Stock Code:1108

Taiwan Stock Exchange Market Observation Post System
Website: https://mops.twse.com.tw
Lucky Cement Co., Ltd., Website: http://www.luckygrp.com.tw

Lucky Cement Corporation

Handbook for the 2020 Annual Meeting of Stockholders

(Translation)

Notice to readers

This English-version report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Time: 9:00 a.m. June 18, 2020
Place: No. 16, Sec. 4, Chungshan N. Rd., Shilin Dist., Taipei City
Room #328, 2F. Teaching Building, Jiantan Youth Activity Center

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2020 The Shareholders' Meeting of Lucky Cement Corporation

I. Meeting Procedure

1. Declaration of Opening
2. The Chairman is in position
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4. Reports on Company Affairs
5. Proposed Resolutions and Discussions
6. Questions and Motions
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A letter to Shareholders

Dear sir and madam:
The consolidated operating revenue in 2019 was NT$3,731,696,000, consolidated gross income from operations was NT$77,882,000 and consolidated profit was NT$45,904,000. After suffer business loss in 2017 and 2018 , the Company actively renovated the business strategies and operating guidelines to reduce operating costs, and finally gained profits with the team efforts of all our colleagues in 2019. Although the operating result is still unders our expectation, it is not easy to turn loss into gain under the challenge of various harsh conditions in 2019.

In recent years, the cement industry has faced several challenges, such as environmental issues, production costs hiking, stagnation in demand, oversea cement dumping, and difficulty in increasing cement prices. The sales of stone materials are also facing loss pressure, because mining taxes have increased significantly and related costs have increased. At the same time, the overall external marcoeconomic situation also fluctuates greatly. Therefore, under the influence of various external factors, the Company's operating performance has been affected seriously tested. The Company actively adjusted various business strategies, increased efforts to secure high-margin orders, and strived to control production costs. In 2019, the northern market gradually reduced sand and stone imports from Mainland China, which was conducive to increasing the sales and selling prices of stone products. The sales price of cement products increased simultaneously due to the increase in sand and stone prices. With the efforts to grasp the changes in the market's objective situation and actively adjusted the operating policies, it eventually turned into a profit in 2019.

From the end of 2019 to the beginning of 2020, the main international economical institutions all forecasted the 2020 global economy will be better then 2019. Because of the U.S.-China trade war and Taiwanese firms leave China and bring their investments home, it is conducive to the increase in Taiwan’s domestic demand, but the emergence of COVID-19 in Mainland China has also disrupted economic growth. Therefore, the Company still faces various challenges in 2020. The Company will continue to optimize logistics conditions, improve capabilities of product scheduling, reduce costs, and cooperate with asset activation, build channels, and deepen the domestic market. In the circular economy, the Company will continue to pay more attention and try to get more high profit orders, the Company hope with all strategic operations and all colleagues's effort, we can have the best performance in 2020.

Lastly, we give best wishes for good health and good luck to all the shareholders. Thank you.

Chairman：CHEN, LIANG-CHUAN

II. Company Reports

1. 2019 Business Report and Financial Statements

A. Business performance

1) Major parts of products

Item	2019	2018	Increase(Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	799	764	35	4.58%
Stone (Unit: 1,000 tons)	1,969	1,646	323	19.62%

Status of implementation plan:

Total production of cement and slag powder was 799,000 tons, total planned production was 754,000 tons, and its production achievement rate was 106.0%. Total production of stone was 1,969,000 tons, total planned production was 2,047,000 tons, and its production achievement rate of stone was 96.2%.

2) Major parts of Sales

Item	2019	2018	Increase (Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	994	984	10	1.02%
Stone (Unit: 1,000 tons)	1,346	1,187	159	13.40%
Cement and Slag Powder (Unit: NT$1,000)	2,103,093	2,042,328	60,765	2.98%
Stone (Unit:NT$1,000)	629,557	491,363	138,194	28.12%

Status of implementation plan:

Total sales of cement and slag powder was 994,000 tons, total planned sales was 1,010,000 tons, and its sales achievement rate was 98.4%.
Total sales of stone was 1,346,000 tons, total planned sales was 1,200,000 tons, and its sales achievement rate of stone was 112.2%.

B. Financial Revenue and Profitability Analysis

Unit: NT$1,000,000

Item	2019	2018	Increase (Decrease)	Increase (Decrease) %
Operating revenue	3,732	3,331	401	12.04%
Operating income (loss)	78	(155)	233	150.32%
Profit (loss) before tax	54	(192)	246	128.13%
Profit (loss)	46	(202)	248	122.77%

<table>
<tr><th colspan="3">Item</th><th>2019</th><th>2018</th></tr>
<tr><td rowspan="4">Individual profitability</td><td>Operating Income Margin (%)</td><td rowspan="2">Ratio：
Paid-in capital</td><td>1.78</td><td>(0.54)</td></tr>
<tr><td>Profit (loss) before Tax Margin (%)</td><td>1.17</td><td>(3.96)</td></tr>
<tr><td colspan="2">Net Profit (Loss) Margin (%)</td><td>1.57</td><td>(6.30)</td></tr>
<tr><td colspan="2">Earnings Per Share (NT Dollar)</td><td>0.11</td><td>(0.44)</td></tr>
</table>

C. Research and development

The Company spared no effort in the research of production process in response to the business development of cement, slag powder, stone, and waste disposal. Also, we had simultaneously significant results that achieved the requirements under the environmental protection policy of Government on the research and development of environmental pollution prevention and control. As for the global focus of energy conservation and carbon reduction, the talent and manpower have been committed by the Company in order to achieve the goals of Government policy.

Lucky Cement Corporation
Audit Report of Parent Company Only Financial Statements by Certified Public Accountants

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying financial statements of Lucky Cement Co. (the “Company”), which comprise the balance sheets as of December 31, 2019 and 2018 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2019 are as follows:

<u>The Existence of Sales Revenue from Key Customers</u>

The Company’s sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2019 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT$541,734,000, as 18% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (10) of the financial statement for accounting policies of the revenue recognition; Note 22 (1) for the disclosure related to the operating revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.

2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.

3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Hai-Yueh Huang and Yung-Fu Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

Notice to Readers

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

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

LUCKY CEMENT CO.

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 165,724	3	$ 142,537	2
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	980	-	856	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 28)	15,962	-	105,718	2
Notes receivable (Notes 4 and 9)	413,731	6	252,051	4
Notes receivable from related parties (Notes 4, 9 and 29)	59,119	1	39,352	1
Accounts receivable (Notes 4 and 9)	92,559	2	87,740	1
Accounts receivable from related parties (Notes 4, 9 and 29)	64,786	1	36,969	1
Other receivables (Notes 4 and 9)	87,240	1	970	-
Other receivables from related parties (Notes 9 and 29)	59,595	1	70,307	1
Current income tax assets (Note 24)	17,519	-	17,517	-
Inventories (Notes 4 and 10)	365,885	6	465,967	7
Prepayments (Note 11)	146,520	2	167,615	2
Other financial assets (Note 12)	90,165	1	105,231	2
Total current assets	1,579,785	24	1,492,830	23
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 28)	19,465	-	18,702	-
Investments accounted for using the equity method (Notes 4 and 13)	2,649,638	41	2,703,503	41
Property, plant and equipment (Notes 4 and 14)	1,628,604	25	1,785,767	27
Right-of-use assets (Notes 4 and 15)	115,920	2	-	-
Deferred income tax assets (Notes 4 and 24)	102,042	2	112,141	2
Refundable deposits (Notes 29 and 31)	174,728	3	240,766	4
Other non-current assets (Note 16)	195,377	3	193,941	3
Total non-current assets	4,885,774	76	5,054,820	77
TOTAL	$ 6,465,559	100	$ 6,547,650	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 226,700	3	$ 848,200	13
Short-term bills payable (Note 17)	99,820	2	159,912	2
Contract liabilities (Note 22)	267,633	4	199,333	3
Notes payable (Note 18)	128,089	2	98,248	2
Notes payable to related parties (Notes 18 and 29)	30,823	-	43,697	1
Accounts payable (Note 18)	70,584	1	81,089	1
Accounts payable to related parties (Notes 18 and 29)	32,138	-	23,657	-
Other payables (Note 19)	105,252	2	92,467	1
Other payables to related parties (Note 29)	4,060	-	1,547	-
Current income tax liabilities (Note 24)	1,201	-	-	-
Lease liabilities - current (Notes 4 and 15)	42,993	1	-	-
Current portion of long-term borrowings (Note 17)	310,000	5	-	-
Other current liabilities	464	-	511	-
Total current liabilities	1,319,757	20	1,548,661	23
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	670,000	10	660,000	10
Deferred tax liabilities (Notes 4 and 24)	23,792	-	33,891	1
Lease liabilities - non-current (Notes 4 and 15)	74,069	1	-	-
Net defined benefit liabilities (Notes 4 and 20)	26,481	1	48,946	1
Guarantee deposits received	30,600	1	29,232	-
Total non-current liabilities	824,942	13	772,069	12
Total liabilities	2,144,699	33	2,320,730	35
EQUITY (Note 21)				
Share capital				
Common stock	4,047,380	63	4,047,380	62
Capital surplus	8	-	8	-
Retained earnings				
Legal reserve	166,309	3	166,309	3
Special reserve	17,256	-	17,376	-
Unappropriated earnings	85,901	1	(1,032)	-
Total retained earnings	269,466	4	182,653	3
Other equity	4,006	-	(3,121)	-
Total equity	4,320,860	67	4,226,920	65
TOTAL	$ 6,465,559	100	$ 6,547,650	100

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

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4 and 22)				
Sales	$ 2,931,465	100	$ 2,811,247	100
Less: Discounts and allowances	(218)	-	(750)	-
Total operating revenues	2,931,247	100	2,810,497	100
OPERATING COSTS (Notes 10, 23 and 29)	2,686,386	92	2,660,209	95
GROSS PROFIT	244,861	8	150,288	5
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	99,093	3	94,078	3
General and administrative expenses	78,048	3	82,976	3
Expected credit gain	(214)	-	(30)	-
Total operating expenses	176,927	6	177,024	6
OTHER OPERATING INCOME AND EXPENSES (Note 23)	4,120	-	4,717	-
PROFIT/(LOSS) FROM OPERATIONS	72,054	2	(22,019)	(1)
NON-OPERATING INCOME AND EXPENSES (Notes 4, 8, 23 and 29)				
Interest income	2,932	-	4,925	-
Rental income	18,886	1	24,797	1
Other gains	9,437	-	8,523	-
Foreign exchange gain (loss)	1,896	-	(65)	-
Fair value changes of financial assets	124	-	(144)	-
Other losses	(9,209)	-	(13,918)	-
Interest expense	(28,524)	(1)	(20,789)	(1)
Share of loss of subsidiaries and associates	(20,313)	(1)	(141,490)	(5)
Total non-operating income and expenses	(24,771)	(1)	(138,161)	(5)
PROFIT/(LOSS) BEFORE INCOME TAX	47,283	1	(160,180)	(6)
INCOME TAX EXPENSE (Notes 4 and 24)	(1,378)	-	(16,791)	-
NET PROFIT/(LOSS)	45,905	1	(176,971)	(6)

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	$ 18,855	1	$ 745	-
Remeasurement of a defined benefit plan (Note 20)	8,232	-	2,464	-
Share of the other comprehensive income/(loss) of subsidiaries and associates accounted for using the equity method	20,350	1	(13,342)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(210)	-	15,849	-
Share of the other comprehensive income/(loss) of subsidiaries and associates accounted for using the equity method	808	-	(749)	-
Other comprehensive income, net of income tax	48,035	2	4,967	-
TOTAL COMPREHENSIVE INCOME	$ 93,940	3	$ (172,004)	(6)
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.11		$ (0.44)	
Diluted	$ 0.11		$ (0.44)	

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

LUCKY CEMENT CO.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity			
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2018	$ 4,047,380	$ 8	$ 166,309	$ 14,135	$ 177,528	$ (8,187)	$ 4,946	$ -	$ 4,402,119
Effect of retrospective application	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)
BALANCE AT JANUARY 1, 2018 AS RESTATED	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002
Appropriation of 2017 earnings Special reserve	-	-	-	3,241	(3,241)	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	-	(176,971)	-	-	-	(176,971)
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(1,078)	-	-	-	(1,078)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,792	-	-	(2,792)	-
BALANCE AT DECEMBER 31, 2018	4,047,380	8	166,309	17,376	(1,032)	7,660	-	(10,781)	4,226,920
Appropriation of 2018 earnings Special reserve	-	-	-	(120)	120	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	-	45,905
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	-	42,803	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	-	42,803	93,940
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	35,466	-	-	(35,466)	-
BALANCE AT DECEMBER 31, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ 85,901	$ 7,450	$ -	$ (3,444)	$ 4,320,860

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

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax	$ 47,283	$ (160,180)
Adjustments for:		
Depreciation expense	218,882	228,255
Amortization expense	11,750	11,508
Expected credit loss recognized on trade receivables	(214)	(30)
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(124)	144
Interest expense	28,524	20,789
Interest income	(2,932)	(4,925)
Dividend income	(5,169)	(1,545)
Gain on disposal of property, plant and equipment	(4,120)	(4,717)
Share of profit or loss of subsidiaries accounted for using the equity method	20,313	141,490
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	5
Notes receivable	(161,680)	88,997
Notes receivable from related parties	(19,767)	(27,954)
Accounts receivable	(4,605)	10,783
Accounts receivable from related parties	(27,817)	(24,565)
Other receivables	170	(725)
Other receivables from related parties	62	279
Inventories	100,082	148,205
Prepayments	21,095	(7,262)
Other financial assets	-	(80,118)
Contract liabilities	68,300	(37,358)
Notes payable	29,841	(31,527)
Notes payable to related parties	(12,874)	16,942
Accounts payable	(10,505)	(13,267)
Accounts payable to related parties	8,481	(42,572)
Other payables	12,668	(4,039)
Other payables to related parties	2,513	(1,328)
Other current liabilities	(47)	(80)
Net defined benefit liabilities	(14,233)	1,072
Cash generated from operations	305,877	226,277
Interest received	2,947	5,341
Interest paid	(28,499)	(20,162)
Income tax paid	(179)	(18,124)
Net cash generated from operating activities	280,146	193,332
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	**2018**
Purchase of financial assets at fair value through other comprehensive income	$ (56,924)	$ (105,295)
Proceeds from sale of financial assets at fair value through other comprehensive income	143,479	36,403
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	2,890
Acquisition of associates	-	(375,505)
Payments for property, plant and equipment	(17,968)	(456,314)
Proceeds from disposal of property, plant and equipment	4,120	4,717
Decrease in other receivables from related parties	10,650	186,550
Decrease (increase) in refundable deposits	876	(2,882)
Decrease in financial assets	15,066	105,231
Increase in other non-current assets	(13,186)	(52,134)
Dividends received from subsidiaries associates	58,076	2,469
Proceeds from capital reduction of subsidiaries	1,593	-
Net cash generated from/(used in) investing activities	145,782	(653,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(621,500)	(22,800)
(Decrease) increase in short-term bills payable	(60,000)	80,000
Proceeds from long-term borrowings	320,000	580,000
Repayments of long-term borrowings	-	(200,000)
Increase (decrease) in guarantee deposits received	1,368	(4,387)
Repayment of the principal portion of lease liabilities	(42,609)	-
Net cash (used in)/generated from financing activities	(402,741)	432,813
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,187	(27,725)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	142,537	170,262
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 165,724	$ 142,537

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

Lucky Cement Corporation
Audit Report of Consolidated Financial Statements by Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2019 are as follows:

<u>The Existence of Sales Revenue from Key Customers</u>

The Group’s sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2019 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT$776,217,000, as 21% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (10) of the consolidated financial statement for accounting policies of the revenue recognition; Note 23 (1) for the disclosure related to the operating revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.

2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.

3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Co. as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC, 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Group's internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Yung-Fu Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

<u>*Notice to Readers*</u>

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

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 233,426	3	$ 198,802	3
Financial assets at fair value through profit or loss – current (Notes 4 and 7)	15,562	-	43,370	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	22,038	-	142,250	2
Notes receivable (Notes 4 and 9)	488,761	7	317,921	4
Notes receivable from related parties (Notes 9 and 31)	4,972	-	5,170	-
Accounts receivable (Notes 4 and 9)	412,120	6	262,504	4
Accounts receivable from related parties (Notes 9 and 31)	7,450	-	11,140	-
Other receivables (Notes 4, 9 and 31)	88,101	1	5,650	-
Current income tax assets (Note 25)	17,607	-	21,288	-
Inventories (Notes 4 and 10)	3,516,072	48	3,610,970	50
Prepayments (Note 12)	164,806	2	181,273	3
Other financial assets - current (Note 13)	93,165	1	108,232	1
Other current assets (Note 14)	23,068	1	29,959	-
Total current assets	5,087,148	69	4,938,529	68
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,598	-	6,535	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	19,733	-	19,015	-
Property, plant and equipment (Notes 4 and 15)	1,711,806	24	1,876,081	26
Right-of-use assets (Notes 4 and 16)	129,591	2	-	-
Deferred income tax assets (Notes 4 and 25)	127,645	2	143,366	2
Refundable deposits	20,908	-	90,351	1
Other non-current assets (Note 17)	222,448	3	219,620	3
Total non-current assets	2,241,729	31	2,354,968	32
TOTAL	$ 7,328,877	100	$ 7,293,497	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 232,700	3	$ 852,651	12
Short-term bills payable (Note 18)	219,465	3	219,736	3
Contract liabilities (Note 23)	259,431	4	198,806	3
Notes payable (Note 19)	202,062	3	148,346	2
Notes payable to related parties (Notes 19 and 31)	34,656	-	43,594	1
Accounts payable (Note 19)	124,131	2	114,859	1
Accounts payable to related parties (Notes 19 and 31)	35,532	-	23,540	-
Other payables (Note 20)	142,714	2	118,173	2
Other payables to related parties (Note 31)	1,281	-	1,157	-
Current income tax liabilities (Note 25)	2,149	-	238	-
Lease liabilities - current (Notes 4 and 16)	50,494	1	-	-
Current portion of long-term borrowings (Note 18)	310,000	4	11,200	-
Other current liabilities	2,516	-	3,769	-
Total current liabilities	1,617,131	22	1,736,069	24
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,170,000	16	1,160,438	16
Deferred tax liabilities (Notes 4 and 25)	23,792	-	33,935	-
Lease liabilities - non-current (Notes 4 and 16)	80,289	1	-	-
Other payables to related parties (Note 31)	45,800	1	45,800	1
Net defined benefit liabilities (Notes 4 and 21)	40,128	1	60,826	1
Guarantee deposits received	30,800	-	29,431	-
Total non-current liabilities	1,390,809	19	1,330,430	18
Total liabilities	3,007,940	41	3,066,499	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital				
Common stock	4,047,380	55	4,047,380	55
Capital surplus	8	-	8	-
Retained earnings				
Legal reserve	166,309	3	166,309	3
Special reserve	17,256	-	17,376	-
Unappropriated earnings	85,901	1	(1,032)	-
Total retained earnings	269,466	4	182,653	3
Other equity	4,006	-	(3,121)	-
Total equity attributable to owners of the Corporation	4,320,860	59	4,226,920	58
NON-CONTROLLING INTERESTS (Note 22)	77	-	78	-
Total equity	4,320,937	59	4,226,998	58
TOTAL	$ 7,328,877	100	$ 7,293,497	100

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 23 and 31)				
Sales	$ 3,733,161	100	$ 3,332,514	100
Less: Discounts and allowances	(1,465)	-	(1,913)	-
Total operating revenues	3,731,696	100	3,330,601	100
OPERATING COSTS (Notes 10, 24 and 31)	3,432,815	92	3,283,834	99
GROSS PROFIT	298,881	8	46,767	1
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	114,748	3	105,704	3
General and administrative expenses	105,438	3	110,714	4
Expected credit loss	4,933	-	1,594	-
Total operating expenses	225,119	6	218,012	7
OTHER OPERATING INCOME AND EXPENSES (Note 24)	4,120	-	16,103	1
PROFIT FROM OPERATIONS	77,882	2	(155,142)	(5)
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 31)				
Interest income	2,072	-	2,170	-
Rental income	8,965	-	9,008	-
Other gains	8,930	-	17,928	1
Foreign exchange gain	1,742	-	172	-
Fair value changes of financial assets	3,685	-	(3,128)	-
Other losses (Notes 11)	(9,584)	-	(30,253)	(1)
Interest expense	(39,778)	(1)	(32,417)	(1)
Total non-operating income and expenses	(23,968)	(1)	(36,520)	(1)
PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	53,914	1	(191,662)	(6)
INCOME TAX EXPENSE (Notes 4 and 25)	(8,010)	-	(9,280)	-
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	45,904	1	(200,942)	(6)
NET LOSS FROM DISCONTINUED OPERATIONS	-	-	(672)	-

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET PROFIT/(LOSS) FOR THE YEAR	$ 45,904	1	$ (201,614)	(6)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	5,442	1	2,825	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	41,995	1	(12,958)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(210)	-	15,845	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	808	-	(747)	-
Other comprehensive income, net of income tax	48,035	2	4,965	-
TOTAL COMPREHENSIVE INCOME	$ 93,939	3	$ (196,649)	(6)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 45,905	1	$ (176,971)	(5)
Non-controlling interests	(1)	-	(24,643)	(1)
	$ 45,904	1	$ (201,614)	(6)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 93,940	3	$ (172,004)	(5)
Non-controlling interests	(1)	-	(24,645)	(1)
	$ 93,939	3	$ (196,649)	(6)
EARNINGS PER SHARE (Note 27)				
Basic	$ 0.11		$ (0.44)	
Diluted	$ 0.11		$ (0.44)	

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Corporation										
			Retained Earnings			Other Equity					
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	$ 4,047,380	$ 8	$ 166,309	$ 14,135	$ 177,528	$ (8,187)	$ 4,946	$ -	$ 4,402,119	$ 26,423	$ 4,428,542
Effect of retrospective application	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)	-	(2,117)
BALANCE AT JANUARY 1, 2018 AS RESTATED	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002	26,423	4,426,425
Appropriation of 2017 earnings											
Special reserve	-	-	-	3,241	(3,241)	-	-	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	-	(176,971)	-	-	-	(176,971)	(24,643)	(201,614)
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967	(2)	4,965
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)	(24,645)	(196,649)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	2,293	2,293
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(1,078)	-	-	-	(1,078)	(3,993)	(5,071)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,792	-	-	(2,792)	-	-	-
BALANCE AT DECEMBER 31, 2018	4,047,380	8	166,309	17,376	(1,032)	7,660	-	(10,781)	4,226,920	78	4,226,998
Appropriation of 2018 earnings											
Special reserve	-	-	-	(120)	120	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	-	45,905	(1)	45,904
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	-	42,803	48,035	-	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	-	42,803	93,940	(1)	93,939
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	35,466	-	-	(35,466)	-	-	-
BALANCE AT DECEMBER 31, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ 85,901	$ 7,450	$ -	$ (3,444)	$ 4,320,860	$ 77	$ 4,320,937

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax from continuing operations	$ 53,914	$ (191,662)
Loss before income tax from discontinued operations	-	(672)
Profit/(loss) before income tax	53,914	(192,334)
Adjustments for:		
Expected credit loss recognized on trade receivables	4,933	1,594
Depreciation expense	238,636	239,367
Amortization expense	11,750	8,903
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(3,685)	3,128
Interest expense	39,778	32,417
Interest income	(2,072)	(2,170)
Dividend income	(5,393)	(2,537)
Gain on disposal of property, plant and equipment	(4,120)	(16,103)
Other losses (Note 11)	-	14,620
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	28,430	22,918
Notes receivable	(170,840)	74,342
Notes receivable from related parties	198	(5,170)
Accounts receivable	(154,549)	(66,017)
Accounts receivable from related parties	3,690	(2,279)
Other receivables	3,988	(2,034)
Inventories	94,898	162,876
Prepayments	16,467	(17,505)
Other current assets	6,891	(2,750)
Other non-current assets	(311)	-
Contract liabilities	60,625	(32,470)
Notes payable	53,716	(38,629)
Notes payable to related parties	(8,938)	16,848
Accounts payable	9,272	(11,874)
Accounts payable to related parties	11,992	(42,689)
Other payables	24,323	(2,238)
Other payables to related parties	124	(1,292)
Other current liabilities	(1,253)	(4,201)
Net defined benefit liabilities	(15,256)	(7,823)
Cash generated from operations	297,208	126,898
Interest received	2,210	1,697
Interest paid	(39,831)	(32,635)
Income tax paid (received)	3,160	(20,214)
Net cash generated from operating activities	262,747	75,746

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (56,924)	$ (105,295)
Proceeds from sale of financial assets at fair value through other comprehensive income	197,806	36,403
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	2,890
Payments for property, plant and equipment	(22,195)	(467,835)
Proceeds from disposal of property, plant and equipment	4,120	17,461
Decrease (increase) in refundable deposits	4,281	(2,220)
Decrease in other financial assets	15,067	25,116
Increase in other non-current assets	(14,267)	(39,510)
Other dividends received	5,393	2,537
Net cash generated from (used in) investing activities	133,281	(530,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(619,951)	(20,991)
Increase in short-term bills payable	-	80,000
Proceeds from long-term borrowings	320,000	580,000
Repayments of long-term borrowings	(11,638)	(211,200)
Increase (decrease) in guarantee deposits received	1,369	(5,873)
Decrease in other receivables from related parties	-	(18,328)
Repayment of the principal portion of lease liabilities	(51,014)	-
Acquisition of subsidiary	-	(5,071)
Increase in non-controlling interests	-	2,293
Net cash (used in) generated from financing activities	(361,234)	400,830
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(170)	786
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,624	(53,091)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	198,802	251,893
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 233,426	$ 198,802

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

2. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has perepared the Company's 2019 Business Report, Financial Statements and the proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to the audit the Company's Financial Statement and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and earnings allocation proposal have been reviewed and determined to be correct and accurated by the Audit Committee of the Company. Therefore, this report is presented in accordance with Article 14-4 of the "Securities and Exchange Act "and the Article 219 of the "Company Act", please proceed to approve.

With kind regards

2020 The Shareholders' Meeting of the Company

Lucky Cement Corporation
Convener of the Audit Committee: Chin-Cheng, Wang

March 24, 2020

3. 2019 Employees' Compensation and Directors' Remuneration:

(1) The Company's employee compensation amount in 2019: NT$ 1,541,843.

(2) The Company's director remuneration amount in 2019, the remuneration committee recommended to issue the amount of remuneration earnings 5% in 2019 in accordance with the Article 30 of the "Articles of Incorporation": NT$2,569,738.

(3) The above amounts shall be distributed in cash.

(4) There is no difference between the proposed distribution and the amount of recognition fee in 2019.

4. Other Reports

(1) Endorsement and guarantees situation:

To the end of December of year 2019, the Company's external of total amount of the endorsement and guaranteed is NT$ 703,800,000, the object are all the investment of subsidiaries of the Company.

Unit: NT$1,000

Object	Amount of endorsement and guarantee
Dasheng Enterprise Co., Ltd	620,000
Luckicon Ready-mixed Concrete Factory Co., Ltd	70,000
Luckyship Marine Co., Ltd	0
Lucky Cement Corp., Japan	13,800
Total	703,800

(2) Amendment to the "Corporate Social Responsibility Best Practice Principles".

The Company will amend some provisions of the "Corporate Social Responsibility Best Practice Principles" in accordance with the letter Tái-zhèng-zhì-Lǐ-Zi No. 1090002299 issued on February 13, 2020, the amendment has been proposed by Corporate Social Responsibility

Committee and amended by the resolution of the Board of Directors' meeting on March 24, 2020. (Please refer to Appendix 4)

(3) Amendment to the "Ethical Corporate Management Best Practice Principles".

The Company will amend some provisions of the "Ethical Corporate Management Best Practice Principles" in accordance with the letters Tái-zhèng-zhì-Lǐ-Zi No. 10800083781 issued on May 23, 2019 and Tái-zhèng-zhì-Lǐ-Zi No. 1090002299 issued on February 13, 2020. The amendments have been amended by the resolution of the Board of Directors' meeting on August 12, 2019 and March 24, 2020. (Please refer to Appendix 5)

III. Proposed Resolutions and Discussions

Case 1: Proposed Resolutions of the 2019 Business Report and Financial Statements. (Board of Directors)

Explanation:

1. The financial statements of the Company for the year of 2019 (including the Consolidated Balance Sheet, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows) were completed by Deloitte & Touche Certified Public Accountants Hai-Yue Huang and Yong-Fu Liu Certified Public Accountants.
2. The business report and financial statements of the Company for the year of 2019, please refer to P.4 ~ P.25.

Resolution:

Case 2: Proposed Resolutions of the 2019 earnings distribution (Board of Directors)

Explanation:

1. The financial statements of the Company for the year of 2019 have been prepared and the profit after taxation is NT$45,904,871. Except for the amount of NT$ 912,776, which was used to make up the losses of previous years in accordance with laws and regulations, the balance of the allocation and distribution is as detailed in the " Earnings Distribution Table". The proposed cash dividend per share is NT$ 0.15, calculated as NT $ 60,710,707.
2. The base date for the distribution of cash dividends will be decided by the board of directors after the earnings distribution plan is recognized by the shareholders' meeting. According to the record on the register of shareholders on the base date, the total amount of cash dividends allocated to each shareholder is calculated to dollars, and the abnormal amount of less than 1 dollar is transferred to the employee welfare committee.

Resolution:

Lucky Cement Corporation
Statements of Earnings Distribution
Year 2019

Unit: New Taiwan Dollars

Items	**Amount**
Accumulated deficit in the beginning of the year	(912,776)
Add:Disposals of equity instruments measured at FVOCI, the accumulated profit or loss are transferred to retained earnings	35,465,985
Add: Actuarial gains (losses) recognized in retained earnings	5,442,200
Unappropriated retained earnings after adjustments	39,995,409
Add: Profit after tax	45,904,871
Less: Legal reserve	(4,590,487)
Add: Reversal of special reserve	3,120,916
Earnings in 2019 Available for Distribution	84,430,709
Less: Cash dividends-NT$0.15 per share	(60,710,707)
Unappropriated retained earnings in the end of the year	23,720,002
Notes:	

Discussion

Case 3: Amendment to the "Rules of Procedure for Shareholders Meetings" (Proposed by the Board of Directors)

Explanation:

1. The amendment is followed the letter Tái-zhèng-zhì-Lǐ-Zi No. 10800242211 issued on January 2, 2020,
2. It is proposed to amend some provisions of the "Rules of Procedure for Shareholders Meetings ". Please refer to the following table for the before and after amendments.

Amendatory Clause	Current Cause	Description
Article 3-2 Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.	Article 3-2 Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website	1. The provisions shall be amended in accordance with Article 172 paragraph 5 of the Company Act. 2. The amendment is followed the letter Jīng-Shāng-Zi No. 10702417500 issued on August 6, 2018. 3. The provisions shall be amended in accordance with Article 172-1 of the Company Act.

<u>The meeting convened by the shareholders' meeting has specified the full re-election of directors and supervisors, and stated the inauguration date. After the re-election of the shareholders' meeting, the same meeting shall not change its inauguration date by extemporary motion or other means.</u> Article 3-3 A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. **<u>A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</u>** In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals **<u>in writing or by</u>**	designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice. Article 3-3 A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a <u>written</u> proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. <u>A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be</u>	

<u>way of electronic transmission</u>, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. **<u>A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</u>** The proposals submitted by shareholders are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	<u>included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</u> The proposals submitted by shareholders are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	
Article 10 If a shareholders meeting is	Article 10 If a shareholders meeting is	The first paragraph was amended with

convened by the board of directors, the meeting agenda shall be set by the board of directors, **relevant proposals (including extraordinary motions and amendments to the original proposals) should be voted on a case-by-case basis.** The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. Paragraph 2 and 3 (Bypass) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote **and arrange adequate voting time.**	convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. Paragraph 2 and 3 (Bypass) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.	the full implementation of electronic voting for TWSE/GTSM listed companies from 2018, and the spirit of case-by-case voting was implemented. The fourth paragraph amendment is to prevent the shareholders' meeting convener from excessively curtailing the voting time of shareholders, resulting in shareholders having not enough time to vote and affecting shareholders' exercise of voting rights.
Article 13 Paragraph 1 (Bypass) When the Company holds a shareholders meeting, it **shall** allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in	Article 13 Paragraph 1 (Bypass) When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in	The second paragraph was amended with the full implementation of electronic voting for TWSE/GTSM listed companies from 2018.

person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. **The Company should avoid proposing extraordinary motions and amendments to the original proposals.** (Bypass)	person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. (Bypass)	
Article 15 Paragraph 1 and 2 (Bypass) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their **vote results (including vote ratio to weights), when electing directors and supervisors, the vote ratio to weights for each candidate shall be disclosed. The meeting minutes** shall be retained for the duration of the existence of the Company.	Article 15 Paragraph 1 and 2 (Bypass) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.	The third paragraph amendment is to implement the case-by-case voting spirit and refer to the recommendations of the Asian Corporate Governance Association.

Resolution:

IV. Questions and Motions

V. Adjournment

Appendix 1

Rules of Procedure for Shareholders Meetings

Approved by the Shareholders' Meeting on June 12, 2019

Article 1
In order to establish a sound shareholder governance system for Lucky Cement Corporation (the "Company"), improve its supervisory function, and strengthen its management function, these Rules are adopted in accordance with the Securities Exchange Act, the Company Act and the Regulations of the competent authority.

Article 2
The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3
Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
Shareholders continuously holding 50% or more of the total number of outstanding shares of a company for a period of three months or a longer time may convene a special shareholders' meeting.
The calculation of the holding period and holding number of shares in the preceding paragraph shall be based on the holding at the time of share transfer suspension date in accordance with Paragraph Two or Three of Article 165 of the Company Act.
The board of directors or other authorized conveners of shareholders' meetings may require a company or its shareholder service agent to provide with the roster of shareholders.

Article 3-1
The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
The reasons for convening a shareholders meeting shall be specified in the meeting

notice. With the consent of the addressee, the meeting notice may be given in electronic form.

Article 3-2

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Article 3-3

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. The proposals submitted by shareholders are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the

meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. If duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5
The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6
The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee attend in person, and that at least one member of other functional committees attend as representative. The attendance details should be recorded in the shareholders meeting minutes.
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8
The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9
Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare

the meeting adjourned.
If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.
When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10
If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11
Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
When a juristic person shareholder appoints two or more representatives to attend a

shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12
Voting at a shareholders meeting shall be calculated based the number of shares.
With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13
A shareholder of the Company shall be entitled to one vote for each share held, except as otherwise provided in the laws and regulations.
When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting

rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
Except as otherwise provide in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be considered veto, and no further voting shall be required.
Voted monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14
The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15
Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

The method of the above resolution is subject to the chairman's advice to the shareholders. If the shareholders have no objection to the proposal, they should record that "the chairman has consulted all shareholders to attend without objection"; however, if the shareholders object to the proposal, they must specify the voting method and vote ratio to weights.

Article 16
On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17
Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18
When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19
These Rules and any amendments shall be implemented after adoption by shareholders meetings.

Appendix 2: Acceptance of Shareholder's Proposals in the Shareholders' Meeting

There were not a proposal has been provided as of April 23, 2020 (the deadline of shareholders' proposal).

Appendix 3: Shareholdings of Directors and Supervisors

Position	Name	Shareholdings	Rate%
Chairman	Shiyi Cement Co., Ltd. Representative: Liang-Chuan Chen	6, 632, 588	1. 64%
Director	Shiyi Cement Co., Ltd. Representative: Yun-Ru Chen	6, 632, 588	1. 64%
Director	Hsiang-Lin Chang	7, 539, 587	1. 86%
Director	Shang-Kai, Cheng	1, 832, 666	0. 45%
Independent Director	Yan, Chen	0	0
Independent Director	Chin-Cheng Wang	0	0
Independent Director	Yang-Wei, Shao	0	0
Total of directors		16, 004, 841	3. 95%

Note 1: The above shareholdings of Directors are the shareholdings in shareholder list on April 20, 2020 which is the date for suspension of share transfer for a shareholders meeting.

Note 2: The total registered shares owned by all directors shall not be less than four percent of the total issued shares according to the Article 26 in the "Securities and Exchange Act".

Note 3: If a public company has elected two or more independent directors, the share ownership figures calculated at the rates set for all directors and supervisors other than the independent directors and shall be decreased by 20 percent according to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

Note 4: Total shareholdings of all Directors of the Company had reached the legal standard.

Appendix 4

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1

In order to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, hereby stipulated this regulation in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" to follow.

Article 2

The Principles applies to the entire operations of Lucky Cement Corporation (the "Company") and subsidiaries.

The Principles encourages the Company to actively fulfill the corporate social responsibility in the course of the business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Company shall conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies.

Article 4

To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information

Article 5

The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of the Company and subsidiaries on stakeholders, in establishing its policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall

be approved by the board of directors and then reported to the shareholders meeting.
When a shareholder proposes a motion involving corporate social responsibility, the Company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter 2 Exercising Corporate Governance

Article 6

The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its corporate social responsibility initiatives:

1. Identifying the Company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;
2. Making corporate social responsibility the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8

The Company is advised to, on regular basis; organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9

For the purpose of managing corporate social responsibility initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or

relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.
The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and aligns with the interests of stakeholders.
It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.

Article 10
The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment
Article 11
The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12
The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13
The Company is advised to establish proper environment management systems based on the characteristics of its industries. Such systems shall include the following tasks:
1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of its operation on regular basis.

Article 14
The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for its managerial officers and other employees on a periodic basis.

Article 15

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:
1. Reduces resource and energy consumption of products and services.
2. Reduces emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improves recyclability and reusability of raw materials or products.
4. Maximizes the sustainability of renewable resources.
5. Enhances the durability of products.
6. Improves efficiency of products and services.

Article 16
To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.
The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use the best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17
The Company should evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take responding measures for climate-related issues.
The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:
1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Company should count the greenhouse gas emissions, water consumption and total weight of waste, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management. Such strategies should include obtaining carbon credits to promote and minimize the impact of its business operations on climate change.

Chapter 4 Preserving Public Welfare
Article 18
The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.
The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:
1. Presenting a corporate policy or statement on human rights.

2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handing processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company have business operations.

Article 20

The Company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for its employees on a regular basis.

Article 21

The Company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.

The Company should formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits etc.), and appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express the opinion on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.
The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 22-1
The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

Article 23
The Company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of its products and services. It further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24
The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries.
The Company should follow relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25
The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.
The Company is advised to provide a clear and effective procedure for accepting consumer complaints and to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26
The Company is advised to assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and shall cooperate with its suppliers to jointly implement the corporate social responsibility initiative.

The Companies should formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.
When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27
The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.
The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information
Article 28
The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to its corporate social responsibility initiatives to improve information transparency.
Relevant information relating to corporate social responsibility which the Company shall disclose includes:
1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the company, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

Article 29

The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of its implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 30

The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve its established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 31

This Principles shall come into full force by the resolution of approval of the Board of Directors and then report to the shareholders meeting. The same procedure applies to any amendment thereto.

The Principles are concluded on November 7, 2014

First amendment was approved on December 26, 2014

Second amendment was approved on August 10, 2016

Third amendment was approved on March 24, 2020

Appendix 5

Ethical Corporate Management Best Practice Principles

Article 1 (Purpose and scope of application)

These Principles are adopted to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Lucky Cement Corporation (the “Company”) is adopt the ethical corporate management best practice principles applicable to its business groups and organizations, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company (" business group ").

Article 2 (Prohibition of unethical conduct)

When engaging in commercial activities, directors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 (Type of benefit)

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Compliance of laws)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption

Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Prevention programs)

The Company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7 (Scope of prevention programs)

The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following: Offering and acceptance of bribes.

1. Illegal political donations.
2. Improper charitable donations or sponsorship.

3. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
4. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
5. Engaging in unfair competitive practices.
6. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Commitment and execution)

The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and its business group shall clearly specify in their rules and external documents and on the Company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 (Integrity business activities)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 (Prohibition of offering and acceptance of bribes)

When conducting business, the Company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 (Prohibition of illegal political donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and the Company's relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Prohibition of improper charitable donations or sponsorship)

When making or offering donations and sponsorship, the Company and its directors, managers, employees , mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 (Prohibition of offering or acceptance of unreasonable presents or hospitality, or other improper benefits)

The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 (Prohibition of infringement of intellectual property rights)

The Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Prohibition of engaging in unfair competitive practices)

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 (Prevent products or services from harming stakeholders)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, the Company’s products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing the Company’s products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 (Organization and responsibility)

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance

with the requirements of laws and regulations.

2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Produce and properly maintain the documented information of the ethical management policy and its compliance statement, implementation commitment and implementation status, etc.

Article 18 (Business execution is subject to laws and regulations)

The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 (Interest avoidance)

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a meeting matter at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

If the director's spouse, within the second degree blood relatives, or a company that has a controlling affiliation with the director, is interested in the matter of the preceding meeting, the director is deemed to have a personal interest in the matter.

Directors, managers, employees, mandataries, and substantial controllers of the Company shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 (Accounting and internal control)

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21 (Operating procedures and guidelines)

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or

sponsorship.

4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 (Education training and assessment)

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to the Company's directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 (Whistle-blowing system)

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the

circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24 (Disciplinary and appeal system)

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 (Information disclosure)

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its company websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

Article 26 (Improvement of the review of integrity management policies and measures)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 (Implementation)

The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When the ethical corporate management best practice principles of the Company are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

The Principles are concluded on November 7, 2014
First amendment was approved on December 26, 2014
Second amendment was approved on December 21, 2015
Third amendment was approved on January 29, 2019
Fourth amendment was approved on August 12, 2019
Fifth amendment was approved on March 24, 2020