Procedures for Endorsement & Guarantee

Approved by the Shareholders' Meeting and enacted on June 12, 2019

Article 1

The endorsement guarantee matters of Lucky Cement Corporation (the "Company") shall be implemented in accordance with the provisions of the Procedures.

Article 2

The scope of application of the Procedures

1. Financing endorsements/guarantees, including:
   (1) Bill discount financing.
   (2) Endorsement or guarantee made to meet the financing needs of another company.
   (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
4. Any creation by a public company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Regulations.

Article 3

The object of endorsement guarantee

1. The Company may make endorsements/guarantees that shall be limited to the following companies except for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
   (1) A company with which it does business.
   (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
   (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
2. The capital contribution referred to in the preceding paragraph refers to the direct contribution of the Company or the capital contribution of a company through 100% of the voting shares held.
3. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company,

provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 4

The total amount of endorsement/guarantee provided by the Company is subject to the following limits

1. The total amount of endorsement/guarantee shall not exceed fifty percent (50%) of the Company's net worth. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed ten percent (10%) of the Company's net worth except for the investee whose voting shares are more than fifty percent (50%) directly or indirectly owned by the Company, the investee's total amount of the endorsement/guarantee provided by the Company shall not exceed forty percent (40%) of the Company's net worth. Net worth refers to equity attributable to the owner company in Balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company. The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).
3. The total amount of endorsement/guarantee provided by the Company and its subsidiaries is limited to 50% of the Company's net worth. If it has exceeded 50% of the Company's net worth, it should be explained its necessity and rationality at the shareholders' meeting.
4. The total amount of the endorsement/guarantee provided by the Company and its subsidiaries as a whole to any individual entity shall not exceed 40% of the Company's net worth.

Article 4-1

The subsidiaries and the parent company in the Procedures are recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5

The decision and authority level

1. The Company intending to make endorsements or guarantees for others shall first be approved by the audit committee and then submitted to the board of directors for a resolution. When it submits the Procedures for Endorsements/Guarantees for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions; the independent directors'

opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting. A pre-determined limit of the investee in Article 3, paragraph 2 may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification and reported the relevant matters to the shareholders' meeting for future reference.

2. Where the Company needs to exceed the limits set out in the Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

Article 6

The Procedures for making Endorsement & Guarantee

1. When the Company handles the endorsement guarantee, it shall submit an application to the financial department of the Company by the endorsee/ guarantee company. The finance department shall conduct a credit investigation for the endorsee/guarantee company, evaluate its risk and have an evaluation record. After review and approval, it will be submitted to the general manager and the Chairman of the board for approval. If necessary, collateral should be obtained.
2. The Finance Department conducts a credit investigation and a risk assessment for the endorsee/guarantee company. The evaluation items should include:
   (1) The necessity of and reasonableness of endorsements/guarantees.
   (2) Is it necessary to measure the amount of endorsement based on the financial status of the endorsee/guarantee company?
   (3) Whether the accumulated amount of endorsements/guarantees is still within the limit.
   (4) Where an endorsement/guarantee is made due to needs arising from business dealings, the amount of an endorsement/guarantee and the total amount of trading between the two companies shall be evaluated within the limit.
   (5) The impact on the Company's business operations, financial condition, and shareholders’ equity.
   (6) Whether collateral must be obtained and appraisal of the value thereof.
   (7) Attachments of credit status and risk assessment of the entity for which the endorsement/ guarantee is made.

3. If the Company or its subsidiary is making an endorsement guarantee for a subsidiary whose net worth is lower than half of its paid-in capital, the necessity, reasonableness and risk assessment of the endorsement/guarantee shall be reviewed in detail in accordance with the provisions of the preceding paragraph, and the relevant control measures shall be determined. If the endorsement is still required after the assessment, the audit department shall send personnel at least once a quarter to check whether the financial and business conditions have deteriorated. If necessary, they may request an improvement plan and report to the board of directors quarterly.
4. The Finance Department shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the Chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated in accordance with the provisions of the preceding paragraph.
5. The Finance Department shall evaluate or recognize the contingent loss of the endorsement and properly disclose the endorsement/guarantee information in the financial report, and provide relevant information to the Certified Public Accountant to adopt the necessary audit procedures.`
6. If, due to changes of circumstances, the party to whom the Company provided endorsement/guarantee no longer satisfies the criteria set forth in the Procedures, or the amount of endorsement/guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated. The application shall be completed at the expiration of the time limit set by the contract or the improvement plan shall be completed within a certain period of time. A corrective plan shall be provided to the audit committee and the proposed correction actions should be implemented within the period specified in the plan.
7. In the case of a subsidiary with shares having no par value or a par value other than NT$10, for the paid-in capital in the calculation under paragraph 3, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 7

The cancellation of endorsement/guarantee

1. If the endorsement guarantees that the relevant documents or instruments need to be cancelled due to debt liquidation or renewal, the endorsee company shall prepare an official letter to ensure that the relevant documents are delivered to the financial department of the Company to stamp the "Cancellation" seal and return. The application letter will be kept for reference.
2. The Finance Department shall at any time record the cancellation endorsement guarantee in memorandum book for its endorsement/guarantee activities to reduce the amount of endorsement guarantee.

Article 8

Internal Control

1. The Company's internal auditors shall audit the Procedures for Endorsements/ Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.
2. The Company shall handle the endorsements in accordance with the Procedures. If a major violation is found, the manager and the organizer shall be disciplined for the violation.

Article 9

Seal chapter custody and procedures

1. The seals for endorsement/guarantee of the Company should be the official corporate seals registered with the Ministry of Economic Affairs. Notes used for issuing endorsement/guarantee and seals of the Company shall be kept separately by persons appointed by the Chairman who authorized by the board of directors. Internal procedures must be followed for sealing and note issuance purposes.
2. When providing endorsement/guarantee to a foreign company, the endorsement/guarantee letter should be executed and signed by the person delegated by the board of directors.

Article 10

Announcement and reporting procedures

The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. The balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of

loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.

4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

“Date of occurrence” in the Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Article 11

Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Procedures for Endorsements/Guarantees in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and it shall comply with the Procedures when making endorsements/guarantees.

Article 12

The Procedures of the Company shall first be approved by the audit committee and then submitted to the board of directors for a resolution, and submitted for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders' meeting.

When the Company submits the Operational Procedures for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

If approval of more than half of all audit committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.