~1.28%	2	-	Operating	-	-	-	NTD 4,773,122	NTD 4,773,122
7	TAICANG PORT GOLDSUN CONCRETE CO., LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	Other receivable	RMB 29,378 (NTD 131,320)	-	-	-	2	-	Operating	-	-	-	RMB 69,783 (NTD 312,041)	USD 69,783 (NTD 312,041)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 8,000 (NTD 35,760)	RMB 8,000 (NTD 35,760)	RMB 8,000 (NTD 35,760)	2.01%	2	-	Operating	-	-	-	RMB 69,783 (NTD 312,041)	RMB 69,783 (NTD 312,041)
		GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Other receivable	RMB 47,000 (NTD 210,090)	RMB 47,000 (NTD 210,090)	RMB 47,000 (NTD 210,090)	2.01%	2	-	Operating	-	-	-	RMB 69,783 (NTD 312,041)	RMB 69,783 (NTD 312,041)
8	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	Other receivable	RMB 6,953 (NTD 31,080)	-	-	-	2	-	Operating	-	-	-	RMB 104,481 (NTD 467,197)	RMB 104,481 (NTD 467,197)
		GOLDSUN CONCRETE (WUJIANG) CO., LTD.	Other receivable	RMB 42,000 (NTD 187,740)	RMB 42,000 (NTD 187,740)	RMB 42,000 (NTD 187,740)	2.01%	2	-	Operating	-	-	-	RMB 104,481 (NTD 467,197)	RMB 104,481 (NTD 467,197)

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. and GOLDSUN INTERNATION DEVELOPMENT CORP. shall not exceed double of the net asset value from the latest financial statement. and others shall not exceed the 100% net asset value from the latest financial statement.

ATTACHMENT 2 : Endorsement/Guarantee provided to others for the year ended December 31, 2018 (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.	3	$3,896,459	$250,776	$248,832	$1,573	$-	1.28%	$9,741,148	Y		Y
1	RUEI SHIN CONSTRUCTIN CO., LTD	GOLDSUN BUILDING MATERIALS CO., LTD	4	4,773,122	3,604,000	3,604,000	304,000	-	75.51%	4,773,122		Y	
2	GOLDSUN CONCRETE (SUZHOU) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	467,197	255,904	191,405	91,076	-	40.97%	467,197			Y
3	GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	777,287	472,527	471,809	275,542	-	60.70%	777,287			Y
4	TAICANG PORT GOLDSUN CONCRETE CO., LT	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	312,041	129,210	90,071	-	-	28.87%	312,041			Y
5	GOLDSUN CONCRETE (WUJIANG) CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	577,058	203,346	181,370	158,059	-	31.43%	577,058			Y
6	GOLDSUN (SUZHOU) BUILDING MATERIALS CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	600,653	190,121	147,734	178,163	-	24.60%	600,653			Y
7	KUNSHAN GOLDSUN CONCRETE CO., LTD.	GOLDSUN CONCRETE (SUZHOU) CO., LTD. and other five companies	1	323,333	222,447	175,917	67,195	-	54.41%	323,333			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) For the 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"。

ATTACHMENT 3 : Securities held as of December 31, 2018

(Unit:Foreign currency: thousands, NTD: thousands)

Names of companies held	Type and name of securities	Relationship with the Company	Financial statement account	December 31, 2018 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	15,486,625	$551,324	-	$551,324	14,000 thousand shares provide for loan guarante
	TAIWAN SECOM CO., LTD.	Investor under the equity method	Financial assets at fair value through other comprehensive income, non-current	4,217,669	372,842	1%	372,842	4,200 thousand shares provide for loan guarantee
	O-BANK		Financial assets at fair value through other comprehensive income, non-current	40,571,078	324,569	2%	324,569	40,000 thousand shares provide for loan guarante
	GLOBAL SECURITIES FINANCE CORPORATION		Financial assets at fair value through other comprehensive income, non-current	700,837	3,946	-	3,946	
	TAIWAN AIRPORT SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	7,405,200	164,395	17%	164,395	7,405 thousand shares provide for loan guarantee
	ANFENG SPRING ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	150,000	2,262	5%	2,262	
	OVERSEAS INVESTMENT & DEVELOPMENT CORP.		Financial assets at fair value through other comprehensive income, non-current	2,000,000	15,360	2%	15,360	
	FUHWA VENTURE CAPITAL INC.		Financial assets at fair value through other comprehensive income, non-current	742,500	4,826	5%	4,826	
	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	2,328	-	2,328	Included in treasury shares
	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income, current	728,200	23,567	-	23,567	
	TAIWAN SECOM CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	1,868,000	165,131	-	165,131	
GOLDSUN INVESTMENT CO., LTD	Stock-							
	EVERTERMINAL. CO., LTD		Financial assets at fair value through other comprehensive income, non-current	1,429,653	9,593	1.46%	9,593	
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	32,853	-	32,853	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	-	448,482	19%	448,482	
	FUJIAN HENGZHONG SAND STONE CO., LTD.		Financial assets at fair value through other comprehensive income, non-current	-	24,931	19%	24,931	

ATTACHMENT 3-1: Securities held as of December 31, 2018 (Unit:Foreign currency: thousands, NTD: thousands)

Names of companies held	Type and name of securities	Relationship with the Company	Financial statement account	December 31, 2018				Remark
				Units (thousand) / bonds / shares (thousand)	Carrying amount	Percentage of ownership (%)	Fair value/Net assets value	
TAIPEI PORT TERMINAL COMPANY LIMITED	Fund - Jih Sun Money Market Fund		Financial assets at fair value through profit or loss, current	2,205,844	$32,632	-	$32,632	
GOLDSUN (CHANGSHU) CONCRETE CO., LTD.	Fund - BOSERA FUNDS		Financial assets at fair value through profit or loss, current	4,181,903	18,700	-	18,700	

ATTACHMENT 4: 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, 2018 (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 & Co., Ltd	Associate Company	NOTE1	$722,120	NOTE1	Net 30 days	$-	-	$(117,469)	3.81%	
GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	411,869	2%	Net 30 days	-	-	49,733	0.68%	
TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	Parent Company	Sales	240,154	2%	Net 30 days	-	-	19,767	0.27%	

Note 1: The Company provided the services of carring cement to GOLDSUN BUILDING MATERIALS CO., LTD. and accounted to "Other operating income".

ATTACHMENT 5: Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock as of December 31, 2018

(Unit:Foreign currency: thousands, NTD: thousands)

The name of the company	Counter-party	Relationship	Ending balance of receivables	Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for doubtful account
					Amount	Collection status		
GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	The Company's subsidiary	$1,228,800	-	$-	-	$-	$-
RUEI SHIN CONSTRUCTIN CO., LTD	GREAT SMART LTD.	Affiliate with same parent company	215,040	-	-	-	-	-
RUEI SHIN CONSTRUCTIN CO., LTD	GIMPO MARINE CO., LTD.	Affiliate with same parent company	115,000	-	-	-	-	-
RUEI SHIN CONSTRUCTIN CO., LTD	GOLDSUN BUILDING MATERIALS CO., LTD	Parent Company	1,375,000	-	-	-	-	-

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 2018						
0	GOLDSUN BUILDING MATERIALS CO., LTD.	WELLPOOL CO., LTD.	1	Other operating revenue	$51,779	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	WELLPOOL CO., LTD.	1	Accounts receivables	18,655	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	1	Other operating revenue	17,143	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	1	Other receivables	1,375,000	Interest rate:1.03%~1.28%	4%
0	GOLDSUN BUILDING MATERIALS CO., LTD.	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	1	Other operating revenue	14,161	(Note 4)	-
0	GOLDSUN BUILDING MATERIALS CO., LTD.	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	1	Property, plant and equipment	57,339	(Note 4)	-
1	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	411,869	(Note 4)	2%
1	GOLDSUN NIHON CEMENT CO., LTD.	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts receivables	49,733	(Note 4)	-
2	TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Revenue	240,154	(Note 4)	1%
2	TAIPEI PORT TERMINAL COMPANY LIMITED	GOLDSUN BUILDING MATERIALS CO., LTD.	2	Accounts receivables	23,042	(Note 4)	-
2	TAIPEI PORT TERMINAL COMPANY LIMITED	KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	3	Other payables	31,868	(Note 4)	-
3	RUEI SHIN CONSTRUCTIN CO., LTD	GREAT SMART LTD.	3	Other receivables	215,040	Interest rate:1.2%	-
3	RUEI SHIN CONSTRUCTIN CO., LTD	GIMPO MARINE CO., LTD.	3	Other receivables	115,000	Interest rate:1.45%	-
4	GREAT SMART LTD.	GOLDSUN COMENT (FUJIAN) CO., LTD.	1	Other receivables	1,228,800	Interest rate:1.8%	3%

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, 2018			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%	$392,683	$68,379	$68,379	
	REI SHIN CONSTRUCTION CO., LTD	Taipei, TW	Real estate rental, sale and development	1,285,045	1,285,045	377,000,000	100%	4,773,122	153,050	153,050	
	TRANSASIA AIRWAYS CORPORATION	Taipei, TW	Aviation services	3,969,297	3,969,297	305,360,458	40%	-	-	-	
	WELLPOOL CO., LTD.	Taipei, TW	Sales of calcium silicate board and other boards	377,102	377,102	17,740,389	49%	498,591	173,211	85,228	15,000 thousand shares provide for loan guarantee
	EASE GREAT INVESTMENTS LTD.	Samoa	Investment and holding	4,918,315 (USD 149,462)	4,918,315 (USD 149,462)	149,462,000	84%	5,284,249	508,837	426,151	
	GOLDSUN INVESTMENT CO., LTD	Taipei, TW	Investment	53,500	53,500	3,996,000	100%	28,251	579	579	
	GOLDSUN NIHON CEMENT CO., LTD.	Kaohsiung, TW	Cement import and sale	119,121	119,121	11,460,000	59%	177,668	13,134	7,722	
	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	1,800,000	1,800,000	180,000,000	72%	1,817,399	(102,619)	(77,221)	
	TAIWAN BUILDING MATERIALS (HONG KONG) LIMITED	Hong Kong	Investment	480,289 (USD 15,436)	453,555 (USD 14,566)	116,686,664	100%	474,646	(236)	(236)	
	HWA YA DEVELOPMENT CO., LTD.	Taipei, TW	Hotel operator	196,928	196,928	15,714,108	31%	160,501	(1,579)	(485)	
	GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	Taipei, TW	Sales of ready-mixed concrete and cement products	60,000	60,000	6,000,000	100%	29,973	(11,633)	(11,633)	
	RAIXIN QUALITY PRODUCTS LTD.	Taipei, TW	Upholstery and sales of furniture	41,000	41,000	1,913,333	16%	12,158	(44,605)	(10,615)	

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, 2018			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%	$166,864	$(11,680)	$(11,680)	
	YUAN SHUN MARITIME LTD.	Hong Kong	Shipping	1,198,017 (USD 38,900)	1,198,017 (USD 38,900)	303,420,000	100%	1,163,629	(2,151)	(2,151)	
	JING SHUN MARITIME LTD.	Hong Kong	Shipping	(Note 2)	-	1	100%	(25,706)	(3,996)	(3,996)	
	FENG SHUN MARITIME LTD.	Hong Kong	Shipping	(Note 2)	-	1	100%	(1,225)	(1,201)	(1,201)	
	GOYU BUILDING MATERIALS CO., LTD	Chiayi, TW	Sales of building	182,000	-	18,200,000	65%	178,639	(5,171)	(3,361)	
	GIMPO MARINE CO., LTD.	New Taipei City,	Shipping	100,000	-	10,000,000	100%	99,367	(633)	(633)	
RUEI SHIN CONSTRUCTIN CO., LTD	TAIPEI PORT TERMINAL COMPANY LIMITED	Taipei, TW	International trade, warehousing and tally packaging	700,000	500,000	70,000,000	28%	706,766	(102,619)	-	
RUEI SHIN CONSTRUCTIN CO., LTD	EASE GREAT INVESTMENTS LTD.	Samoa	Investment and holding	898,577 (USD 29,000)	898,577 (USD 29,000)	29,000,000	16%	1,025,299	508,837	-	
KUNYUNG CONSTRUCTION & ENGINEERING CO., LTD	TRANSASIA AIRWAYS CORPORATION	Taipei, TW	Aviation services	22,962	22,962	1,809,330	-	-	-	-	(Note 1)
GOLDSUN INNOVATIVE BUILDING MATERIALS CO., LTD.	RUEI SHIN CONSTRUCTIN CO., LTD	Taipei, TW	Upholstery and sales of furniture	48,667	40,000	2,733,334	23%	17,369	(44,605)	-	
WELLPOOL CO., LTD.	GAPE-GOLDSUN CORPORATION	Taipei, TW	Sales of calcium silicate board and other boards	1,283	1,283	100,000	100%	1,448	14	-	
EASE GREAT INVESTMENTS LTD.	GREAT SMART LTD.	Cayman	Investment and holding	3,645,095 (USD 112,300)	3,645,095 (USD 112,300)	112,300,000	100%	3,011,988 (USD 98,046)	470,170	-	
	GOLDSUN INTERNATIONAL DEVELOPMENT CORP.	Cayman	Investment and holding	2,171,797 (USD 66,162)	2,171,797 (USD 66,162)	66,162,000	100%	3,297,559 (USD 107,342)	38,920	-	

Note 1: On January 11, 2017, the shareholders meeting of TransAsia Airways Corp., which is the Group's investee recognized in investments accounted for under the equity method, approved the liquidation proposal. No more investment income or loss has been recognized since 2017.

Note 2: YUAN SHUN MARITIME LTD. invested the entity in debt to equity swap.

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 1 January 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2017	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2018	Accumulated inward remittance of earnings as of December 31, 2018
					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)	$(20,244) (Note 4)	100%	$(20,244) (Note 4)	$467,197 (Note 4)	$-
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)	23,955 (Note 4)	100%	23,955 (Note 4)	777,287 (Note 4)	-
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)	4,734 (Note 4)	100%	4,734 (Note 4)	312,041 (Note 4)	-
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)	33,268 (Note 4)	100%	33,268 (Note 4)	577,058 (Note 4)	-
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)	20,009 (Note 4)	100%	20,009 (Note 4)	323,333 (Note 4)	-
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)	26,906 (Note 4)	100%	26,906 (註四)	600,653 (Note 4)	-
FU YANG PORT CO., LTD.	Sandstone processing	782,516 (USD 24,256)	(Note 1)	322,625 (USD 10,000)	-	-	322,625 (USD 10,000)	(135,733) (Note 5)	41%	(52,620) (Note 5)	235,914 (Note 5)	-
GOLDSUN COMENT (FUJIAN) CO., LTD.	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)	306,360 (Note 4)	100%	306,360 (Note 4)	1,353,410 (Note 5)	-
LIANYUAN CONCH CEMENT CO., LTD.(Note8)	Cement production and	2,383,120 (USD 74,800)	(Note 2)	376,549 (USD 10,800)	-	-	376,549 (USD 10,800)	756,560 (Note 4)	20%	151,312 (Note 4)	616,269 (Note 4)	-
FUZHOU SANSHUN STONE MATERIAL CO., LTD.	Sandstone processing	1,016,143 (RMB 230,500)	(Note 3)	453,555 (USD 14,566)	-	-	453,555 (USD 14,566)	-	19%	-	448,482 (Note 6)	-
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%	-	24,931 (Note 6)	-
YANG JUNG LEI JIN BUILDING MATERIALS LTD.	Sandstone processing	465,000 (RMB 100,000)	(Note 7)	-	-	-	-	(27,678) (Note 4)	30%	(7,416) (Note 4)	126,860 (Note 4)	-

Accumulated investment in Mainland China as of December 31, 2018	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$5,136,088 (USD 156,638)	$5,827,655 (USD 189,702)	$12,348,175 (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: The financial statements were certificated by the CPA of the parent company in Taiwan.
Note 5: The financial statements were certificated by the other CPA in Mainland China.
Note 6: Company recognized the investment as " Financial assets at fair value through other comprehensive income, non-current".
Note 7: Indirect investment through GOLDSUN (CHANGSHU) CONCRETE CO., LTD.
Note 8: The name was changed from GOLDSUN COMENT (HUNAN) CO., LTD. to LIANYUAN CONCH CEMENT CO., LTD. on June 30, 2017.
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 1997. The calculation method for the mainland area is 60% of the net value or the combined net value, whichever is higher.

6. If the company or 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.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1.Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	December 31, 2018	December 31, 2017	Difference	
			Amount	%
Current Assets	12,529,732	11,334,642	1,195,090	10.54%
Property, Factory and Equipment	8,154,592	9,227,807	(1,073,215)	(11.63%)
Intangible Assets	4,078,614	4,013,353	65,261	1.63%
Other Assets	10,946,142	10,130,500	815,642	8.05%
Total Assets	35,709,080	34,706,302	1,002,778	2.89%
Current Liabilities	11,021,908	9,606,201	1,415,707	14.74%
Total Liabilities	15,128,788	13,586,297	1,542,491	11.35%
Capital stock	13,850,003	13,850,003	0	0%
Capital surplus	1,177,912	1,163,101	14,811	1.27%
Retained Earnings	4,603,083	4,790,063	(186,980)	(3.90%)
Other Adjustments	(148,703)	(120,665)	(28,038)	(23.24%)
Equity attributable to shareholders of the parent	19,482,295	19,682,502	(200,207)	(1.02%)
Non-controlling Interests	1,097,997	1,437,503	(339,506)	(23.62%)
Total Stockholders' Equity	20,580,292	21,120,005	(539,713)	(2.56%)

Analysis of changes in financial ratios:

1. Increase in current asset compared to 2017 was mainly due to increase in receivables.
2. Decrease in property, factory and equipment compared to 2017 was mainly due to disposal of assets and increase in depreciation expenses.
3. Decrease in current liabilities compared to 2017 was mainly due to increase in short-term borrowing.

2.Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2018	2017	Difference	%
Net Sales	18,644,806	16,413,796	2,231,010	13.59%
Cost of Sales	17,236,929	15,360,749	1,876,180	12.21%
Gross Profit	1,407,877	1,053,047	354,830	33.70%
Operating Expenses	957,895	1,049,984	(92,089)	(8.77%)
Operating Income	449,982	3,063	446,919	14,590.89%
Non-operating Income and Expenses	89,656	2,936,415	(2,846,759)	(96.95%)
Income Before Tax	539,638	2,939,478	(2,399,840)	(81.64%)
Tax Expense	51,549	(70,745)	122,294	172.87%
Net Income	591,187	2,868,733	(2,277,546)	(79.39%)
Other Comprehensive Income	(29,426)	(247,068)	217,642	88.09%
Total Comprehensive Income	561,761	2,621,665	(2,059,904)	(78.57%)
Net Income attributable to shareholders of the parent	514,839	2,810,899	(2,296,060)	(81.68%)
Total Comprehensive Income attributable to shareholders of the parent	485,808	2,563,230	(2,077,422)	(81.05%)

Analysis of changes in financial ratios:

1. Increase in gross profit compared to 2017 was mainly due to increase in unit price of goods sold.
2. Decrease in non-operating income and expenses compared to 2017 was mainly due to disposal of land for NT2.765 billion.
3. Decrease in net income compared to 2017 was mainly due to the same reason specified in 2.

3.Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Cash and Cash Equivalents, Beginning of Year (A)	Net Cash Flow from Operating Activities (B)	Cash Outflow ©	Cash Surplus (Deficit) (A)+(B)-(C)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
2,365,160	26,844	57,119	2,334,885	-	-

i. Operating activities: net cash flow of NT$26,844 thousand was mainly affected by net profit.
ii. Investing activities: net cash outflow of NT$333,335 thousand was mainly due to acquisition of property, factory and equipment.
iii. Financing activities: net cash flow of NT$248,983 thousand was mainly due to long-term borrowing.

(2) Remedy for Cash Deficit and Liquidity Analysis
i. Remedy for Cash Deficit: Not applicable.
ii. Liquidity Analysis

Item \ Year	2018	2017	Variance (%)
Cash Flow Ratio (%)	0.24%	9.10%	(8.86%)
Cash Flow Adequacy Ratio (%)	(0.34%)	10.30%	(10.64%)
Cash Reinvestment Ratio (%)	(3.60%)	4.31%	(7.91%)
Analysis of financial ratio change: 1. Cash flow ratio: mainly due to decrease in net cash flow from operating activities in 2018. 2. Cash flow adequacy ratio: same as 1. 3. Cash reinvestment ratio: same as 1.			

(3) Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (A)	Estimated Net Cash Flow from Operating Activities (B)	Estimated Cash Outflow (Inflow) (C)	Cash Surplus (Deficit) (A)+(B)-(C)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
2,334,885	500,000	1,000,000	1,834,885	-	-

i. Analysis of cash flow for the coming year
   A. Operating activities: revenue and profit expected to grow steadily, bringing positive net cash flow from operating activities.
   B. Investing activities: cash outflow from investing activities were generated from the Company’s execution of each investment plan.
   C. Financing activities: mainly due to payment of cash dividend and debt.

ii. Remedy for estimated cash deficit: None.

4.Major Capital Expenditure Items

(1) Major Capital Expenditure Items and Source of Capital

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure				
				2015	2016	2017	2018	2019
Nangang urban renewal plan	Own funds	2021	Planning	85,100	44,771	23,608	32,904	138,798

(2) Expected Benefits: None.

5.Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(1) Investment policy and main reason of profit or loss.

There was no investment exceeding 5% of the paid-in capital in the current year.

(2) Investment plan for the coming year: None.

6.Analysis of Risk Management

(1) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to Interest Rate, Foreign Exchange Rates and Inflation

The interest rate risk of the Company mainly supports the long-term and short-term liabilities arising from the business activities. It takes into account the market conditions, the overall liquidity and safety of the funds, and use the most appropriate combination of funds to respond to changes in the financial market.

The exchange rate risk is mainly related to the net investment in foreign operations. Net investment in foreign operations of the Company is of the nature of strategic investment. The Company will continue to pay attention to changes in market exchange rates to immediately respond to the impact of exchange rate fluctuations.

According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rate of the consumer price index for 2018 fell by 0.05%, and the inflation risk was low. However, there were no significant impact on the Company's annual profit and loss.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

Based on the conservatism principle and pragmatic business philosophy, except for long-term investments in related businesses in the industry, the Company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company’s “Procedures for Lending” and “Procedures for Endorsement Guarantee”. Furthermore, derivative transactions follow the “Procedures for Acquisition and Disposal of Assets”.

(3) Future Research & Development Projects and Corresponding Budget

The characteristics of high-flowability concrete include good workability, high strength, high compactness and durability. Due to the superior characteristics of high-flowability concrete, many local and international researches are dedicated to related studies. It is also used in structures such as super high-rise buildings, highways, long-span bridges or nuclear power plants. In recent years, the cost of raw materials for concrete has been rising, and under the influence of high energy consumption and sustainable environmental issues in the cement industry, industrial by-products such as blast furnace slag and fly-ash have been used as alternative materials for some cements to improve the durability of concrete and reduce the carbon emissions from the production of cement. This is an inevitable result of the development of modern concrete technology, and also the future development of concrete materials.

The R&D cost research is expected to be around NT$9.56 million yuan for the improvement of the high-performance ratio of the Company's concrete products, and the application of pozzolan and recycled aggregates, and the production of high-flowabilty concrete to increase the added value of concrete products and to meet the diverse needs of customers.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

In addition to complying with national policies and laws, the Company also pays attention and collects important local and international policies and legal changes to stay up to date with the greatest opportunities, ensure the smooth operations of the Company's financials and maintain sustainable development.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The "Goldsun Building Materials Resume" has collaborated with impartial third parties, including the regular quality audit of sandstone resources by the “SGS” and the “Taiwan Construction Research Institute”, and in conjunction with cloud technology, to create a transparent, public and advance system to eliminate sea sand and leakage waste slag. This system gives buildings a transparent and open identity card upon completion of the construction to ensure the safety of all domestic residents. Since its introduction, more than 1,000 cases have applied for the certification of the system, attracting the attention of the market and the public. In addition, the in-depth reports of “A Trip Though Safe Construction Projects” released in 2017 has brought the issues to light all across Taiwan. Through objective and warm interviews, the report helped the public understand the culture and philosophy of a construction company, resulting in a drive in construction sales and an enhanced corporate image and a unified construction industry. Together, we will achieve the ultimate goal of "buying a house with a resume and living in a home for a lifetime."

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures

The Company is the largest producer of ready-mixed concrete in Taiwan, as well as the leader in the ready-mixed concrete industry. "Quality" and "Service" are the highest standards of operation of the Company and are its consistent image with no sign of change.

In recent years, the Company has actively promoted the safety of building structures and implemented them to the our business management strategies to construct the “Great

Traceability Management" operating model, which consists of a total of 7 thorough chloride ion testing processes, starting from investing in self-owned mineral resources, to shipment of products and customer site integration services, etc. Based on the aforementioned huge scale, the "Goldsun Building Material Resume" certification for innovative technologies was introduced three years ago, new construction projects have rapidly grown to more than 1,000, and our customer satisfaction rate has surpassed 99%. Thanks to the trust of our customers, both revenue and profit of the Company last year have set unprecedented records. We wish to stick to such practice and vision to drive the whole country to pay attention to the safety of building structures, and help develop the concrete industry into a respected century-old cause.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Not applicable.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

In order to achieve diversified operations and expansion of business, the Company is scheduled to open a new lightweight compartment building materials plant and commence production in the second half of 2019.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

There are no concerns of risks associated with any consolidation of suppliers and customers.

(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: Not applicable.

(11) Effects of, Risks Relating to and Response to the Changes in Management Rights: Not applicable.

(12) Litigation or Non-litigation Matters

The directors, supervisors, general managers and substantial principals of the company, the majority shareholders and affiliated companies with a shareholding ratio of more than 10% have been determined or are included in the lawsuit; non-litigation or administrative litigation results may have a significant effect on the company's shareholders' equity or securities price: None.

(13) Other Major Risks: None.

7. Other Important Matters:

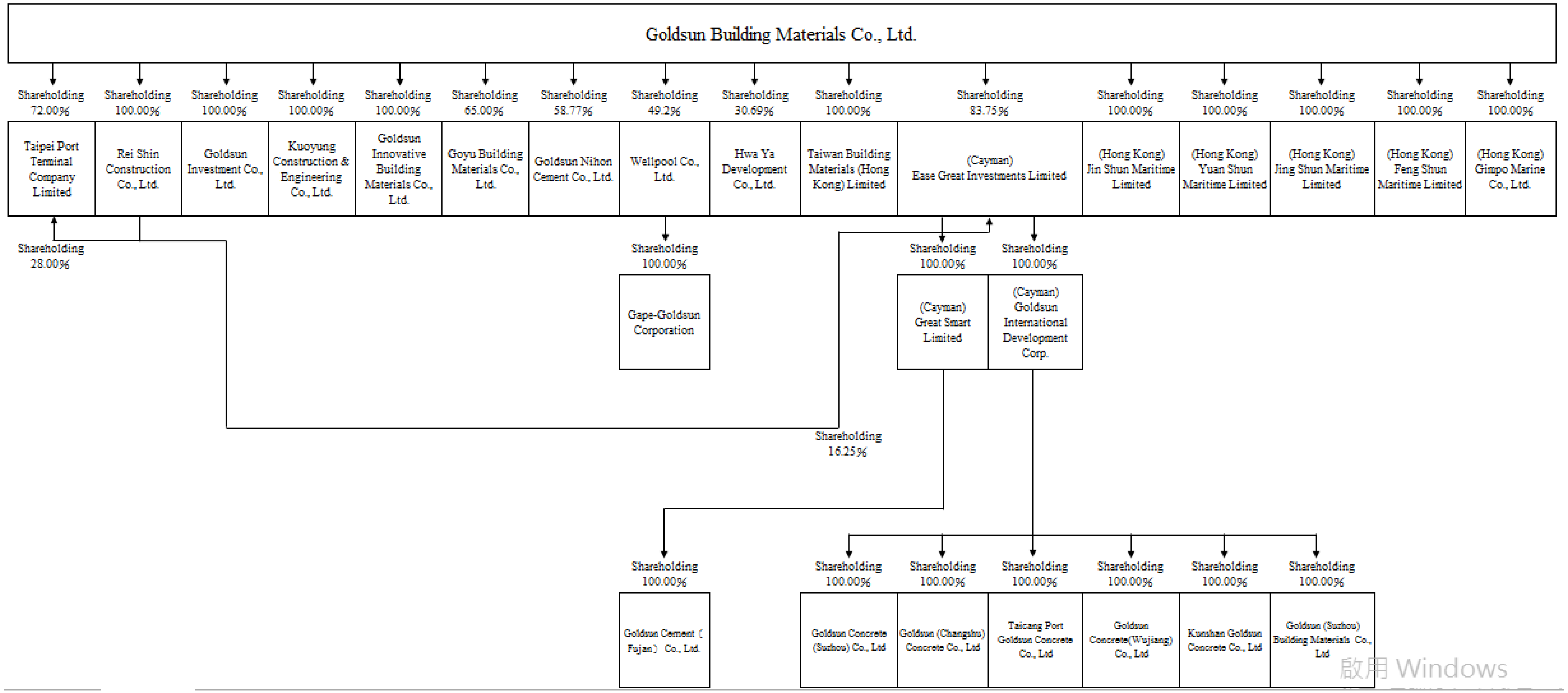
In order to maintain the Company's information system and ensure information security, the Company employs a system for system security monitoring and data backup, and regularly performs system recovery tests to check validity of backups. The Company expects that when the information system suffers from force majeure or other personnel damage, it can be restored to normal business operations in the shortest time.

VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated Business Report of Affiliated Companies

i. Organizational Chart of Affiliate Companies (As of December 31, 2018)



iiBasic Information of affiliate companies: Refer to Schedule 1.

iii Shareholders presumed to have control and subordinate relationship with the same information according to Article 369-3 of the Company Law: None

iv. The overall relationship between business enterprises covered by the industry:

A. Taipei Port Terminal Company Limited: invested in the construction and operation of the Bulk & General Cargo Terminal No.2 of Taipei Port.
B. Rei Shin Construction Co., Ltd.: real estate management, leasing, trading and development.
C. Kuoyung Construction & Engineering Co., Ltd.: civil engineering with public work contracting as main business and private constructions as side business.
D. Goldsun Innovative Building Materials Co., Ltd.: wholesale and retail of building materials.
E. Goyu Building Materials Co., Ltd.: manufacture of cement and concrete products.
F. Goldsun Nihon Cement Co., Ltd.: import and sales of cement.
G. Hwa Ya Development Co., Ltd.: currently in start-up period, operations have not yet commenced.
H. Wellpool Co., Ltd., Gape-Goldsun Corporation: manufacture and sales of calcium silicate and fiber cement boards.
I. Jin Shun Maritime Limited, Yuan Shun Maritime Limited, Jing Shun Maritime Limited, Feng Shun Maritime Limited, Gimpo Marine Co., Ltd.: maritime transport.
J. Taiwan Building Materials (Hong Kong) Limited, (Samoa) Ease Great Investments Limited, (Cayman) Great Smart Limited, (Cayman) Goldsun International Development Corp.: overseas holding companies.
K. Goldsun Cement (Fujan) Co., Ltd., Goldsun Concrete (Suzhou) Co., Ltd., Goldsun (Changshu) Concrete Co., Ltd., Taicang Port Goldsun Concrete Co., Ltd., Goldsun Concrete(Wujiang) Co., Ltd., Kunshan Goldsun Concrete Co., Ltd., Goldsun (Suzhou) Building Materials Co., Ltd.: manufacture and sales of ready-mixed concrete and cement.
L. Goldsun Investment Co., Ltd.: General investment.

v. Relationship between the directors, supervisors and general manager of affiliated companies: Refer to Schedule 2.

vi. Operation Status of affiliate companies: Refer to Schedule 3.

Schedule 1

Basic Information of Affiliated Companies

Unit: NT$ thousands, unless otherwise stated

Name of Company	Date of Incorporation	Address	Paid-in Capital	Type of business
Taipei Port Terminal Company Limited	2009.08.24	No. 133, Shanggang Rd., Bali Dist., New Taipei City	2,500,000	Cargo handling at commercial ports
Rei Shin Construction Co., Ltd.	1996.09.16	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	3,770,000	Real estate management, leasing, trading and development
Goldsun Investment Co., Ltd.	2005.12.21	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	39,960	General investment
Kuoyung Construction & Engineering Co., Ltd.	1976.07.23	6F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	300,000	Civil engineering and constructions
Goldsun Innovative Building Materials Co., Ltd.	2015.10.12	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	60,000	Wholesale and retail of building materials
Goyu Building Materials Co., Ltd.	2018.03.21	No. 50, Zhongshan Rd., Beidou Vil., Minxiong Township, Chiayi County	280,000	Manufacture of cement and concrete products
Goldsun Nihon Cement Co., Ltd.	1991.11.22	No. 21-1, Dahua 3rd Rd., Qianzhen Dist., Kaohsiung City	195,000	Import and sales of cement
Wellpool Co., Ltd.	1981.11.30	Rm. 1, 5F., No. 139, Zhengzhou Rd., Datong Dist., Taipei City	360,544	Manufacture and sales of calcium silicate and fiber cement boards.
Gape-Goldsun Corporation	2005.07.27	Rm. 1, 5F., No. 139, Zhengzhou Rd., Datong Dist., Taipei City	1,000	Trading of building materials and fireproof materials
Hwa Ya Development Co., Ltd.	1990.10.16	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	512,000	Currently in start-up period, operations have not yet commenced.
Taiwan Building Materials (Hong Kong) Limited	2014.12.01	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD 15,436,611	Investment holding
(Samoa) Ease Great Investments Limited	2004.11.19	Samoa	USD 178,462,000	Investment holding
(Cayman) Great Smart Limited	2004.11.19	British Cayman Islands	USD 112,300,000	Investment holding

Name of Company	Date of Incorporation	Address	Paid-in Capital		Type of business
(Cayman) Goldsun International Development Corp.	2002.09.17	British Cayman Islands	USD	66,162,000	Investment holding
Goldsun Cement (Fujan) Co., Ltd.	2004.08.23	Bixi Village, Kanshi Town, Yongding County, Longyan City, Fujian Province	USD	72,500,000	Manufacture and sales of cement
Goldsun Concrete (Suzhou) Co., Ltd.	2002.12.09	Yuzhi Town, Wuzhong District, Suzhou City, Jiangsu Province	USD	11,882,000	Manufacture and sales of ready-mixed concrete
Goldsun (Changshu) Concrete Co., Ltd.	2003.03.25	Xingang Town, Changshu City, Jiangsu Province	USD	14,200,000	Manufacture and sales of ready-mixed concrete
Taicang Port Goldsun Concrete Co., Ltd.	2003.08.25	Fuqiao Town, Port Development Zone, Taicang City, Jiangsu Province	USD	5,960,000	Manufacture and sales of ready-mixed concrete
Goldsun Concrete(Wujiang) Co., Ltd.	2003.09.10	Tongli Town, Wujiang City, Jiangsu Province	USD	5,960,000	Manufacture and sales of ready-mixed concrete
Kunshan Goldsun Concrete Co., Ltd.	2003.09.25	Yushan Town, Kunshan City, Jiangsu Province	USD	4,000,000	Manufacture and sales of ready-mixed concrete
Goldsun (Suzhou) Building Materials Co., Ltd.	2003.11.20	Wuzhong Economic Development Zone, Suzhou City, Jiangsu Province	USD	5,960,000	Manufacture and sales of ready-mixed concrete
Jin Shun Maritime Limited	2012.07.18	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	10,000,000	Maritime transport
Yuan Shun Maritime Limited	2013.10.23	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	38,900,000	Maritime transport
Jing Shun Maritime Limited	2017.09.22	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	1	Maritime transport
Feng Shun Maritime Limited	2018.04.11	Unit 1501, 15th Floor, AT Tower, 180 Electric Road, Hong Kong	USD	1	Maritime transport
Gimpo Marine Co., Ltd.	2018.12.14	No. 133, Shanggang Rd., Bali Dist., New Taipei City		100,000	Maritime transport

Schedule 2

Information of Directors, Supervisors and General Managers of Affiliated Companies

Unit: shares; %

Name of Company	Title	Name or Representative	Shareholdings	
			Shares	%
Taipei Port Terminal Company Limited	Chairman	Goldsun Building Materials Co., Ltd. Representative: Kuo, Chia-Ming	180,000,000	72.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	180,000,000	72.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lin, Lei	180,000,000	72.00%
	Supervisor	Rei Shin Construction Co., Ltd. Representative: Wu, Chih-Jen	70,000,000	28.00%
Rei Shin Construction Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Lin, Chiao	377,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	377,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chang, Chieh-Tang	377,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chiu,Sui-Yi	377,000,000	100.00%
Goldsun Investment Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Chang, Chieh-Tang	3,996,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	3,996,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Wu, Chih-Jen	3,996,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chiu,Sui-Yi	3,996,000	100.00%
Kuoyung Construction & Engineering Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Lin, Chiao	30,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	30,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lin, Lei	30,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chiu,Sui-Yi	30,000,000	100.00%
Goldsun Innovative Building Materials Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Xie,Li-Ping	6,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	6,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Chang, Chieh-Tang	6,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chiu,Sui-Yi	6,000,000	100.00%

Name of Company	Title	Name or Representative	Shareholdings	
			Shares	%
Goyu Building Materials Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Lin, Lei	18,200,000	65.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Yang, Chih-Chiang	18,200,000	65.00%
	Director	Chyi Yuh Construction Co., Ltd. Representative: Chen,Jian-Tong	9,800,000	35.00%
	Supervisor	Chen,Chia-Yin		
Goldsun Nihon Cement Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Lin, Ming-Sheng	11,460,000	58.77%
	Vice-Chairman	Taiheiyo Cement Corporation Representative: Yoshifumi Taura	6,825,000	35.00%
	Director	Taiheiyo Cement Corporation Representative: Naoto Kusaka	6,825,000	35.00%
	Director	Taiheiyo Cement Corporation Representative: Kosuke Katsuhara	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: Chen, Chiu-Lan	11,460,000	58.77%
	Director	Goldsun Building Materials Co., Ltd. Representative: Yu, Chih-Hsing	11,460,000	58.77%
	Supervisor	Shin Lan Enterprise Inc. Representative: Hsu, Lan-Ying	90,000	0.46%
Wellpool Co., Ltd.	Chairman	Chang, Shih-Chung	828,066	2.30%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	17,740,389	49.20%
	Director	Goldsun Building Materials Co., Ltd. Representative: Yang, Chih-Chiang	17,740,389	49.20%
	Director	Sheng,Bao-Xi	1,100	0.00%
	Independent Director	Chen,Shi-Zong		
	Independent Director	ZHU,LI-SHENG		
	Independent Director	(Vacant position)		
	Supervisor	Lu,Li-Min	446,163	1.24%
	Supervisor	Chien,Sung-Chi	10,100	0.03%
	Supervisor	Wang,Te-Hsien		
Gape-Goldsun Corporation	Chairman	Wellpool Co., Ltd. Representative: Ni,Yung	100,000	100.00%

Name of Company	Title	Name or Representative	Shareholdings	
			Shares	%
	Director	Wellpool Co., Ltd. Representative: Chang, Shih-Chung	100,000	100.00%
	Director	Wellpool Co., Ltd. Representative: Kuo, Chao-Chia	100,000	100.00%
	Supervisor	Wellpool Co., Ltd. Representative: Hsu, Chia-Ming	100,000	100.00%
Hwa Ya Development Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Lin, Chiao	15,714,108	30.69%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Lan-Ying	15,714,108	30.69%
	Director	Taiwan Secom Co., Ltd. Representative: Frank Lin	25,512,892	49.83%
	Supervisor	Shin Lan Enterprise Inc. Representative: Chiu,Sui-Yi	9,973,000	19.48%
Taiwan Building Materials (Hong Kong) Limited	Director	Representative: Chang, Chieh-Tang	15,436,611	100.00%
(Samoa) Ease Great Investments Ltd.	Director	Goldsun Building Materials Co., Ltd. Representative: Chang, Chieh-Tang	149,462,000	83.75%
(Cayman) Great Smart Ltd.	Director	Ease Great Investments Ltd. Representative: Chang, Chieh-Tang	112,300,000	100.00%
(Cayman) Goldsun International Development Corp.	Director	Ease Great Investments Ltd. Representative: Chang, Chieh-Tang	66,162,000	100.00%
Goldsun Cement (Fujan) Co., Ltd.	Chairman	Great Smart Limited. Representative: Chen, Chiu-Lan	72,500,000	100.00%
	Director	Great Smart Limited. Representative: Frank Lin	72,500,000	100.00%
	Director	Great Smart Limited. Representative: Chang, Chieh-Tang	72,500,000	100.00%
	Supervisor	Great Smart Limited. Representative: Hsu, Lan-Ying	72,500,000	100.00%
Goldsun Concrete (Suzhou) Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Huang,Ching-Yi	11,882,000	100.00%

Name of Company	Title	Name or Representative	Shareholdings	
			Shares	%
	Director	Goldsun International Development Corp. Representative: Lin, Lei	11,882,000	100.00%
	Director	Goldsun International Development Corp. Representative: Hsu, Lan-Ying	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: Huang,Ching-Yi	14,200,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lin, Lei	14,200,000	100.00%
	Director	Goldsun International Development Corp. Representative: Hsu, Lan-Ying	14,200,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	14,200,000	100.00%
Taicang Port Goldsun Concrete Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Huang,Ching-Yi	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lin, Lei	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Hsu, Lan-Ying	5,960,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	5,960,000	100.00%
Goldsun Concrete(Wujiang) Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Huang,Ching-Yi	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lin, Lei	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Hsu, Lan-Ying	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: Huang,Ching-Yi	4,000,000	100.00%

Name of Company	Title	Name or Representative	Shareholdings	
			Shares	%
	Director	Goldsun International Development Corp. Representative: Lin, Lei	4,000,000	100.00%
	Director	Goldsun International Development Corp. Representative: Hsu, Lan-Ying	4,000,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	4,000,000	100.00%
Goldsun (Suzhou) Building Materials Co., Ltd.	Chairman	Goldsun International Development Corp. Representative: Huang,Ching-Yi	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Lin, Lei	5,960,000	100.00%
	Director	Goldsun International Development Corp. Representative: Hsu, Lan-Ying	5,960,000	100.00%
	Supervisor	Goldsun International Development Corp. Representative: Frank Lin	5,960,000	100.00%
Jin Shun Maritime Limited	Director	Representative: Wu, Chih-Jen	10,000,000	100.00%
Yuan Shun Maritime Limited	Director	Representative: Wu, Chih-Jen	38,900,000	100.00%
Jing Shun Maritime Limited	Director	Representative: Wu, Chih-Jen	1	100.00%
Feng Shun Maritime Limited	Director	Representative: Wu, Chih-Jen	1	100.00%
Gimpo Marine Co., Ltd.	Chairman	Goldsun Building Materials Co., Ltd. Representative: Wu, Chih-Jen	10,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Lin, Hsun-Cheng	10,000,000	100.00%
	Director	Goldsun Building Materials Co., Ltd. Representative: Hsu, Hao-Hsiang	10,000,000	100.00%
	Supervisor	Goldsun Building Materials Co., Ltd. Representative: Chen,Chia-Yin	10,000,000	100.00%

Schedule 3

Operation Status of Affiliate Companies

Unit: NT$ thousands, unless otherwise stated

Name of Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Interests	Current Interests
Taipei Port Terminal Company Limited	2,500,000	4,642,137	2,117,972	2,524,165	425,298	-94,697	-102,619
Rei Shin Construction Co., Ltd.	3,770,000	6,427,318	1,277,267	5,150,051	359,459	84,172	154,731
Goldsun Investment Co., Ltd.	39,960	28,291	40	28,251	571	455	579
Kuoyung Construction & Engineering Co., Ltd.	300,000	444,736	49,725	395,011	48,763	28,091	68,518
Goldsun Innovative Building Materials Co., Ltd.	60,000	30,052	80	29,972	-	-197	-11,633
Goyu Building Materials Co., Ltd.	280,000	290,675	15,846	274,829	-	-5,078	-5,171
Goldsun Nihon Cement Co., Ltd.	195,000	327,382	25,067	302,315	552,014	9,969	13,138
Wellpool Co., Ltd.	360,544	1,210,942	197,639	1,013,303	992,797	212,697	173,211
Gape-Goldsun Corporation	1,000	1,449	1	1,448	-	-	14
Hwa Ya Development Co., Ltd.	512,000	523,037	89	522,948	-	-1,761	-1,579
Taiwan Building Materials (Hong Kong) Limited	USD 15,436,611	USD 15,450,700	-	USD 15,450,700	-	USD -7,590	USD -7,831
(Samoa) Ease Great Investments Limited	USD 178,462,000	USD 205,388,943	-	USD 205,388,943	-	-	USD 16,893,673
(Cayman) Great Smart Limited	USD 112,300,000	USD 105,145,102	USD 7,098,632	USD 98,046,470	-	USD -243,386	USD 15,609,886
(Cayman) Goldsun International Development Corp.	USD 66,162,000	USD 107,342,412	-	USD 107,342,412	-	USD -11,544	USD 1,292,152

Name of Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Interests	Current Interests
Goldsun Cement (Fujan) Co., Ltd.	USD 72,500,000	RMB 657,426,160	RMB 354,759,193	RMB 302,666,967	RMB 615,320,238	RMB 60,710,793	RMB 67,334,088
Goldsun Concrete (Suzhou) Co., Ltd	USD 11,882,000	RMB 106,616,908	RMB 2,136,221	RMB 104,480,687	RMB 359,252	RMB -2,416,727	RMB -4,449,393
Goldsun (Changshu) Concrete Co., Ltd.	USD 14,200,000	RMB 221,601,549	RMB 47,774,496	RMB 173,827,053	RMB 97,804,799	RMB 7,227,952	RMB 5,265,064
Taicang Port Goldsun Concrete Co., Ltd.	USD 5,960,000	RMB 69,976,404	RMB 193,731	RMB 69,782,673	-	RMB -132,436	RMB 1,040,470
Goldsun Concrete(Wujiang) Co., Ltd.	USD 5,960,000	RMB 261,294,582	RMB 132,245,466	RMB 129,049,116	RMB 188,102,365	RMB 9,847,850	RMB 7,311,917
Kunshan Goldsun Concrete Co., Ltd.	USD 4,000,000	RMB 111,938,069	RMB 39,630,256	RMB 72,307,813	RMB 110,413,118	RMB 5,399,884	RMB 4,397,670
Goldsun (Suzhou) Building Materials Co., Ltd.	USD 5,960,000	RMB 309,526,917	RMB 175,201,166	RMB 134,325,751	RMB 233,705,805	RMB 6,751,047	RMB 5,913,653
Jin Shun Maritime Limited	USD 10,000,000	USD 5,875,912	USD 444,139	USD 5,431,773	USD 1,982,466	USD -434,474	USD -387,764
Yuan Shun Maritime Limited	USD 38,900,000	USD 38,419,393	USD 540,830	USD 37,878,563	USD 4,539,868	USD -298,110	USD -71,423
Jing Shun Maritime Limited	USD 1	USD 10,244,718	USD 11,081,494	USD -836,776	USD 2,487,566	USD -836,794	USD -836,776
Feng Shun Maritime Limited	USD 1	USD 7,320,908	USD 7,360,779	USD -39,871	USD 1,337,775	USD -123,811	USD -39,871
Gimpo Marine Co., Ltd.	100,000	214,928	115,561	99,367	-	-616	-633

(2) Representation Letter

The entities that are required to be included in the combined financial statements of Goldsun Building Materials Co., Ltd. as of and for the year ended December 31, 2018, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Goldsun Building Materials Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Goldsun Building Materials Co., Ltd.

By

Goldsun Building Materials Co., Ltd.

Chairman: Lin, Shiaw-Shinn

March 22, 2019

(3) Relational Report: None.

2. Private Placement Securities in the Most Recent Years: None.

3. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

Unit: NT$ thousands; shares; %

Name of Subsidiary	Stock Capital Collected	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Mortgage	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Kuoyung Construction & Engineering Co., Ltd.	300,000,000	Capital Increased by Cash	100%	-	-	-	-	278,477 shares NT$2,486,000	-	-	-
Rei Shin Construction Co., Ltd.	3,770,000,000	Capital Increased by Cash	100%	-	-	-	-	3,362,641 shares NT$30,028,000	-	-	-

4. Other Supplementary Information or Explanations

IX. Significant Issues During the Past Year and as of Publication of This Annual Report Which Might Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 2, Article 36 of The Securities and Exchange Law: None.

Goldsun Building Materials Co., Ltd.

Chairman: Lin, Shiaw-Shinn