Stock Code:1108

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

Lucky Cement Corporation

Handbook for the 2019 Annual Meeting of Stockholders

(Translation)

Time: 9:00 a.m. June 12, 2019
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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2019 The Shareholders' Meeting of Lucky Cement Corporation

I. Meeting Procedure

1. Declaration of Opening
2. The Chairman is in position
3. Address of the Chairman
4. Reports on Company Affairs
5. Proposed Resolutions, Discussions and Directors Election
6. Questions and Motions
7. Adjournment

A letter to Shareholders

Dear sir and madam:

The consolidated operating revenue in 2018 was NT$3,330,601,000, consolidated gross loss from operations was NT$155,142,000 and consolidated loss was NT$201,614,000. The main cause of the decline in operating revenue was the domestic cement sales had grown slightly, but the import of cement has divided the existing market, coupled with the increase in the related cost such as taxation of stone raw materials was increas and the import cost of scrap coal, resulting in losses. The Company is currently actively adjusting its business strategy and operating guidelines to improve profitability.

Looking back over the past year, as a result of the United States interest rate increase led to a strong US dollar, triggered by the global capital movement. As the US-China trade war continued to heat up in the second half of the year, the financial volatility of emerging markets and developing economies intensified, which affected the major economies such as the United States, Japan, China and Europe, and also caused the domestic economic growth momentum to be limited. The domestic private construction industry has still not improved, which has seriously undermined the performance of the Company's operating. Under the uncertain global economic situation, despite continuous efforts to overcome various adverse factors, the Company has not been able to break away from the dilemma of external economic changes.

Looking forward to 2019, due to the unclear international political and economic situation, including the United States Federal Association's simultaneous interest rate hike and shrinked balance sheet caused global financial tightening, China's economic growth slowed down, and the follow-up influence of Brexit. In addition, if the US-China trade war continues to burn and there is no specific progress, it will not only affect the trade itself, but will also crack down on investment and manufacturing activities in the long run; the change in the contradiction of trade wars will make cross-strait relations sensitive and affect the domestic economy unneglectably. It is hoped that the government will formulate relevant specific policies, strengthen the economic boom effect by expanding domestic demand, strengthen private investment momentum, stimulate the overall economic growth potential of the country, and look forward to the momentum that will drive the growth of cement demand. The estimated demand for the domestic cement market is still waiting to see this year. Therefore, the sales of cement, stone and other related products in this year are expected to be comparable to last year.

We appreciated the support and inspiration from all the shareholders for many years and we apologized for the poor performance of the business last year. We hoped that this year, we could reverse the performance and bring some benefits to the shareholders. 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. 2018 Business Report and Financial Statements

A. Business performance

1) Major parts of products

Item	2018	2017	Increase(Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	764	738	26	3.52%
Stone (Unit: 1,000 tons)	1,646	2,566	(920)	(35.85%)

Status of implementation plan:

Total production of cement and slag powder was 764,000 tons, total planned production was 970,000 tons, and its production achievement rate was 78.8%.
Total production of stone was 1,646,000 tons, total planned production was 2,473,000 tons, and its production achievement rate of stone was 66.6%.

2) Major parts of Sales

Item	2018	2017	Increase (Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	984	995	(11)	(1.11%)
Stone (Unit: 1,000 tons)	1,187	1,803	(616)	(34.17%)
Cement and Slag Powder (Unit: NT$1,000)	2,042,328	2,094,970	(52,642)	(2.51%)
Stone (Unit:NT$1,000)	491,363	630,585	(139,222)	(22.08%)

Status of implementation plan:

Total sales of cement and slag powder was 984,000 tons, total planned sales was 1,225,000 tons, and its sales achievement rate was 80.3%.
Total sales of stone was 1,187,000 tons, total planned sales was 1,400,000 tons, and its sales achievement rate of stone was 84.8%.

B. Financial Revenue and Profitability Analysis

Unit: NT$1,000,000

Item	2018	2017	Increase (Decrease)	Increase (Decrease) %
Operating revenue	3,331	3,434	(103)	(3.00%)
Operating income (loss)	(155)	(100)	(55)	(55.00%)
Profit (loss) before tax	(192)	(119)	(73)	(61.34%)
Profit (loss)	(202)	(103)	(99)	(96.12%)

<table>
<tr><th colspan="3">Item</th><th>2018</th><th>2017</th></tr>
<tr><td rowspan="4">Individual profitability</td><td>Operating Income Margin (%)</td><td rowspan="2">Ratio：
Paid-in capital</td><td>(0.54)</td><td>1.74</td></tr>
<tr><td>Profit (loss) before Tax Margin (%)</td><td>(3.96)</td><td>(2.87)</td></tr>
<tr><td colspan="2">Net Profit (Loss) Margin (%)</td><td>(6.30)</td><td>(3.42)</td></tr>
<tr><td colspan="2">Earnings Per Share (NT Dollar)</td><td>(0.44)</td><td>(0.25)</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

Deloitte

Deloitte
Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Rd., Sec.3
Taipei 10596, Taiwan

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Independent Auditors' Report

The Board of Directors and Shareholders
Lucky Cement Corporation

Opinion

We have audited the accompanying parent company only financial statements of Lucky Cement Corporation(the "Company"), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2107, and its financial performance and its cash flows for the years then ended on accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained us 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 the most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2018 are state as follows:

Inventory Valuation

The Company measures inventory costs with the method of comparing costs or net realizable value; except for the inventory of the same category, each item is regarded as basis during comparing the cost and the net realizable value; please see Note 4 (5) for relevant accounting policies; please see Note 5 (1) for relevant accounting judgments, estimating and assumption of the uncertainty.

The inventory amounts are NT$ 465,967,000 (please see Note 11) on December 31, 2018, and they account for 7% of total assets of the parent company only financial statements on December 31, 2018. The main items are materials and products; the costs and relevant prices are affected by cement market, domestic housing market and government real estate policy and have violent fluctuates which causing risk for net realizable value lower than carrying amount. Following the regulation of "Inventory" of IAS 2, the assessment of the net realizable value of inventories involves estimates and judgments, and the results of their judgments directly affect the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Validated the calculation of inventory cost at the end period and the decision method to evaluate the net realizable value to confirm that the inventory has been evaluated at lower of cost or net realizable value.
2. Inspected the book value of inventory based on the evaluation documents for the inventory on December 31, 2018, to make sure the completeness of its evaluation details. We sampled and got the latest raw material quotation or sales invoice to verify the net realizable value which has significant discrepancies with reference price or not, and recalculated inventory value to assess the appropriateness of its evaluation basis.
3. Assessed whether there was any outdated or damaged inventory, when the stocktaking did at the end of the year.

Valuation for Developing Property and Property to be Developed of Dasheng Enterprise Co., Ltd

Dasheng Enterprise Co., Ltd ("Dasheng Enterprise") is the subsidiary of the Company and the Company invested in the equity method. The balance of investment for Dasheng Enterprise was NT$2,334,592,000 on December 31, 2018, please referred to Note 15 and Schedule 6.

Dasheng Enterprise measures developing property and property to be developed with the method of comparing costs or net realizable value, please see Note 5 (2) for relevant accounting judgments, estimating and assumption of the uncertainty.

The amount that Dasheng Enterprise invested in developing property and property to be developed is recognized NT$ 3,132,048,000 on December 31, 2018. Due to the significant amount of developing property and property to be developed, and which are still in the phase of developing, the management assessed the net realized value of developing property and property to be developed in accordance with IAS2 "Inventory", and entrusted external experts to issue property valuation report as a basis for assessing the net realizable value, which involved estimation and judgment, and its judgment result directly affects the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Assessed Professional competence, competence and objectivity of the independent property appraiser commissioned by the management of Dasheng Enterprise, and verified the qualifications of the evaluators. We also discussed with the management the scope of work of the evaluators and reviewed their commissioning conditions to confirm that there are no matters affecting their objectivity or limiting their scope of work.

2. Assessed the consistency of estimation of the property appraiser and the hypothesis and evaluation method in the contents, and checked whether the net realizable value is appropriate.
3. Validated the important hypothesis and parameter consistency, included the disclosed information of parameter verifying.

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

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

In preparing the parent company only financial statements, the 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 the 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 Independent Directors and Supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the general accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risk of significant misstatement of the parent company only financial statements, whether due to fraud or error, the appropriate response to the design and implementation of the risk to be assessed, and obtain sufficient and appropriate audit evidence as a basis for our opinion. Because the fraud may involve conspiracy, forgery, intentional omission, false declaration or overstepped internal control, the risk of failure to detect the significant false expression of fraud is higher than the cause of error.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstance, but not for the purpose of expressing any 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 the management.
4. Concluded on the appropriateness of the 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 situations that may significantly doubt on the Company's ability to continue operation. If we conclude that a material uncertainty exists, we had to draw attention in our auditors' report to related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or situations may cause the Company to lose the ability to continue operation.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including related notes) and whether the parent company only financial statements fairly express transactions and events.
6. Obtain adequate and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express the opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company's audit case. We are responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We also provide those charged with governance with a declaration that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be deemed to affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we decide the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2018. We describe these matters in auditors' report unless the Act precludes public disclosure about the matter when, in extremely rare cases, we decide that a matter should not be communicated in auditors' report, because it is reasonable to expect the negative impact of this communication to outweigh the enhanced public interest.

Deloitte & Touche

Accountants Huang, Hai-Yue		Accountants Liu, Yong-Fu
The approval number of Securities and Futures Commission No. 0920131587 of Taiwan-Finance-Securities	&	The approval number of Securities and Futures Commission No. 0920123784 of Taiwan-Finance-Securities

March 22, 2019

Lucky Cement Corporation

Parent Company Only Balance Sheets

December 31, 2018 and 2017

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	$ 142,537	2	$ 170,262	3
1110	Current financial assets at FVPL (Note 4, 7 & 30)	856	-	-	-
1120	Current financial assets at FVOCI (Note 4, 8 & 30)	105,718	2	-	-
1125	Available-for-sale financial assets (Note 4 & 9)	-	-	34,935	1
1150	Notes receivable, net (Note 4 & 10)	252,051	4	341,047	5
1160	Notes receivable due from related parties, net (Note 4, 10 & 31)	39,352	1	11,398	-
1170	Accounts receivable, net (Note 4 & 10)	87,740	1	98,907	2
1180	Accounts receivable due from related parties, net (Note 4, 10 & 31)	36,969	1	12,404	-
1200	Other receivable (Note 4)	970	-	675	-
1210	Other receivables due from related parties (Note 31)	70,307	1	257,136	4
1220	Total current tax assets (Note 4 & 25)	17,517	-	14,027	-
130X	Inventories (Note 4 & 11)	465,967	7	614,172	10
1410	Prepayments (Note 12)	167,615	2	160,363	2
1470	Other current assets (Note 13 & 30)	105,231	2	130,347	2
11XX	Total current assets	1,492,830	23	1,845,673	29
	Non-current assets				
1520	Non-current financial assets at FVOCI (Note 4, 8 & 30)	18,702	-	-	-
1543	Non-current financial assets at cost (Note 4, 14 & 30)	-	-	20,077	-
1550	Investments accounted for using equity method (Note 4 & 15)	2,703,503	41	2,508,374	39
1600	Property, plant and equipment (Note 4 & 16)	1,786,763	27	1,557,708	24
1840	Deferred tax assets (Note 4 & 25)	112,141	2	135,267	2
1920	Guarantee deposits paid	240,766	4	237,884	4
1990	Other non-current assets (Note 17)	192,945	3	153,312	2
15XX	Total non-current assets	5,054,820	77	4,612,622	71
1XXX	Total assets	$ 6,547,650	100	$ 6,458,295	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Note 18)	$ 848,200	13	$ 871,000	14
2110	Short-term notes and bills payable (Note 18)	159,912	2	79,768	1
2130	Contract liabilities (Note 23)	199,333	3	-	-
2150	Notes payable (Note 19)	98,248	2	129,775	2
2160	Notes payable to related parties (Note 19 & 31)	43,697	1	26,755	-
2170	Accounts payable (Note 19)	81,089	1	94,356	2
2180	Accounts payable to related parties (Note 19 & 31)	23,657	-	66,229	1
2219	Other payables (Note 20)	90,530	1	90,553	1
2220	Other payables to related parties (Note 31)	1,547	-	2,874	-
2230	Current tax liabilities (Note 4 & 25)	-	-	13,089	-
2310	Advance receipts	-	-	236,692	4
2320	Long-term liabilities, current portion (Note 18)	-	-	100,000	2
2399	Other current liabilities	2,448	-	6,070	-
21XX	Total current liabilities	1,548,661	23	1,717,161	27
	Non-current Liabilities				
2540	Long-term borrowings (Note 18)	660,000	10	180,000	3
2570	Deferred tax liabilities (Note 4 & 25)	33,891	1	41,771	1
2640	Net defined benefit liability (Note 4 & 21)	48,946	1	50,338	1
2645	Guarantee deposits received	29,232	-	33,618	-
2670	Other non-current liabilities	-	-	33,288	-
25XX	Total non-current liabilities	772,069	12	339,015	5
2XXX	Total liabilities	2,320,730	35	2,056,176	32
	Equity (Note 22)				
3110	Ordinary share	4,047,380	62	4,047,380	63
3200	Capital surplus	8	-	8	-
	Retained earnings				
3310	Legal reserve	166,309	3	166,309	2
3320	Special reserve	17,376	-	14,135	-
3350	Unappropriated retained earnings	(1,032)	-	177,528	3
3300	Total retained earnings	182,653	3	357,972	5
3400	Other equity	(3,121)	-	(3,241)	-
3XXX	Total equity	4,226,920	65	4,402,119	68
	Total Liabilities and Equity	$ 6,547,650	100	$ 6,458,295	100

The accompanying notes are an integral of the parent company only financial statements

Lucky Cement Corporation

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars，except Earnings (Loss) Per Share

Code		2018 Amount	2018 %	2017 Amount	2017 %
	Operating Revenue （Note 4 & 23）				
4110	Sales revenue	$ 2,811,247	100	$ 2,960,174	100
4190	Less：Sales discounts and allowances	(750)	-	(2,804)	-
4100	Net sales revenue	2,810,497	100	2,957,370	100
5000	Operating costs （Note 11, 24 & 31）	2,660,209	95	2,712,477	92
5900	Gross Profit from operations	150,288	5	244,893	8
	Operating expenses （Note 24 & 31）				
6100	Selling expense	94,078	3	91,385	3
6200	Administrative expenses	82,976	3	83,344	3
6450	Expected credit reversals of impairment gains	(30)	-	-	-
6000	Total Operating Expenses	177,024	6	174,729	6
6500	Net other income(expenses) （Note 24）	4,717	-	262	-
6900	Net operating income (loss)	(22,019)	(1)	70,426	2
	Non-Operating Income and Expense(Note 4, 8, 24 & 31）				
7100	Interest income	4,925	-	6,134	-
7110	Rent income	24,797	1	31,362	1
7190	Other income	8,523	-	11,884	1
7225	Gain (loss) on disposals of investments	-	-	(575)	-
7230	Foreign exchange gains (losses)	(65)	-	1,533	-
7235	Gains (losses)on financial assets at FVPL	(144)	-	-	-
7590	Miscellaneous disbursements	(13,918)	-	(8,927)	-

(To be continued)

(Continued)

Code		2018 Amount	2018 %	2017 Amount	2017 %
7050	Finance costs	(20,789)	(1)	(19,064)	(1)
7070	Share of profit (loss) of associates accounted for using equity method	(141,490)	(5)	(208,820)	(7)
7000	Total Non-Operating Income and Expenses	(138,161)	(5)	(186,473)	(6)
7900	Profit (loss) before tax	($ 160,180)	(6)	($ 116,047)	(4)
7950	Tax income (expense) （Note 4 & 25）	(16,791)	-	14,936	1
8000	Profit (loss)	(176,971)	(6)	(101,111)	(3)
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains (losses) from investments in equity instruments measured at FVOCI	745	-	-	-
8311	Remeasurement of defined benefit plans（Note 21）	2,464	-	3,856	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method	(13,342)	-	1,163	-
8360	Components of other comprehensive income that will be reclassified to profit or loss：				
8361	Exchange differences on translation	15,849	-	(1,345)	-

(To be continued)

(Continued)

Code		2018 Amount	2018 %	2017 Amount	2017 %
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	2,357	-
8380	Share of other comprehensive income of subsidiaries accounted for using equity method	(749)	-	(31,653)	(1)
8300	Other comprehensive income or loss, net	4,967	-	(25,622)	(1)
8500	Total comprehensive income	($ 172,004)	(6)	($ 126,733)	(4)
	Earnings (loss) per share （Note 26）				
9750	Basic	($ 0.44)		($ 0.25)	

The accompanying notes are an integral of the parent company only financial statements

Lucky Cement Corporation

Parent Company Only Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars, except Earnings (loss) Per Share

				Retained Earnings			Other Equity Interest			
Code		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (waiting to offset accumulated deficits)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Unrealized gains (losses) from financial assets measured at FVOCI	Total Equity
A1	Balance, January 1, 2017	$ 4,047,380	$ 8	$ 134,776	$ 14,135	$ 547,996	($ 6,840)	$ 34,240	$ -	$ 4,771,695
	2016 Appropriation and Distribution of Retained Earnings									
B1	Legal Reserve	-	-	31,533	-	(31,533)	-	-	-	-
B5	Cash Dividends－NT$ 0.6 Per Share	-	-	-	-	(242,843)	-	-	-	(242,843)
D1	Net loss in 2017	-	-	-	-	(101,111)	-	-	-	(101,111)
D3	Other comprehensive income (loss) in 2017	-	-	-	-	5,019	(1,347)	(29,294)	-	(25,622)
D5	Total comprehensive income (loss) in 2017	-	-	-	-	(96,092)	(1,347)	(29,294)	-	(126,733)
Z1	Balance, December 31, 2017	4,047,380	8	166,309	14,135	177,528	(8,187)	4,946	-	4,402,119
A3	Effects of retrospective application and retrospective restatement	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)
A5	Balance, January 1, 2018 after adjustments	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002
	2017 Appropriation and Distribution of Retained Earnings`:									
B3	Special reserve appropriated	-	-	-	3,241	(3,241)	-	-	-	-
D1	Net loss in 2018	-	-	-	-	(176,971)	-	-	-	(176,971)
D3	Other comprehensive income (loss) in 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967
D5	Total comprehensive income (loss) in 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)
M7	Changes in equity interests for subsidiaries	-	-	-	-	(1,078)	-	-	-	(1,078)
Q1	Disposals of equity instruments measured at FVOCI	-	-	-	-	2,792	-	-	(2,792)	-
Z1	Balance, December 31, 2018	$ 4,047,380	$ 8	$ 166,309	$ 17,376	($ 1,032)	$ 7,660	$ -	($ 10,781)	$ 4,226,920

The accompanying notes are an integral of the parent company only financial statements

Lucky Cement Corporation

Parent Company only Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars

Code		2018	2017
	Cash Flow from Operating Activities		
A10000	Profit (loss) before tax	($ 160,180)	($ 116,047)
	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	227,259	255,783
A20200	Amortization & depletion expense	11,508	9,420
A20300	Expected credit reversals of impairment gains/ Bad debt expense	(30)	99
A20400	Net loss on financial assets at FVPL	144	-
A20900	Interest expense	20,789	19,064
A21200	Interest income	(4,925)	(6,134)
A21300	Dividend income	(1,545)	(1,219)
A22500	Gain on disposal of property, plant and equipment	(4,717)	(262)
A22300	Share of loss of subsidiaries accounted for using equity method	141,490	208,820
A23800	Inventory valuation losses	3,856	4,257
A23100	Losses on disposals of financial asset investments	-	575
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	88,997	18,938
A31140	Notes receivable due from related parties	(27,954)	(8,583)
A31150	Accounts receivable	10,783	58,542
A31160	Accounts receivable due from related parties	(24,565)	9,321
A31180	Other receivable	(725)	(679)
A31190	Other receivable due from related parties	186,829	60,506
A31200	Inventories	144,349	(190,322)
A31230	Prepayments	(7,262)	3,645
A31240	Other financial assets	(80,118)	101,004
A32125	Contract liabilities	(37,358)	-
A32130	Notes payable	(31,527)	20,640
A32140	Notes payable to related parties	16,942	(78,261)

(To be continued)

(Continued)

Code		2018	2017
A32150	Accounts payable	(13,267)	(32,168)
A32160	Accounts payable to related parties	(42,572)	(24,204)
A32180	Other payable	(497)	(47,766)
A32190	Other payable to related parties	(1,328)	662
A32210	Receipts in advance	-	72,446
A32230	Other current liabilities	($ 3,622)	($ 1,253)
A32240	Net defined benefit liability	1,072	2,082
A33000	Cash inflow generated from operations	411,826	338,906
A33100	Interest received	5,341	6,563
A33300	Interest paid	(20,162)	(19,461)
A33500	Income taxes paid	(18,124)	(19,855)
AAAA	Net cash flows from operating activities	378,881	306,153
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at FVOCI	(105,295)	-
B00020	Proceeds from disposal of financial assets at FVOCI	36,403	-
B00030	Proceeds from capital reduction of financial assets at FVOCI	2,890	-
B00100	Acquisition of financial assets at FVPL, designated as upon initial recognition	(1,000)	-
B00200	Proceeds from disposal of financial assets at FVPL, designated as upon initial recognition	1,005	-
B00300	Acquisition of available-for-sale financial assets	-	(235)
B00400	Proceeds from disposal of available-for-sale financial assets	-	6,110
B01400	Proceeds from capital reduction of financial assets at cost	-	14,450
B02200	Acquisition of subsidiaries accounted for using equity method	(375,505)	-
B02700	Acquisition of property, plant and equipment	(456,314)	(29,230)
B02800	Proceeds from disposal of property, plant and equipment	4,717	3,671
B03800	Increase in refundable deposits	(2,882)	(100)
B06600	Decrease in other financial assets	105,231	130,346
B06800	Decrease (increase) in other non-current assets	(51,138)	28,907

(To be continued)

(Continued)

Code		2018	2017
B07600	Dividends received form subsidiaries and investments	2,469	21,789
B09900	Subsidiary return of shares	-	2,659
BBBB	Net cash flows from (used in) investing activities	(839,419)	178,367
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(22,800)	(59,869)
C00500	Increase (decrease) in short-term notes and bills payable	80,000	(30,000)
C01600	Proceeds from long-term debt	580,000	180,000
C01700	Repayments of long-term debt	(200,000)	(316,000)
C03000	Increase (decrease) in guarantee deposits received	($ 4,387)	$ 885
C04500	Cash dividends paid	-	(242,843)
CCCC	Net cash flows from (used in) financing activities	432,813	(467,827)
EEEE	Net increase (decrease) in cash	(27,725)	16,693
E00100	Cash at beginning of period	170,262	153,569
E00200	Cash at end of period	$ 142,537	$ 170,262

The accompanying notes are an integral of the parent company only financial statements

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

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Independent Auditors' Report

The Board of Directors and Shareholders
Lucky Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Corporation and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended on accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained us 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 the most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. 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 don't provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are state as follows:

Inventory Valuation

The Group measures inventory costs with the method of comparing costs or net realizable value; except for the inventory of the same category, each item is regarded as basis during comparing the cost and the net realizable value; please see Note 4 (6) for relevant accounting policies; please see Note 5 (1) for relevant accounting judgments, estimating and assumption of the uncertainty.
The inventory amounts are NT$ 478,922,000 excluding developing property and property to be developed (please see Note 12) on December 31, 2018, and they account for 7% of total assets of consolidated financial statements on December 31, 2018. The main items are materials and products; the costs and relevant prices are affected by cement market, domestic housing market and government real estate policy and have violent fluctuates which causing risk for net realizable value lower than carrying amount. Following the regulation of "Inventory" of IAS 2, the assessment of the net realizable value of inventories involves estimates and judgments, and the results of their judgments directly affect the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Validated the calculation of inventory cost at the end period and the decision method to evaluate the net realizable value to confirm that the inventory has been evaluated at lower of cost or net realizable value.
2. Inspected the book value of inventory based on the evaluation documents for the inventory on December 31, 2018, to make sure the completeness of its evaluation details. We sampled and got the latest raw material quotation or sales invoice to verify the net realizable value which has significant discrepancies with reference price or not, and recalculated inventory value to assess the appropriateness of its evaluation basis.

3. Assessed whether there was any outdated or damaged inventory, when the stocktaking did at the end of the year.

Valuation for Developing Property and Property to Be Developed

The Group measures developing property and property to be developed with the method of comparing costs or net realizable value, please see Note 4 (6) for relevant accounting policies; please see Note 5 (2) for relevant accounting judgments, estimating and assumption of the uncertainty.

The amount that the Group invested in developing property and property to be developed is NT$ 3,132,048,000 (please see Note 12) on December 31, 2018, and they account for 43% of total assets of consolidated financial statements on December 31, 2018. Due to the significant amount of developing property and property to be developed, and which are still in the phase of developing, the management assessed the net realized value of developing property and property to be developed in accordance with IAS2 "Inventory", and entrusted external experts to issue property valuation report as a basis for assessing the net realizable value, which involved estimation and judgment, and its judgment result directly affects the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Evaluate the professional competence, capability and objectivity of the independent real estate appraiser entrusted by the management of the Group and verify the qualification of the evaluator. It also discusses with its management the scope of work of the evaluators and reviews the terms of their appointment to confirm that there are no matters affecting their objectivity or limiting their scope of work.

2. Evaluate the real estate appraisers' reasonableness of the value estimate, the assumptions and evaluation methods used in the contents and check whether the net realizable value is appropriate.
3. Verify the rationality of important assumptions and parameters, such as checking the disclosur information of the parameters.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Corporation for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

The 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as the 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, the 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 the 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 Independent Directors and Supervisors) 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 the general accepted auditing standards 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 the general accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of significant misstatement of the consolidated financial statements, whether due to fraud or error, the appropriate response to the design and implementation of the risk to be assessed, and obtain sufficient and appropriate audit evidence as a basis for our opinion. Because the fraud may involve conspiracy, forgery, intentional omission, false declaration or overstepped internal control, the risk of failure to detect the significant false expression of fraud is higher than the cause of error.

2. Obtain a necessary understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstance, but not for the purpose of expressing any 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 the management.
4. Concluded on the appropriateness of the 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 situations that may significantly doubt on the Group's ability to continue operation. If we conclude that a material uncertainty exists, we had to draw attention in our auditors' report to 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 situations may cause the Group to lose the ability to continue operation.
5. Evaluate the overall presentation, structure and content of consolidated financial reports (including related notes) and whether the consolidated financial statements fairly express transactions and events.
6. Obtain adequate and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express the opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit case. We are responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We also provide those charged with governance with a declaration that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be deemed to affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we decide the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2018. We describe these matters in auditors' report unless the Act precludes public disclosure about the matter when, in extremely rare cases, we decide that a matter should not be communicated in auditors' report, because it is reasonable to expect the negative impact of this communication to outweigh the enhanced public interest.

Deloitte & Touche

Accountants Huang, Hai-Yue		Accountants Liu, Yong-Fu
The approval number of Securities and Futures Commission No. 0920131587 of Taiwan-Finance-Securities	&	The approval number of Securities and Futures Commission No. 0920123784 of Taiwan-Finance-Securities

March 22, 2019

Lucky Cement Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2018and 2017

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 198,802	3	$ 251,893	4
1110	Current financial assets at fair value through profit or loss (Note 4 & 7)	43,370	1	-	-
1120	Current financial assets at fair value through other comprehensive income (Note 4 & 8)	142,250	2	-	-
1125	Available-for-sale financial assets (Note 4 & 9)	-	-	151,476	2
1150	Notes receivable, net (Note 4 & 11)	317,921	4	392,263	6
1160	Notes receivable due from related parties, net (Note 4, 11 & 33)	5,170	-	-	-
1170	Accounts receivable, net (Note 4 & 11)	262,504	4	198,238	3
1180	Accounts receivable due from related parties, net (Note 4, 11 & 33)	11,140	-	8,861	-
1200	Other receivable (Note 4 & 33)	5,650	-	3,514	-
1220	Current tax assets (Note 4 & 26)	21,288	-	16,642	-
130X	Inventories (Note 4, 5 & 12)	3,610,970	50	3,773,847	52
1410	Prepayments (Note 14)	181,273	3	163,767	2
1476	Other current financial assets (Note 15 & 32)	108,232	1	133,348	2
1479	Other current assets (Note 16)	29,959	-	27,222	-
11XX	Total Current Assets	4,938,529	68	5,121,071	71
	Non-Current Assets				
1510	Non-current financial assets at fair value through profit or loss (Note 4 & 7)	6,535	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 4 & 8)	19,015	-	-	-
1523	Non-current available-for-sale financial assets (Note 4 & 9)	-	-	8,949	-
1543	Non-current financial assets at cost (Note 4 & 10)	-	-	23,216	-
1600	Property, plant, and equipment (Note 4 & 17)	1,877,077	26	1,648,561	23
1840	Deferred tax assets (Note 4 & 26)	143,366	2	157,911	2
1920	Guarantee deposits paid	90,351	1	88,131	1
1990	Other non-current assets (Note 18)	218,624	3	189,013	3
15XX	Total Non-Current Assets	2,354,968	32	2,115,781	29
1XXX	Total Assets	$ 7,293,497	100	$ 7,236,852	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 19 & 34)	$ 852,651	12	$ 873,642	12
2110	Short-term notes and bills payable (Note 19)	219,736	3	139,577	2
2130	Contract liabilities (Note 24)	198,806	3	-	-
2150	Notes payable (Note 20)	148,346	2	186,975	3
2160	Notes payable to related parties (Note 20 & 33)	43,594	1	26,747	-
2170	Accounts payable (Note 20)	114,859	1	126,733	2
2180	Accounts payable to related parties (Note 2 & 33)	23,540	-	66,229	1
2219	Other payables (Note 21)	118,173	2	120,788	2
2220	Other payables to related parties (Note 33)	1,157	-	20,777	-
2230	Current tax liabilities (Note 26)	238	-	13,235	-
2310	Advance receipts	-	-	231,276	3
2320	Long-term liabilities, current portion (Note 19 & 34)	11,200	-	111,200	2
2399	Other current liabilities	3,769	-	7,969	-
21XX	Total Current Liabilities	1,736,069	24	1,925,148	27
	Non-Current Liabilities				
2540	Long-term borrowings (Note 19 & 34)	1,160,438	16	691,638	9
2570	Deferred tax liabilities (Note 4 & 26)	33,935	-	41,771	1
2640	Net defined benefit liability (Note 4& 22)	60,826	1	68,649	1
2645	Guarantee deposits received	29,431	-	35,304	-
2655	Shareholder accounts (Note 33)	45,800	1	45,800	1
25XX	Total Non-Current Liabilities	1,330,430	18	883,162	12
2XXX	Total Liabilities	3,066,499	42	2,808,310	39
	Equity Attributable to the Owner Company (Note 23)				
3110	Ordinary share	4,047,380	55	4,047,380	56
3200	Capital surplus	8	-	8	-
	Retained earnings				
3310	Legal reserve	166,309	3	166,309	2
3320	Special reserve	17,376	-	14,135	-
3350	Un-appropriated retained earnings(accumulated deficit)	(1,032)	-	177,528	3
3300	Total Retained Earnings	182,653	3	357,972	5
3400	Other Equity	(3,121)	-	(3,241)	-
31XX	Total Equity Attributable to Owners of Parent	4,226,920	58	4,402,119	61
36XX	Non-Controlling Interests (Note 23)	78	-	26,423	-
3XXX	Total Equity	4,226,998	58	4,428,542	61
	Total Liabilities and Equity	$ 7,293,497	100	$ 7,236,852	100

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars，except Earnings (Loss) Per Share

		2018		2017	
Code		Amount	%	Amount	%
	Operating Revenue（Note 4 & 33）				
4110	Sales revenue	$ 3,332,514	100	$ 3,437,942	100
4190	Less：Sales discounts and allowances	(1,913)	-	(3,488)	-
4100	Net sales revenue	3,330,601	100	3,434,454	100
5000	Operating costs（Note 12, 25 & 33）	3,283,834	99	3,305,953	96
5900	Gross Profit from operations	46,767	1	128,501	4
	Operating expenses（Note 25 & 33）				
6100	Selling expense	105,704	3	102,141	3
6200	Administrative expenses	110,714	4	119,077	4
6450	Expected credit impairment loss	1,594	-	-	-
6000	Total Operating Expenses	218,012	7	221,218	7
6500	Net other income(expenses)（Note 25）	16,103	1	(7,627)	-
6900	Net operating income(loss)	(155,142)	(5)	(100,344)	(3)
	Non-Operating Income and Expense（Note 4, 25 & 33）				
7100	Interest income	2,170	-	1,935	-
7110	Rent income	9,008	-	9,621	-
7190	Other income	17,928	1	15,272	1
7225	Gain (loss) on disposals of investments	289	-	(437)	-
7230	Foreign exchange gains or loss	172	-	1,075	-
7235	Gains (losses) on financial assets at FVPL	(3,417)	-	-	-

(To be continued)

(Continued)

Code		2018 Amount	%	2017 Amount	%
7590	Miscellaneous disbursements (Note 13)	(30,253)	(1)	(15,400)	-
7510	Interest Expense	(32,417)	(1)	(30,733)	(1)
7000	Total Non-Operating Income and Expenses	(36,520)	(1)	(18,667)	-
7900	Profit (loss) from continuing operations before tax	($ 191,662)	(6)	($ 119,011)	(3)
7950	Tax income (expense) (Note 4 & 26)	(9,280)	-	16,708	-
8000	Profit (loss) from continuing operations	(200,942)	(6)	(102,303)	(3)
8100	Profit (loss) from discontinued operations (Note 4 & 27)	(672)	-	(775)	-
8200	Profit (loss)	(201,614)	(6)	(103,078)	(3)
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement of defined benefit plans (Note 22)	2,825	-	5,019	-
8316	Unrealized gains (losses) from investments in equity instruments measured at FVOCI	(12,958)	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	15,845	-	(1,348)	-

(To be continued)

(Continued)

Code		2018 Amount	2018 %	2017 Amount	2017 %
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(29,294)	(1)
8367	Unrealized gains (losses) from investments in Debt instruments measured at FVOCI	(747)	-	-	-
8300	Other comprehensive income or loss, net	4,965	-	(25,623)	(1)
8500	Total comprehensive income	($ 196,649)	(6)	($ 128,701)	(4)
	Profit (loss), attributable to：				
8610	Attributable to owner of parent	($ 176,971)	(5)	($ 101,111)	(3)
8620	Attributable to non-controlling interests	(24,643)	(1)	(1,967)	-
8600		($ 201,614)	(6)	($ 103,078)	(3)
	Comprehensive income attributable to:				
8710	Attributable to owner of parent	($ 172,004)	(5)	($ 126,733)	(4)
8720	Attributable to non-controlling interests	(24,645)	(1)	(1,968)	-
8700		($ 196,649)	(6)	($ 128,701)	(4)
	Earnings (loss) per share （Note 28）				
	From continuing operations and discontinuing operations				
9750	Basic	($ 0.44)		($ 0.25)	
	From continuing operations				
9710	Basic	($ 0.44)		($ 0.25)	

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars, except Earnings (loss) Per Share,

		Equity Attributable to Shareholders of the Parent										
				Retained Earnings			Others					
Code		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Unrealized gains (losses) from financial assets measured at FVOCI	Total	Non-controlling Interests	Total Equity
A1	Balance, January 1, 2017	$ 4,047,380	$ 8	$ 134,776	$ 14,135	$ 547,996	($ 6,840)	$ 34,240	$ -	$ 4,771,695	$ 30,141	$ 4,801,836
	2016 Appropriation and Distribution of Retained Earnings:											
B1	Legal Reserve	-	-	31,533	-	(31,533)	-	-	-	-	-	-
B5	Cash Dividends－NT$ 0.6 Per Share	-	-	-	-	(242,843)	-	-	-	(242,843)	-	(242,843)
O1	Subsidiary Shareholders'' Cash Dividends	-	-	-	-	-	-	-	-	-	(1,750)	(1,750)
D1	Net income (loss) in 2017	-	-	-	-	(101,111)	-	-	-	(101,111)	(1,967)	(103,078)
D3	Other comprehensive income (loss) in 2017	-	-	-	-	5,019	(1,347)	(29,294)	-	(25,622)	(1)	(25,623)
D5	Total comprehensive income (loss) in 2017	-	-	-	-	(96,092)	(1,347)	(29,294)	-	(126,733)	(1,968)	(128,701)
Z1	Balance, December 31, 2017	4,047,380	8	166,309	14,135	177,528	(8,187)	4,946	-	4,402,119	26,423	4,428,542
A3	Effects of retrospective application	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)	-	(2,117)
	Adjusted balance, January 1, 2018	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002	26,423	4,426,425
	Appropriation of retained earnings in 2017:											
B3	Special reserve	-	-	-	3,241	(3,241)	-	-	-	-	-	-
D1	Net income (loss) in 2018	-	-	-	-	(176,971)	-	-	-	(176,971)	(24,643)	(201,614)
D3	Other comprehensive income (loss) in 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967	(2)	4,965
D5	Total comprehensive income (loss) in 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)	(24,645)	(196,649)
I1	Increase in non-controlling interestests, net	-	-	-	-	-	-	-	-	-	2,293	2,293
M7	Total equity exchanges for subsidiary	-	-	-	-	(1,078)	-	-	-	(1,078)	(3,993)	(5,071)
Q1	Disposal of equity instruments measured at FVOCI	-	-	-	-	2,792	-	-	(2,792)	-	-	-
Z1	Balance, December 31, 2018	$ 4,047,380	$ 8	$ 166,309	$ 17,376	($ 1,032)	$ 7,660	$ -	($ 10,781)	$ 4,226,920	$ 78	$ 4,226,998

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars

Code		2018	2017
	Cash Flow from Operating Activities		
A00010	Profit (loss) from continuing operations before tax	($ 191,662)	($ 119,011)
A00020	loss from discontinued operations before tax	(672)	(775)
A10000	Profit (loss) before Tax	(192,334)	(119,786)
A20000	Adjustments:		
A20300	Expected credit impairment loss／bad debt expense	1,594	8,745
A20100	Depreciation expense	238,371	268,510
A20200	Amortization expense	8,903	9,420
A20400	Net losses on financial assets at FVPL	3,417	-
A20900	Interest expense	32,417	30,733
A21200	Interest income	(2,170)	(1,935)
A21300	Dividend income	(2,537)	(4,194)
A22500	Loss (gain) on disposal of property, plant and equipment	(16,103)	(265)
A23100	Loss (gain) on disposal of financial assets	(289)	437
A23700	Impairment loss on property, plant and equipment	-	7,892
A22900	Other expense（Note 13）	14,620	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	74,342	48,269
A31140	Notes receivable due from related parties	(5,170)	12,050
A31150	Accounts receivable	(66,017)	96,775
A31160	Accounts receivable due from related parties	(2,279)	14,499
A31180	Other receivable	(2,034)	(2,319)
A31200	Inventories	162,876	(150,780)
A31230	Prepayments	(17,505)	5,216
A31240	Other current assets	(2,750)	(5,788)
A32125	Contract liabilities	(32,470)	-
A32130	Notes payable	(38,629)	31,133
A32140	Notes payable to related parties	16,848	(64,439)
A32150	Accounts payable	(11,874)	(45,713)

(To be continued)

(Continued)

Code		2018	2017
A32160	Accounts payable to related parties	(42,689)	(24,204)
A32180	Other payable	(2,238)	(47,774)
A32190	Other payable to related parties	(1,292)	845
A32210	Receipts in advance	-	75,564
A32230	Other current liabilities	($ 4,201)	($ 4,389)
A32240	Net defined benefit liability	(7,823)	1,432
A33000	Cash inflow generated from operations	102,984	139,934
A33100	Interest received	1,697	2,324
A33300	Interest paid	(32,635)	(31,598)
A33500	Income taxes paid	(20,214)	(29,623)
AAAA	Net cash flows from operating activities	51,832	81,037
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at FVOCI	(105,295)	-
B00020	Proceeds from disposal of financial assets at FVOCI	36,403	-
B00030	Proceeds from capital reduction of financial assets at FVOCI	2,890	-
B00100	Acquisition of financial assets at FVPL, designated as upon initial recognition	(11,025)	-
B00200	Proceeds from disposal of financial assets at FVPL, designated as upon initial recognition	33,943	-
B00300	Acquisition of available-for-sale financial assets	-	(35,235)
B00400	Proceeds from disposal of available-for-sale financial assets	-	31,120
B01400	Proceeds from capital reduction of financial assets at cost	-	14,450
B02700	Acquisition of property, plant and equipment	(467,835)	(37,853)
B02800	Proceeds from disposal of property, plant and equipment	17,461	12,528
B03800	Decrease in refundable deposits （increase）	(2,220)	621
B06600	Decrease in other financial assets	25,116	231,350
B06800	Decrease (increase) in other non-current assets	(38,514)	28,498
B07600	Dividends received	2,537	4,194
BBBB	Net cash flows from (used in) investing activities	(506,539)	249,673

(TO be continued)

(Continued)

Code		2018	2017
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	(20,991)	(312,187)
C00600	Increase (decrease) in short-term notes and bills payable（Note 29）	80,000	(90,000)
C01600	Proceeds from long-term debt	580,000	780,000
C01700	Repayments of long-term debt	(211,200)	(427,200)
C03000	Increase in guarantee deposits received (Decrease)	(5,873)	2,371
C03700	Increase in other payables to related parties (Decrease)	(18,328)	-
C04500	Cash dividends paid	$ -	($ 242,843)
C05400	Acquisition of ownership interests in subsidiaries	(5,071)	-
C05800	Dividends paid in non-controlling interests	-	(1,750)
C09900	Increase in non-controlling interests	2,293	-
CCCC	Net cash flows from (used in) financing activities	400,830	(291,609)
DDDD	Effect of exchange rate changes on cash	786	(298)
EEEE	Net increase (decrease) in cash and cash equivalents	(53,091)	38,803
E00100	Cash and cash equivalents at beginning of period	251,893	213,090
E00200	Cash and cash equivalents at beginning of period	$ 198,802	$ 251,893

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

2. Supervisors' Audit Report on the 2018 Financial Statements

Lucky Cement Corporation
Supervisors' Audit Report

The Board of Directors of the company proposed 2018 Business Report and financial statements and the proposal to offset deficits, which have been audited by the supervisor and there is no inconsistency. Therefore, this report is presented in accordance with Article 219 of the Company Act, please proceed to approve.

With kind regards

2019 The Shareholders' Meeting of the Company

Supervisor: Kuo Chuan Development Co., Ltd.

Representative: Chen, Ming-Hsien

Supervisor: Cheng, Shang-Kai

March 22, 2019

3. Other reports:

(1) Endorsement and guarantees situation:

To the end of December of year 2018, the Company's external of total amount of the endorsement and guaranteed is NT$ 748,910,000, 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	45,000
Lucky Cement Corp., Japan	13,910
Total	748,910

(2) Amendment to "Ethical Corporate Management Best Practice Principles" and "The Code of Ethical Conduct".

In accordance with the Jin-Guan- Zheng-Fa-Zi No. 10703452331 of the Financial Supervisory Commission issued on December 19, 2018, the Company will set up an audit committee to replace the supervisor's authority when the directors will be re-elected in 2019. Some of the provisions of the "Ethical Corporate Management Best Practice Principles" and "The Code of Ethical Conduct" have been amended by the resolution of the Board of Directors' meeting on January 29, 2019. (Please refer to Appendix 10 and 11)

III. Proposed Resolutions, Discussions and Directors Election

Proposed Resolutions

Case 1: Proposed Resolutions of the 2018 Business Report and Financial Statements. (Board of Directors)

Explanation:

1. The financial statements of the Company for the year of 2018 (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 2018, please refer to P.6 ~ P.39.

Resolution:

Case 2: Proposed Resolutions of the Proposal to Offset Deficits of 2018 (Board of Directors)

Explanation:

The financial statements of the Company for 2018 have been prepared and the net loss after taxation is NT$176,973,356. It is proposed that dividends from shareholders will not be allotted. Please refer to the “Statements of Deficit Compensated”.

Resolution:

Lucky Cement Corporation
Statements of Deficit Compensated
Year 2018

Unit: New Taiwan Dollars

Items	**Amount**
Unappropriated retained earnings in the beginning of the year	174,286,981
Effect of retrospective application of IFRS 9	(2,885,847)
Unappropriated retained earnings after adjustments in the beginning of the year	171,401,134
Add: Actuarial gains (losses) recognized in retained earnings	2,825,302
Add: Disposals of equity instruments measured at FVOCI, the accumulated profit or loss are transferred to retained earnings	2,791,657
Less: Equity exchanges for subsidiary	(1,077,944)
Unappropriated retained earnings after adjustments	175,940,149
Add: Reversal of special reserve	120,431
Less: Net losses	176,973,356
Accumulated deficit in the end of the year	(912,776)
Notes:	

Discussion I

Case 3: Amendment to the “Articles of Incorporation” (Proposed by the Board of Directors)

Explanation:

1. According to the decree issued by President Hua-Zong-Yī-Jing-Zi No.10700083291 to amend the Company Act on Augeust 1, 2018, and the letter Jin-Kuan-Cheng-Fa-Tzi No. 10703452331 issued by Financial Supervisory Commission (“FSC”) on December 19, 2018, the Company shall set up the Audit Committee to replace the supervisor's authority. It is proposed to amend some provisions of the "Articles of Incorporation".
2. Please refer to the following table for the before and after amendments.

Provisions	Amendatory Clause	Current Cause	Description
Article 6	Article 6 The Company’s shares are registered and should be numbered and **<u>affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.</u>** The shares issued by the Company are free to print, but they have to be registered by Governing Centralized Securities Depository Enterprises. **<u>The transfer and creation of pledge for the shares registered with the centralized securities depositary enterprise shall be handled by the company or by way of book-entry transfer; Article 164 of the Company Act and Article 908 of the Civil Code shall not apply.</u>** **<u>The preceding paragraph shall not apply to shares printed but not returned to the company.</u>**	Article 6 The Company’s shares are registered and should be numbered and **<u>signed or stamped by more than three directors, and issued after governed certification by competent authority or the issue registration agency for approval.</u>** The shares issued by the Company are free to print, but they have to be registered by Governing Centralized Securities Depository Enterprises.	The provisions shall be amended in accordance with Article 162 and 161-1 of the Company Act.
Article 7	Article 7 The shareholders of the Company should notify the Company’s shareholding agency their name, address or residence for registering in the list of shareholders, and send seal card to the Company’s shareholding agency to save and inspect; when seal card is change, it needed to send it again. When shareholders receive dividends, bonus or any writing contact with the Company, it will be certificated by the seal on seal card.	Article 7 The shareholders of the Company should notify the Company’s shareholding agency their name, address or residence for registering in the list of shareholders, and send seal card to the Company’s shareholding agency to save and inspect; when seal card is change, it needed to send it again. When shareholders receive dividends, bonus or any writing contact with the Company, it will be certificated by the seal on seal card.	Modify text in Chinese version not in English version.
Article 9	Article 9 When the shareholder’s seal is lost or damaged, he should fill the application for loss of the seal, and send his identity documents, new seal card and shares to the Company shareholding agency to register. After approval of replacement of the new seal and the new seal is registered, it will be effective in the next day **<u>unless it is declared that the effective date shall be on the same date.</u>**	Article 9 When the shareholder’s seal is lost or damaged, he should fill the application for loss of the seal, and send his identity documents, new seal card and shares to the Company shareholding agency to register. After approval of replacement of the new seal and the new seal is registered, it will be effective in the next day.	The provisions shall be amended in accordance with Article 22 of Regulations Governing the Administration of Shareholder Services of Public Companies.
Article 11	Article 11 Shareholders’ meetings of the Company are divided into the following two categories: 1. Regular shareholders meeting: held by the board of directors within 6 months after the end of the fiscal year. 2. Temporary shareholders meeting: except as otherwise provided in the	Article 11 Shareholders’ meetings of the Company are divided into the following two categories: 1. Regular shareholders meeting: held by the board of directors within 6 months after the end of the fiscal year. 2. Temporary shareholders meeting:	The provisions shall be amended in accordance with Article 173-1 of the Company Act.

	Company Act, the board of directors convenes when it is necessary. **In accordance with Article 173-1 of the Company Act, shareholders continuously holding 50% or more of the total number of outstanding shares of the 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.**	except as otherwise provided in the Company Act, the board of directors convenes when it is necessary.	
Article 13	Article 13 Except as otherwise provide in the Company Act, the shareholders meeting must have a shareholders representing more than half of the total number of shares attending the meeting. The resolutions of the shareholders meeting were made with the consent of more than half of the voting rights of the shareholders who attend the meeting. The voting right is used in writing or electronically in shareholders meeting; the method should be informed in the notice of the shareholders meeting. The shareholders who exercise the voting right in writing or electronically are regarded as attending; however; if the decision is provisional motion and amendments to the original motion, the above shareholders are regarded as waivers.	Article 13 Except as otherwise provide in the Company Act, the shareholders meeting must have a shareholders representing more than half of the total number of shares attending the meeting. The resolutions of the shareholders meeting were made with the consent of more than half of the voting rights of the shareholders who attend the meeting. The voting right is used in writing or electronically in shareholders meeting; the method **of voting right in writing or electricity** should be informed in the notice of the shareholders meeting. The shareholders who exercise the voting right in writing or electronically are regarded as attending; however; if the decision is provisional motion and amendments to the original motion, the above shareholders are regarded as waivers.	The provisions shall be amended in accordance with Article 177-1 of the Company Act.
Chapter 4	Directors and **Audit Committee**	Directors and **Supervisors**	Set up Audit Committee to replace Supervisors.
Article 18	Article 18 The Company has seven directors of **which three are independent directors**. The term of office is three years. The **directors have adopted the nomination system for candidates, and the** shareholders meeting will select **from candidate list** in accordance with the provisions of the Company Act and may be reelected. The determination of the independent directors about professional qualifications, the shareholding, recognized part-time restrictions on independence, the nomination and selection methods and other compliance matters shall be handled in accordance with relevant laws and regulations.	Article 18 The Company has **five to** seven directors **and two supervisors.** The term of office is three years. The shareholders meeting will be selected **by the person who has the ability to act** in accordance with the provisions of the Company Act and may be reelected. **Since the reappointment of the directors and supervisors of the Company in 2019, the number of directors has been set to seven people, of which three are independent directors. The directors have adopted the nomination system for candidates. Directors are selected from the list of candidates in the shareholders meeting.** The determination of the independent directors about professional qualifications, the shareholding, recognized part-time restrictions on independence, the nomination and selection methods and other compliance matters shall be handled in accordance with relevant laws and	Sentence reorganization.

	The election of directors should follow the provisions of the Company Act, independent directors and non-independent directors should be elected together and calculate the number of elected places respectively.	regulations. The election of directors should follow the provisions of the Company Act, independent directors and non-independent directors should be elected together and calculate the number of elected places respectively.	
Article 18-1	Article 18-1 The Company shall set up the Audit Committee in accordance with the provisions of Article 14-4 of the Securities Exchange Act. The audit committee is composed of all independent directors and is responsible for executing supervisors' duties in accordance with the Company Act, the Securities Exchange Act **<u>and</u>** other laws and regulations. Members of the Audit Committee exercise of their duties and other compliance matters shall be handled in accordance with the relevant laws and regulations or the rules of the Company. The organizational rules of the Audit Committee shall be stipulated by the board of directors.	Article 18-1 The **<u>term of office of the directors and supervisors who were selected from 2016 will expire and the directors will be re-elected in 2019, the</u>** Company shall set up the Audit Committee **<u>to replace supervisors</u>** in accordance with the provisions of Article 14 of the Securities Exchange Act. The audit committee is composed of all independent directors and is responsible for executing supervisors' duties in accordance with the Company Act, the Securities Exchange Act, other laws and regulations **<u>and Articles of Incorporation</u>**. **<u>On the date of the establishment of the Audit Committee, the supervisor will be abolished at the same time. The provisions of the Articles concerning the supervisor will no longer apply.</u>** Members of the Audit Committee exercise of their duties and other compliance matters shall be handled in accordance with the relevant laws and regulations or the rules of the Company. The organizational rules of the Audit Committee shall be stipulated by the board of directors.	The provisions shall be amended in accordance with setting up the Audit Committee to replace supervisors.
Article 21	Article 21 **<u>Meetings of</u>** the board of directors shall be convened by the chairman of the board of directors. **<u>The majority or more of the directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the chairman of the board of directors to convene a meeting of the board of directors.</u>** **<u>If the chairman of the board of directors fails to convene a meeting of board of directors within 15 days after the filing of the request under the preceding paragraph, the proposing directors may convene a meeting of board of directors on their own.</u>** Except as otherwise provided by the Company Act, more than half of directors presents and more than half of the attending directors agrees to a resolution.	Article 21 The board of directors shall be convened by the chairman of the board of directors. Except as otherwise provided by the Company Act, more than half of directors presents and more than half of the attending directors agrees to a resolution.	The provisions shall be amended in accordance with Article 203-1 of the Company Act.
Article 21-1	Article 21-1 The board of directors shall convene once every quarter. The convening notification with cause shall be sent to the directors seven days in advance. However, in the event of an emergency, they may be called at any time. The convening notification of the	Article 21-1 The board of directors shall convene once every quarter. The convening notification with cause shall be sent to the directors **<u>and supervisors</u>** seven days in advance. However, in the event of an emergency, they may be called at any time. The convening	The provisions shall be amended in accordance with Article 204 of the Company Act.

	board of directors can be made by written, faxed or e-mail and so on.	notification of the board of directors can be made by written, faxed or e-mail and so on.	
Article 25	Article 25 The duties of **audit committee** are as follows: **1. Adoption or amendment of an internal control system pursuant to Article 14-1.** **2. Assessment of the effectiveness of the internal control system.** **3. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.** **4. Audit a matter bearing on the personal interest of a director.** **5. Audit a material asset or derivatives transaction.** **6. Audit a material monetary loan, endorsement, or provision of guarantee.** **7. Audit the offering, issuance, or private placement of any equity-type securities.** **8. Audit the hiring or dismissal of an attesting CPA, or the compensation given thereto.** **9. Audit the appointment or discharge of a financial, accounting, or internal auditing officer.** **10. Audit annual and semi-annual financial reports with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).** **11. Audit any other material matter so required by the Company or the Competent Authority.**	Article 25 The duties of **supervisors** are as follows: **1. Audit the Company's financial status.** **2. Audit the Company's account documents.** **3. Audit the Company's business situation.** **4. Auditing of the Company's budgets and final accounts.** **5. Supervise staffs' perform duties and report staffs' illegals and misconducts.** **6. Other duties are endued in accordance with laws and the shareholders meeting.**	The provisions shall be amended in accordance with Article 14-5 of Securities and Exchange Act and Article 3 of Sample Template for XXX Co., Ltd. Rules Governing the Scope of Powers of Independent Directors.
Article 26	Article 26 The Company may **obtain directors** liability insurance **with respect to liabilities resulting from exercising their duties during their terms of directorship.** **The Company shall report the insured amount, coverage, premium rate, and other important contents of the directors liability insurance it has obtained or renewed for directors, at the most recent board meeting.**	Article 26 **Supervisors can attend the board of directors and state their opinions but have no voting rights.** **Article 26-1** The Company may **insure the** liability insurance **for directors and supervisors within the scope of their duties.**	The provisions shall be amended in accordance with Article 193-1 of the Company Act.
Article 28	Article 28 The appointment and removal of the general manager is decided by the board of directors, the resolution of the board of directors will be made by more than half of directors present and more than half of the attending directors agree. The appointment and removal of the manager is propose by the general manager and decided by the board of directors, the resolution of the board of directors will be made	Article 28 The appointment and removal of the general manager is decided by the board of directors, the resolution of the board of directors will be made by more than half of directors present and more than half of the attending directors agree. The appointment and removal of the manager is propose by the general manager and decided by the board of directors, the resolution of the board of directors	The provisions shall be amended in accordance with Article 30 of the Company Act.

	by more than half of directors present and more than half of the attending directors agree. **A person who is under any of the circumstances in Article 30 of the Company Act shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged.**	will be made by more than half of directors present and more than half of the attending directors agree.	
Article 29	Article 29 The Company's fiscal year starts from January 1 to December 31. The final accounts shall be completed at the end of each fiscal year. After the annual accounts, the board of directors shall, in accordance with the provisions of the Company Act, make books and statements for each item that will be submitted to the **audit committee** before 30 days of the shareholders meeting. The **audit committee** shall issue a report to the regular shareholders meeting for approval. **The Company may explicitly provide for the surplus earning distribution or loss off-setting proposal may be proposed at the close of each half or one fiscal year.** **The proposal of surplus earning distribution or loss off-setting, together with the business report and financial statements, shall be forwarded to the audit committee for their auditing, and afterwards be submitted to the board of directors for approval.** **The Company distributing surplus earning in accordance with the provision of the preceding paragraph shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts equal to the total paid-in capital, this provision shall not apply.** **The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the provision of Paragraph Third shall follow the provisions of Article 240 of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors.** **Surplus earning distribution or loss off-setting proposal by the Company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial statements audited or reviewed by a certified public accountant.**	Article 29 The Company's fiscal year starts from January 1 to December 31. The final accounts shall be completed at the end of each fiscal year. After the annual accounts, the board of directors shall, in accordance with the provisions of the Company Act, make books and statements for each item that will be submitted to the **supervisors** before 30 days of the shareholders meeting. The **supervisors** shall issue a report to the regular shareholders meeting for approval.	The provisions shall be amended in accordance with Article 228-1 and 240 of the Company Act.
Article 30	Article 30 If the Company's annual final account is profitable, it shall be allocated 3% profit for the employee's compensation. **The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have**	Article 30 If the Company's annual final account is profitable, it shall be allocated 3% profit for the employee's compensation, **which shall be decided by the board of directors** in shares or cash distribution. The distribution target shall include employees of the Affiliates that meet	The provisions shall be amended in accordance with Article 235-1 of the Company Act.

	the profit distributable as employees' compensation distributed in the form of shares or in cash; **and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.** The distribution target shall include employees of the Affiliates that meet certain conditions. The board of directors can resolve that no more than 5% of the Company's profit as the compensation paid for directors. The remuneration distribution for directors shall be reported to the shareholders meeting. If the Company is unable to distribute its remuneration of employees and the directors, because the Company does not make any profit or no balance of profits less accumulated losses, it is no need to report to the board of directors and the shareholders meeting. **The Company which has the profit distributed to employees in the form of shares by a resolution of the meeting of board of directors in accordance with the provision of the preceding paragraph may resolve, at the same meeting of the board of directors, to distribute the shares by way of new shares to be issued by the Company or existing shares to be re-purchased by the Company.** However, when the Company still has accumulated losses, it is necessary to reserve the amount of compensation in advance, and then remunerate the employees and pay directors according to the above ratio. The distribution case for manager's employee compensation and the remuneration for directors should be inspected by the Remuneration Committee and allocated.	certain conditions. The board of directors can resolve that no more than 5% of the Company's profit as the compensation paid for directors **and supervisors**. The **employees' compensation and the** remuneration distribution for directors **and supervisors** shall be reported to the shareholders meeting. If the Company is unable to distribute its remuneration of employees and the directors **and supervisors**, because the Company does not make any profit or no balance of profits less accumulated losses, it is no need to report to the board of directors and the shareholders meeting. However, when the Company still has accumulated losses, it is necessary to reserve the amount of compensation in advance, and then remunerate the employees and pay **supervisors** according to the above ratio. The distribution case for manager's employee compensation and the remuneration for directors **and supervisors** should be inspected by the Remuneration Committee and allocated.	
Article 32	Article 32 The directors of the Company may be paid monthly according to the payment standard in the same industry, regardless of the profit and loss. The Company's shareholder or director acting as a manager or employee receives salary as a general employee.	Article 32 The directors **and supervisors** of the Company may be paid monthly according to the payment standard in the same industry, regardless of the profit and loss. The Company's shareholder or director acting as a manager or employee receives salary as a general employee.	The provisions shall be amended in accordance with setting up the Audit Committee to replace supervisors.
Article 36	The articles are concluded on March 25th, 1974. First amendment was approved on July 5th, 1975. Second amendment was approved on November 10th, 1975. (Bypass) The fortieth amendment was approved on June 15th, 2016. The forty-first amendment was approved on June 15th, 2018. **The forty-second amendment was approved on June 12th, 2019.** It is in forced on after the approval and registration of competent authorities, the amended is as same condition.	The articles are concluded on March 25th, 1974. First amendment was approved on July 5th, 1975. Second amendment was approved on November 10th, 1975. (Bypass) The fortieth amendment was approved on June 15th, 2016. The forty-first amendment was approved on June 15th, 2018. It is in forced on after the approval and registration of competent authorities, the amended is as same condition.	Add the revision date of the Articles.

Resolution:

Case 4: Amendment to the "Rules of Procedure for Shareholders Meetings" (Proposed by the Board of Directors)

Explanation:

1. According to the letter Jin-Kuan-Cheng-Fa-Tzi No. 10703452331 issued by FSC on December 19, 2018, the Company shall set up the Audit Committee to replace the supervisor's authority.
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.

Provisions	Amendatory Clause	Current Cause	Description
Article 3	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	Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors. 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 **or supervisors**, 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	The provisions shall be amended in accordance with Article 173-1, 210-1, 172 and 172-1 of the Company Act.

	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.	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 **and public announcement**. 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.**	Election or dismissal of directors **or supervisors**, amendments to the Articles of Incorporation, **the** 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 shall be **set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an** extempore motion.	
	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**	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, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.	

	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.	**Shareholder-submitted** proposals 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 5	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 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.	Modify text in Chinese version not in English version.
Article 6	Article 6 Paragraph One to Four (Bypass) 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. Paragraph Six (Bypass)	Article 6 Paragraph One to Four (Bypass) 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 **or supervisors**, pre-printed ballots shall also be furnished. Paragraph Six (Bypass)	To remove the supervisor's related text.
Article 7	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	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	The provisions shall be amended in accordance with Article 6 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

	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.	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. It is advisable that **shareholders meetings convened by the board of directors be chaired by the chairman of the board in person and attended by** a majority of the directors, at least one **supervisor** in person, and at least one member of **each** functional committee **on behalf of the committee.** The attendance shall be recorded in the 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 13	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. (Bypass)	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. **When voting rights are exercised 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. (Bypass)	Text correction.
Article 14	Article 14 The election of directors at a shareholders meeting shall be held in	Article 14 The election of directors **or supervisors** at a shareholders	To remove the supervisor's related text.

	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. (Bypass)	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 supervisors** and the numbers of votes with which they were elected. (Bypass)	

Resolution:

Case5: Amendment to the "Procedures for Acquisition or Disposal of Assets" (Proposed by the Board of Directors)

Explanation:

1. According to the letter Jin-Kuan-Cheng-Fa-Tzi No. 1070341072 issued by FSC to amend the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on November 26, 2018; and the letter Jin-Kuan-Cheng-Fa-Tzi No. 10703452331 issued by FSC on December 19, 2018, the Company shall set up the Audit Committee to replace the supervisor's authority. It is proposed to amend some provisions of the "Procedures for Acquisition or Disposal of Assets".
2. Please refer to the following table for the before and after amendments.

Provisions	Amendatory Clause	Current Cause	Description
Article 1	Article 1 **The** Procedures **for Acquisition or Disposal of Assets (the " Procedures") of Lucky Cement Corporation (the "Company")** are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act , Regulations Governing the Acquisition and Disposal of Assets by Public Companies and **relevant regulations promulgated by the competent authority.**	Article 1 **These** Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and **the letter Jin-Kuan-Cheng-Fa-Tzi No. 1020053073 which issued by Financial Supervisory Commission ("FSC").**	The provisions shall be amended in accordance with the letter Jin-Kuan-Cheng-Fa-Tzi No. 1070341072 which issued by Financial Supervisory Commission ("FSC") for the amendment of Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the "Regulations").
Article 2	Article 2 The Company shall handle the acquisition or disposal of assets in compliance with **the Procedures. If there are any unmentioned matters in the Procedures, it shall be handled in accordance with the relevant laws and regulations.**	Article 2 **Lucky Cement Corporation (**the **"**Company**")** shall handle the acquisition or disposal of assets in compliance with **these Regulations**; **provided, where another law or regulation provides otherwise, such provisions shall govern.**	The provisions shall be amended in accordance with Article 2 of the Regulations.
Article 3	Article 3 The term "assets" as used in **the** Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. **Right-of-use assets.** **6**. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). **7**. Derivatives. **8**. Assets acquired or disposed of in connection with mergers,	Article 3 The term "assets" as used in **these** Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property**, rights to use land,** and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. **5**. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). **6**. Derivatives. **7**. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer	The provisions shall be amended in accordance with Article 3 of the Regulations.

	demergers, acquisitions, or transfer of shares in accordance with law. **__9__**. Other major assets.	of shares in accordance with law. **__8__**. Other major assets.	
Article 4	Article 4 Terms used in **__the__** Procedures are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from **__a specified__** interest rate, **__financial instrument price, commodity price,__** foreign exchange rate, index **__of prices or rates, credit rating or credit index,__** or other **__variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.__** The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) **__contracts.__** 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156**__-3__** of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by	Article 4 Terms used in **__these__** Procedures are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, **__and compound contracts combining the above products,__** whose value is derived from **__assets,__** interest rates, foreign exchange rates, **__indexes__** or other **__interests.__** The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) **__agreements.__** 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, **__paragraph 8__** of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for	The provisions shall be amended in accordance with Article 4 of the Regulations.

	the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. **<u>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u>** **<u>8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u>** **<u>9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u>**	Investment or Technical Cooperation in the Mainland Area.	
Article 5	Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall **<u>meet the following requirements:</u>** **<u>1. May not have previously received a final and un-appealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of</u>**	Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall **<u>not be a related party of any party to the transaction.</u>**	The provisions shall be amended in accordance with Article 5 of the Regulations.

	<u>service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> **<u>2. May not be a related party or de facto related party of any party to the transaction.</u>** **<u>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u>** **<u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u>** **<u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u>** **<u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u>** **<u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u>** **<u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u>**		
Article 6	Article 6 The Company's Procedures for acquisition or disposal of assets are as follow: 1. Acquisition or disposal of Securities divided into **<u>portfolio investment classified as current assets in the financial statements</u>** and long-term equity investments: (1) **<u>Portfolio investment classified as current assets in the financial statements</u>**: The financial department proposes execution with approval by the approval authorization based on the company's working capital and takes into account its liquidity and profitability. (2) Long-term equity investments: The General Manager assigns	Article 6 The Company's Procedures for acquisition or disposal of assets are as follow: 1. Acquisition or disposal of Securities divided into **<u>available-for-sale financial assets</u>** and long-term equity investments: (1) **<u>Available-for-sale financial assets</u>**: The financial department proposes execution with approval by the approval authorization based on the company's working capital and takes into account its liquidity and profitability. (2) Long-term equity investments: The General Manager assigns the relevant unit to be responsible for the feasibility	The provisions shall be amended in accordance with Article 9 of the Regulations, the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (hereinafter referred to as the "Standard") 16 "Leases" and IFRS9.

	the relevant unit to be responsible for the feasibility analysis of the investment (or disposition) plan and the audit of the investment management team. The investment management unit shall execute it with approval by the approval authorization. The investment managerial team of the Company is set up by task group and the members are elected among each related department by General Manager and he will be the host. 2. **In acquiring or disposing** of **real** property, equipment, **or right-of-use assets thereof**: The general manager assigns the relevant unit to be responsible for the feasibility analysis of the investment (or disposition) plan and the audit of the investment management team. The organizer shall execute it with approval by the approval authorization. 3. The relevant operations for acquisition or disposal of assets shall be executed in accordance with the relevant provisions of the internal control system of the Company and the Procedures. If a major violation is found, the relevant person should be dismissed in violation of the situations.	analysis of the investment (or disposition) plan and the audit of the investment management team. The investment management unit shall execute it with approval by the approval authorization. The investment managerial team of the Company is set up by task group and the members are elected among each related department by General Manager and he will be the host. 2. **Acquisition or disposal** of property **and** equipment: The general manager assigns the relevant unit to be responsible for the feasibility analysis of the investment (or disposition) plan and the audit of the investment management team. The organizer shall execute it with approval by the approval authorization. 3. The relevant operations for acquisition or disposal of assets shall be executed in accordance with the relevant provisions of the internal control system of the Company and **these** Procedures. If a major violation is found, the relevant person should be dismissed in violation of the situations.	
Article 7	Article 7 The Company's approval authorization for acquisition or disposal of assets is as follow: 1. Acquisition or disposal of **portfolio investment classified as current assets in the financial statements**: the petition is approved by the general manager and the chairman. However, if the amount of each transaction for the same securities is NT$300,000,000 or more, or if it is planned to accumulatively acquire or dispose of the same securities of NT$300,000,000 or more within one year, it shall be approved by the board of directors. 2. Acquisition or disposal of long-tram equity investments: it shall be executed after the approval of the board of directors. 3. Acquisition or disposal of equipment **or right-of-use assets thereof** for operation shall be handled in accordance with the relevant provisions of the Company's fixed assets management rules and internal control systems. If the amount of each transaction is NT$300,000,000 or more, or if it is planned to accumulatively acquire or dispose of the same property target of NT$300,000,000 or more within one	Article 7 The Company's approval authorization for acquisition or disposal of assets is as follow: 1. Acquisition or disposal of **available-for-sale securities investments**: the petition is approved by the general manager and the chairman. However, if the amount of each transaction for the same securities is NT$300,000,000 or more, or if it is planned to accumulatively acquire or dispose of the same securities of NT$300,000,000 or more within one year, it shall be approved by the board of directors. 2. Acquisition or disposal of long-tram equity investments: it shall be executed after the approval of the board of directors. 3. Acquisition or disposal of equipment for operation shall be handled in accordance with the relevant provisions of the Company's fixed assets management rules and internal control systems. If the amount of each transaction is NT$300,000,000 or more, or if it is planned to accumulatively acquire or dispose of the same property target of NT$300,000,000 or more within one year, it shall be approved by the	The provisions shall be amended in accordance with Article 9 and 15 of the Regulations, IFRS9 and the Standard 16 "Leases".

	year, it shall be approved by the board of directors. 4. Acquisition or disposal of property **or right-of-use assets thereof**: the petition is approved by the general manager and the chairman. If each transaction **amount** is NT$300,000,000 or more, it is planned to accumulatively acquire or dispose of the same property target (or the same development project) of NT$300,000,000 or more, or acquisition or disposal of property **or right-of-use assets thereof** is not for operation or construction, it shall be executed after reporting and approving by the board of directors. 5. The approval authorization in the previous paragraph shall be executed after approved by **the audit committee and then submitted to** the board of directors **for a resolution** in accordance with Article 1**5** and related Procedures.	board of directors. 4. Acquisition or disposal of property: the petition is approved by the general manager and the chairman. If the **amount of** each transaction is NT$300,000,000 or more, it is planned to accumulatively acquire or dispose of the same property target (or the same development project) of NT$300,000,000 or more, or acquisition or disposal of property is not for operation or construction, it shall be executed after reporting and approving by the board of directors. 5. The approval authorization in the previous paragraph shall be executed after approved by the board of directors **and recognized by supervisors** in accordance with Article 1**4** and related Procedures.	
Article 8	Article 8 The investment quotas of acquisition of the property **or right-of-use assets thereof** which is not for business use and investment securities of the Company and its subsidiaries are as follow: The Company and its subsidiaries may purchase the property **or right-of-use assets thereof** not for business use, the total amount shall not exceed 20% of the total assets in the latest financial statements of each company; the total amount of investment securities may not exceed 150% of the shareholders' equity in the latest financial statements of each company; the quota for investment in individual securities must not exceed 70% of the shareholders' equity in the latest financial statements of each company. However, if the subsidiary is a company with investment as the main business, it is not limited by its shareholder equity ratio.	Article 8 The investment quotas of acquisition of the property which is not for business use and investment securities of the Company and its subsidiaries are as follow: The Company and its subsidiaries may purchase the property not for business use, the total amount shall not exceed 20% of the total assets in the latest financial statements of each company; the total amount of investment securities may not exceed 150% of the shareholders' equity in the latest financial statements of each company; the quota for investment in individual securities must not exceed 70% of the shareholders' equity in the latest financial statements of each company. However, if the subsidiary is a company with investment as the main business, it is not limited by its shareholder equity ratio.	The provisions shall be amended in accordance with Article 7 of the Regulations and the Standard 16 "Leases".
Article 9	Article 9 In acquiring or disposing of property, equipment **or right-of-use assets thereof** where the transaction amount reaches 20 percent of the **Company's** paid-in capital or NT$300,000,000 or more, the Company, unless transacting with a **domestic** government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment **or right-of-use assets thereof** for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited	Article 9 In acquiring or disposing of property **or** equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300,000,000 or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price,	The provisions shall be amended in accordance with Article 9 of the Regulations and the Standard 16 "Leases".

	price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed **<u>whenever there is any subsequent</u>** change to the terms and conditions of the transaction. 2. Where the transaction amount is NTD one billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.	or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed **<u>for any future</u>** changes to the terms and conditions of the transaction. 2. Where the transaction amount is NTD one billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.	
Article 10	Article 10	Article 10	The provisions shall be amended

	The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300,000,000 or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of **Financial Supervisory Commission ("**FSC**")**. In the case of the aforesaid provisions, the Company that has acquirement or disposition of securities shall be exempted from the regulations that the Company shall take the latest financial statements that have been audited or reviewed by accountant as of the date of the fact, and the accountant shall be quested for comment on the plausibility of transaction price upon the amount of the transaction reaching 20% or NT$ 300,000,000 above in accordance with the explanation of Letter, **decree** No. Jin-Kuan-Cheng-**Fa**-Tzi No. **1070331908** which issued on **August 29, 2018** as follow: 1. **In accordance with the law**, the **initiated** establishment or collection of funds **is established to obtain** securities with cash, **and the rights recognized by the securities are equivalent to the capital contribution ratio.** 2. Participate in the purchase of the company's securities which issued in principal amount in accordance with relevant laws and regulations for cash capital increase. 3. Participate in the **subscription** of **direct or indirect 100% investment companies to issue securities** for cash capital increase, **or among subsidiaries which** 100% **held by the Company participate in the subscription to issue securities for cash capital increase.** 4. Trade listed, OTC and emerging securities in securities exchange or at the places of business of securities firms. 5. **Domestic** government bond and bonds with repurchase (reverse repurchase) agreements.	The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300,000,000 or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of **the** FSC. In the case of the aforesaid provisions, the Company that has acquirement or disposition of securities shall be exempted from the regulations that the Company shall take the latest financial statements that have been audited or reviewed by accountant as of the date of the fact, and the accountant shall be quested for comment on the plausibility of transaction price upon the amount of the transaction reaching 20% or NT$ 300,000,000 above in accordance with the explanation of Letter, **Letter** No. Jin-Kuan-Cheng-**Yi**-Tzi No. **09600014631** which issued on **January 19, 2007** as follow: 1. **Initiate** the establishment or collection of funds **for the purpose of obtaining** securities with cash **contribution**. 2. Participate in the purchase of the company's securities which issued in principal amount in accordance with relevant laws and regulations for cash capital increase. 3. Participate in the **purchase** of **the investee's** securities **which issued** for cash capital increase, **the investee is** 100% **re-investment.** 4. Trade listed, OTC and emerging securities in securities exchange or at the places of business of securities firms. 5. Government bond and bonds with repurchase (reverse repurchase) agreements. 6. **Domestic and overseas funds** 7. Acquire or dispose of listed (OTC) stocks by tender offer according to the TWSE Rules Governing Purchase of Listed Securities by	in accordance with Article 10 of the Regulations and the letter Jin-Kuan-Cheng-Fa-Tzi No. 1070331908 which issued by FSC.

	6. **<u>Public Offering of Fund</u>** 7. Acquire or dispose of listed (OTC) stocks by tender offer according to the TWSE Rules Governing Purchase of Listed Securities by Reverse Auction or the TPEx Rules Governing Reverse Auction of TPEx Listed Securities. 8. Participate in the **<u>domestic</u>** public company's cash capital increase **<u>or subscribe for corporate bonds (including financial bonds) in Taiwan,</u>** and acquire shares, and the acquired securities are not private placement of securities. 9. According to Article 11 paragraph 1 of the Securities Investment Trust and Consulting Act stipulate the purchase of **<u>domestic privately offered</u>** funds before the establishment of the fund. Domestic **<u>privately offered</u>** funds that are subscribed for or bought back, the trust deed has stated that the investment strategy is the same as the investment scope of the public offering funds, except for the securities credit transaction and the positions of the commodities not held by the securities that have been written off. **<u>To obtain or dispose of securities with investment as a professional, if the securities evaluation model and system have been established, and use appropriate models or statistical methods to estimate its value, it may be exempted from the provisions of Article 10 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies to consult the accountant to express an opinion on the reasonableness of the transaction price.</u>**	Reverse Auction or the TPEx Rules Governing Reverse Auction of TPEx Listed Securities. 8. Participate in the public company's cash capital increase and acquire shares, and the acquired securities are not private placement of securities. 9. According to Article 11 paragraph 1 of the Securities Investment Trust and Consulting Act and **<u>the letter Jin-Kuan-Cheng-Si-Tzi No. 0930005249 which issued by FSC on November 1, 2004</u>** stipulate the purchase of funds before the establishment of the fund. 10. Domestic **<u>private placement</u>** funds that are subscribed for or bought back, **<u>if</u>** the trust deed has stated that the investment strategy is the same as the investment scope of the public offering funds, except for the securities credit transaction and the positions of the commodities not held by the securities that have been written off.	
Article 11	Article 11 Where the Company acquires or disposes of intangible assets **<u>or right-of-use assets thereof or memberships</u>** and the transaction amount reaches 20 percent or more of paid-in capital or NT$300,000,000 or more, except in transactions with a **<u>domestic</u>** government agency, the **<u>Company</u>** shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Article 11 Where the Company acquires or disposes of **<u>memberships or</u>** intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT$300,000,000 or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	The provisions shall be amended in accordance with Article 11 of the Regulations.
Article 11-1	Article 1**<u>2</u>** The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 2**<u>8</u>**, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a	Article 1**<u>1-1</u>** The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 2<u>7</u>, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report	The provisions shall be amended in accordance with Article 12 of the Regulations.

	professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	
Article 12	Article 1**3** Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	Article 1**2** Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	The provisions shall be amended in accordance with Article 13 of the Regulations.
Article 13	Article 1**4** When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section by according with Article 9, Article 10, Article 11, Article 12 **and Article 13.** The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article **12** herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	Article 1**3** When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section by according with Article 9, Article 10, Article 11 **and** Article 12. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article **11-1** herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	The provisions shall be amended in accordance with Article 14 of the Regulations.
Article 14	Article 1**5** When the Company intends to acquire or dispose of real property **or right-of-use assets thereof** from or to a related party, or when it intends to acquire or dispose of assets other than real property **or right-of-use assets thereof** from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300,000,000 or more, except in trading of **domestic** government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by **the audit committee and then submitted to** the board of directors **for a resolution**: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property **or right-of-use assets thereof** from a related party,	Article 1**4** When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300,000,000 or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors **and recognized by the supervisors:** 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in	The provisions shall be amended in accordance with Article 15 of the Regulations and the Standard 16 "Leases".

	information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 1**6** and Article 1**7**. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 2**8**, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by **the audit committee and then submitted to** the board of directors **for a resolution** need not be counted toward the transaction amount. With respect to **the types of transactions listed below, when to be conducted between** the Company and its subsidiaries, **or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital,** the Company's board of directors may pursuant to **the** Procedures delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting**:** **1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.** **2. Acquisition or disposal of real property right-of-use assets held for business use.** When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, 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. The matters for which paragraph 1 requires **approval** by **the audit**	accordance with Article 1**5** and Article 1**6**. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 2**7**, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors **and recognized by the supervisors** need not be counted toward the transaction amount. With respect to the **acquisition or disposal of business-use equipment between** the Company and its subsidiaries, the company's board of directors may pursuant to **these** procedures delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. **Where the position of independent director has been created in accordance with the provisions of the Act,** when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, 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. **Where an audit committee has been established in accordance with the provisions of the Act,** the matters for which paragraph 1 requires **recognition** by **the supervisors** shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis	

	committee shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 3**2**, paragraphs **3** and **4**.	application of Article 3**1**, paragraphs **4** and **5**.	
Article 15	Article 1**6** The Company that acquires real property **or right-of-use assets thereof** from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. Where the land and structures thereupon are combined as a single property purchased **or leased** in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property **or right-of-use assets thereof** from a related party and appraises the cost of the real property **or right-of-use assets thereof** in accordance with **the preceding two paragraphs** shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property **or right-of-use assets thereof** from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with **the preceding** article, and the preceding three paragraphs do not apply: 1. The related party acquired the real property **or right-of-use assets thereof** through inheritance or as a	Article 1**5** The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. Where the land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with **paragraph 1 and paragraph 2** shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article **14** and the preceding three paragraphs do not apply: 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing	The provisions shall be amended in accordance with Article 16 of the Regulations and the Standard 16 "Leases".

	gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property **<u>or right-of-use assets thereof</u>** to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4. **<u>The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>**	date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	
Article 16	Article 1<u>7</u> When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 1<u>8</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA has been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after the calculation of reasonable price discrepancies in floor or area land prices in	Article 1<u>6</u> When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 1<u>7</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA has been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after the calculation of	The provisions shall be amended in accordance with Article 17 of the Regulations.

	accordance with standard property market practices. 2. Where the Company acquiring real property, **or obtaining real property right-of-use assets through leasing,** from a related party provides evidence that the terms of the transaction are similar to the terms of **completed transactions involving** neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions **involving** neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions **involving** similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property **or obtainment of the right-of-use assets thereof**.	reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3) **Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.** 2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of **transactions completed for the acquisition of** neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions **for** neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction **for** similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.	
Article 17	Article 1**8** Where the Company acquires real property **or right-of-use assets thereof** from a related party and the results of appraisals conducted in accordance with **the preceding two articles** are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the **Securities and Exchange** Act against the difference between the transaction price and the appraised cost **of the real property or right-of-use assets thereof,** and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the **Securities and Exchange** Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. **Independent directors of the audit**	Article 1**7** Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with **Article 15 and Article 16** are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the **real property** transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. **Supervisors** shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to **subparagraph 1 and subparagraph**	The provisions shall be amended in accordance with Article 18 of the Regulations and the Standard 16 "Leases".

	committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to **the preceding two subparagraphs** shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased **or leased** at a premium, or they have been disposed of, **or the leasing contract has been terminated**, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property **or right-of-use assets thereof** from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not a transaction in the regular business practice.	**2** shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not a transaction in the regular business practice.	
Article 18	Article 1**9** When the Company engages in derivatives trading, it shall be handled in accordance with the "Procedures for Engaging in Derivative Trading" of the Company, except that the execution of the transaction and the profit and loss situation of the transaction shall be reported to the board of directors of the latest period after the incident, and risk management and auditing matters shall be paid attention to. If the auditor finds a major violation, the auditor shall notify the **Audit Committee** in writing as required.	Article 1**8** When the Company engages in derivatives trading, it shall be handled in accordance with the "Procedures for Engaging in Derivative Trading" of the Company, except that the execution of the transaction and the profit and loss situation of the transaction shall be reported to the board of directors of the latest period after the incident, and risk management and auditing matters shall be paid attention to. If the auditor finds a major violation, the auditor shall notify the **supervisor** in writing as required.	Set up Audit Committee to replace supervisors and modify the article number.
Article 19	Article **20** The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the **requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger between the Company and its subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or**	Article **19** The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the **Company consolidates its subsidiaries, which directly or indirectly hold 100% of the issued shares or total capital, or the consolidation between subsidiaries that directly or indirectly holds 100% of the issued shares or the total capital, may avoid obtaining reasonable opinions from the former experts.**	The provisions shall be amended in accordance with Article 23 of the Regulations.

	<u>indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u>		
Article 20	Article 2**<u>1</u>** The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts **<u>the</u>** **<u>Company</u>** from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of the Company participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the **<u>Company</u>** participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.	Article 2**<u>0</u>** The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts **<u>a</u>** **<u>company</u>** from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of the Company participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the **<u>companies</u>** participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.	The provisions shall be amended in accordance with Article 24 of the Regulations and modify the article number.
Article 21	Article 2**<u>2</u>** The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of	Article 2**<u>1</u>** The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved	The provisions shall be amended in accordance with Article 25 of the Regulations.

	any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of **the preceding two paragraphs.**	in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. When participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of **paragraphs 3 and 4.**	
Article 22	Article 2**3** Every person of the Company participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.	Article 2**2** Every person of the Company participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.	The provisions shall be amended in accordance with Article 26 of the Regulations and modify the article number.
Article 23	Article 2**4** The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants,	Article 2**3** The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants,	The provisions shall be amended in accordance with Article 27 of the Regulations and modify the article number.

	preferred shares with warrants, stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, affects the company's financial operations. 3. An event, such as a major disaster or major change in technology, affects shareholder equity or share price. 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.	preferred shares with warrants, stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, affects the company's financial operations. 3. An event, such as a major disaster or major change in technology, affects shareholder equity or share price. 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.	
Article 24	Article 2**5** The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution, and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.	Article 2**4** The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution, and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.	The provisions shall be amended in accordance with Article 28 of the Regulations and modify the article number.
Article 25	Article 2**6** After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger,	Article 2**5** After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger,	The provisions shall be amended in accordance with Article 29 of the Regulations and modify the article number.

	demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.	demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.	
Article 26	Article 2**<u>7</u>** Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 2**<u>2</u>**, Article 2**<u>3</u>**, and **<u>the preceding article.</u>**	Article 2**<u>6</u>** Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 2**<u>1</u>**, Article 2**<u>2</u>**, and **<u>Article 25</u>**.	The provisions shall be amended in accordance with Article 30 of the Regulations.
Article 27	Article 2**<u>8</u>** Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property **<u>or right-of-use assets thereof</u>** from or to a related party, or acquisition or disposal of assets other than real property **<u>or right-of-use assets thereof</u>** from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of **<u>domestic</u>** government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. 4. Where equipment **<u>or right-of-use assets thereof</u>** for business use **<u>are acquired or disposed of, and furthermore</u>** the **<u>transaction</u>** counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.	Article 2**<u>7</u>** Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where **<u>the type of asset acquired or disposed is</u>** equipment for business use, the **<u>trading</u>** counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. (2) For a public company whose paid-in capital is NT$10 billion or more, the transaction	The provisions shall be amended in accordance with Article 31 of the Regulations and the Standard 16 "Leases".

	(2) For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. 5. Acquisition or disposal by a public company in the construction business of real property **or right-of-use assets thereof** for construction use, **and furthermore** the **transaction** counterparty is not a related party, and the transaction amount reaches NT$500,000,000; **among such cases, if the public company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more.** 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, **and furthermore the transaction counterparty is not a related party,** and the amount the company expects to invest in the transaction reaches NT$500 million. 7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Trading of **domestic** government bonds. (2) **Where done by professional investors—securities** trading on securities exchanges **or OTC markets,** or subscription of ordinary corporate bonds or general bank debentures without equity characteristics **(excluding subordinated debt)** that are offered and issued in the primary market, **or subscription or redemption of securities investment trust funds or futures trust funds,** or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. (3) Trading of bonds under	amount reaches NT$1 billion or more. 5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the **trading** counterparty is not a related party and the transaction amount reaches NT$500,000,000. 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT$500 million. 7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Trading of government bonds. (2) **Securities** trading **by investment professionals** on **foreign or domestic** securities exchanges or **over-the-counter** markets, or subscription **by investment professionals** of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the **domestic** primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. (3) Trading of bonds under repurchase/resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions	

	repurchase/resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property **<u>or right-of-use assets thereof</u>** acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with **<u>the</u>** Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with **<u>these</u>** Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	
Article 28	Article 2**<u>9</u>** Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of	Article 2**<u>8</u>** Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of	The provisions shall be amended in accordance with Article 32 of the Regulations and modify the article number.

	relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: 1. Change, termination, or rescission of a contract signed in regard to the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information.	relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: 1. Change, termination, or rescission of a contract signed in regard to the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information.	
Article 29	Article **30** The acquisition or disposal of assets by a subsidiary of the Company shall also be handled in accordance with the provisions of the parent company. The Company's subsidiaries are not domestic public companies, and those companies that acquire or dispose of assets that are required by **the preceding two article**s. to make a public announcement shall be the Company. The paid-in capital or total assets of the Company shall be the standard **applicable to** a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article **28**, paragraph 1.	Article **29** The acquisition or disposal of assets by a subsidiary of the Company shall also be handled in accordance with the provisions of the parent company. The Company's subsidiaries are not domestic public companies, and those companies that acquire or dispose of assets that are required by **Article 27 and Article 28** to make a public announcement shall be the Company. The paid-in capital or total assets of the Company shall be the standard **for determining whether or not** a subsidiary referred to in the preceding paragraph **is subject to Article 27, paragraph 1** requiring a public announcement and regulatory filing **in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.**	The provisions shall be amended in accordance with Article 34 of the Regulations.
Article 30	Article 3**1** With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion **shall be recorded in the minutes of the board of directors meeting**. When a transaction involving the acquisition or disposal of assets is 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. Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 3**2**,	Article 3**0** With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, **the company shall submit** the director's dissenting opinion **to each supervisor**. **Where the position of independent director has been created in accordance with the provisions of the Act,** when a transaction involving the acquisition or disposal of assets is 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. **Where an audit committee has been established in accordance with the provisions of the Act,** any transaction involving major assets or	The provisions shall be amended in accordance with Article 8 of the Regulations and Article 193 of the Company Act.

	paragraphs **3** and **4**.	derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 3**1**, paragraphs **4** and **5**.	
Article 31	Article 3**2** The Procedures **shall first be** approved by **the audit committee and then submitted to** the board of directors **for a resolution**, and **submitted for approval by** the shareholders' meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion **shall be recorded in the minutes of the board of directors meeting**. When the Procedures 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. If approval of more than half of all audit committee members as required in paragraph 1 is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.	Article 3**1** **After** the Procedures **have been** approved by the board of directors, **they shall be submitted to each supervisor,** and **then to a** shareholders' meeting **for approval; the same applies when the Procedures are amended**. If any director expresses dissent and it is contained in the minutes or a written statement, **the company shall submit** the director's dissenting opinion **to each supervisor.** **Where the position of independent director has been created in accordance with the provisions of the Act,** when the Procedures f**or the acquisition and disposal of assets** 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. **Where an audit committee has been established in accordance with the provisions of the Act, when the Procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.** If approval of more than half of all audit committee members as required in **the preceding** paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" **in paragraph 3** and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. **Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 14, 18, 30 and 31, shall apply mutatis mutandis to the audit committee.** **Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set**	The provisions shall be amended in accordance with Article 6 of the Regulations and Article 193 of the Company Act.

		out in Article 17, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.	
Article 32	Article 3**3** For the calculation of 10 percent of total assets under the Procedures, the total assets stated in the most recent parent company only financial statements or individual financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under the Regulations, 10 percent of equity attributable to owners of the parent shall be substituted**; for calculations under the provisions of the Procedures regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted.**	Article 3**2** For the calculation of 10 percent of total assets under **these** Procedures, the total assets stated in the most recent parent company only financial statements or individual financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under **these** Regulations, 10 percent of equity attributable to owners of the parent shall be substituted**.**	The provisions shall be amended in accordance with Article 35 of the Regulations.

Resolution:

Case 6: Amendment to the "Procedures for Engaging in Derivatives Trading"

(Proposed by the Board of Directors)

Explanation:

1. According to the letter Jin-Kuan-Cheng-Fa-Tzi No. 1070341072 issued by FSC to amend the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on November 26, 2018; and the letter Jin-Kuan-Cheng-Fa-Tzi No. 10703452331 issued by FSC on December 19, 2018, the Company shall set up the Audit Committee to replace the supervisor's authority. It is proposed to amend some provisions of the "Procedures for Engaging in Derivatives Trading".
2. Please refer to the following table for the before and after amendments.

Provisions	Amendatory Clause	Current Cause	Description
Article 1	Article 1 Legal basis The Procedures **for Engaging in Derivatives Trading (the "Procedures") of Lucky Cement Corporation (the "Company")** are adopted in accordance with **the provisions of Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies. If there are any unmentioned matters in the Procedures, it shall be handled in accordance with the relevant laws and regulations.**	Article 1 Legal basis The procedures are adopted in accordance with **the provisions of the Letter Tai Cai Zheng (first) 0910006105 issued on December 10, 2002 of the Securities and Futures Management Committee of the Ministry of Finance (hereinafter referred to as the Securities and Futures Commission).**	The provisions shall be amended in accordance with the letter Jin-Kuan-Cheng-Fa-Tzi No. 1070341072 which issued by Financial Supervisory Commission ("FSC") for the amendment of Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the "Regulations").
Article 2	Article 2 Definition and scope of application "Derivatives" in **the** Procedures refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from **a specified** interest **rate, financial instrument price, commodity price,** foreign exchange rate, **index of prices or rates, credit rating or credit index,** or other **variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded**	Article 2 Definition and scope of application "Derivatives" in **these** Procedures refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, **and compound contracts combining the above products,** whose value is derived from **assets,** interest **rates**, foreign exchange rates, **indexes** or other **interests.**	

	derivatives.		
Article 3	Article 3 Definition and scope of application The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) **contracts**.	Article 3 Definition and scope of application The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) **agreements**.	The provisions shall be amended in accordance with Article 4 of the Regulations.
Article 15	Article 15 Operating procedures The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, approval dates of board of directors, and the matters required to be carefully evaluated according to **Article 21 and Article 22** shall be recorded in detail in the log book.	Article 15 Operating procedures The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, approval dates of board of directors, and the matters required to be carefully evaluated according to **regulations** shall be recorded in detail in the log book.	The provisions shall be amended in accordance with Article 22 of the Regulations.
Article 20	Article 20 Internal control Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.	Article 20 Internal control Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.	Modify text in Chinese version not in English version.
Article 23	Article 23 Internal control When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; an independent director shall be present at the meeting **of the board of directors** and express an opinion.	Article 23 Internal control When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; **where a company has independent directors,** an independent director shall be present at the meeting and express an opinion.	The provisions shall be amended in accordance with Article 21 of the Regulations.
Article 24	Article 24 Internal audit Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithful derivatives trading by the financial planning team adheres to the procedures for engaging in derivatives trading, analyze the trading cycle , and prepare an audit report. If any material violation is discovered, **the audit committee** shall be notified in writing, and penalizes relevant personnel according to violations.	Article 24 Internal audit Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithful derivatives trading by the financial planning team adheres to the procedures for engaging in derivatives trading, analyze the trading cycle , and prepare an audit report. If any material violation is discovered, **all supervisors** shall be notified in writing, and penalize relevant personnel according to violations.	The provisions shall be amended in accordance with Article 22 of the Regulations and set up the Audit Committee to replace supervisors.
Article 25	Article 25 Date of implementation The Procedures **shall first be** approved by **the audit committee and then submitted to** the board of directors **for a resolution, and** submitted **for approval by** the shareholders' meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion s**hall be recorded in the minutes of the board of directors meeting.**	Article 25 Date of implementation **After** the Procedures **have been** approved by the board of directors, **they shall be** submitted **to each supervisor, and then to a** shareholders' meeting **for approval; the same applies when the procedures are amended.** If any director expresses dissent and it is contained in the minutes or a written statement, **the company shall submit** the director's dissenting opinion **to**	The provisions shall be amended in accordance with Article 22 of the Regulations and Article 193 of the Company Act.

	When the Procedures 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. **If approval of more than half of all audit committee members as required in paragraph 1 is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.** **The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.**	**each supervisor.** When the Procedures **for engaging in derivatives trading** are submitted for discussion by the board of directors pursuant to the preceding paragraph, where the position of independent director has been created, 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.	

Resolution:

Case 7: Amendment to the “Procedures for Lending Funds to Others” (Proposed by the Board of Directors)

Explanation:

1. According to the letter Jin-Kuan-Cheng-Fa-Tzi No. 10703452331 issued by FSC on December 19, 2018, the Company shall set up the Audit Committee to replace the supervisor's authority.
2. It is proposed to amend some provisions of the “Procedures for Lending Funds to Others”.Please refer to the following table for the before and after amendments.

Provisions	Amendatory Clause	Current Cause	Description
Article 4	Article 4 (The Procedures for lending funds) 1.-2. (Bypass) 3. Scope of authorization (1)~(3) (Bypass) (4) When **the Company** loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.	Article 4 (The Procedures for lending funds) 1.-2. (Bypass) 3. Scope of authorization (1)~(3) (Bypass) (4) **Where the Company has established the position of independent director,** when **it** loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.	Text correction.
Article 7	Article 7 (Internal control) 1. (Bypass) 2. The Company's internal auditors shall audit the Procedures for Lending Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the **audit committee** in writing of any material violation found. If a major violation is found, the manager and the organizer shall be disciplined for the violation. 3. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of **the**	Article 7 (Internal control) 1. (Bypass) 2. The Company's internal auditors shall audit the Procedures for Lending Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify **all** the **supervisors** in writing of any material violation found. If a major violation is found, the manager and the organizer shall be disciplined for the violation. 3. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made	To replace the supervisor's related text with the audit committee.

	Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the **audit committee**, and shall complete the rectification according to the timeframe set out in the plan.	does not meet the requirements of **these** Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to **all** the **supervisors**, and shall complete the rectification according to the timeframe set out in the plan.	
Fourth	Fourth: Effective and amended **The Procedures of** the Company shall **first be approved by the audit committee and then submitted to the board of directors for a resolution, and submitted** for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders' meeting. When the Company submits the Procedures for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting. **If approval of more than half of all audit committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.** **The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.**	Fourth: Effective and amended The Company shall **formulate the Procedures for Lending Funds to Others, and, after passage by the board of directors, submit the Procedures to each supervisor and submit them** for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion **to each supervisor and** for discussion by the shareholders' meeting. **The same shall apply to any amendments to the Procedures.** **Where the Company has established the position of independent director,** when **it** submits **its Operational** Procedures **for Loaning Funds to Others** for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.	Text correction.

Resolution:

Case 8: Amendment to the "Procedures for Endorsement & Guarantee" (Proposed by the Board of Directors)

Explanation:

1. According to the letter Jin-Kuan-Cheng-Fa-Tzi No. 10703452331 issued by FSC on December 19, 2018, the Company shall set up the Audit Committee to replace the supervisor's authority.
2. It is proposed to amend some provisions of the "Procedures for Endorsement & Guarantee".Please refer to the following table for the before and after amendments.

Provisions	Amendatory Clause	Current Cause	Description
Article 5	Article 5 The decision and authority level 1. The Company intending to make endorsements or guarantees for others shall **first be approved by the audit committee and then submitted to** the board of directors **for a resolution**. When it submits **the** Procedures for Endorsements/Guarantees for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions; the independent	Article 5 The decision and authority level 1. The Company intending to make endorsements or guarantees for others shall **passage by** the board of directors. **Where the Company has established the position of independent director,** when it submits **these** Procedures for Endorsements/Guarantees for discussion by the board of directors, the board of directors shall take into full consideration each independent	The provisions shall be amended in accordance with setting up the Audit Committee.

	directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting. A pre-determined limit of the investee in Article 3, paragraph 2 may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification and reported the relevant matters to the shareholders' meeting for future reference. 2. Where the Company needs to exceed the limits set out in the Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.	director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting. A pre-determined limit of the investee in Article 3, paragraph 2 may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification and reported the relevant matters to the shareholders' meeting for future reference. 2. Where the Company needs to exceed the limits set out in the Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.	
Article 6	Article 6 The Procedures for making Endorsement & Guarantee 1. ~ 5. (Bypass) 6. If, due to changes of circumstances, the party to whom the Company provided endorsement/guarantee no longer satisfies the criteria set forth in the Procedures, or the amount of endorsement/guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated. The application shall be completed at the expiration of the time limit set by the contract or the improvement plan shall be completed within a certain period of time. A corrective plan shall be provided to the **audit committee** and the proposed correction actions should be implemented within the period specified in the plan. 7. (Bypass)	Article 6 The Procedures for making Endorsement & Guarantee 1. ~ 5. (Bypass) 6. If, due to changes of circumstances, the party to whom the Company provided endorsement/guarantee no longer satisfies the criteria set forth in the Procedures, or the amount of endorsement/guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated. The application shall be completed at the expiration of the time limit set by the contract or the improvement plan shall be completed within a certain period of time. A corrective plan shall be provided to the **supervisors** and the proposed correction actions should be implemented within the period specified in the plan. 7. (Bypass)	To replace the supervisor's related text with the audit committee.
Article 8	Article 8 Internal Control 1. The Company's internal auditors shall audit the Procedures for Endorsements/ Guarantees for Others and the implementation thereof no	Article 8 Internal Control 1. The Company's internal auditors shall audit the Procedures for Endorsements/ Guarantees for Others and the implementation	To replace the supervisor's related text with the audit committee.

	less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the **audit committee** in writing of any material violation found. 2. (Bypass)	thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the **supervisors** in writing of any material violation found. 2. (Bypass)	
Article 12	Article 12 The Procedures **of the Company** shall **first be approved by the audit committee and then submitted to the board of directors for a resolution, and submitted** for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders' meeting. When the Company submits the Procedures for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting. **If approval of more than half of all audit committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.** **The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.**	Article 12 The Procedures **for Endorsements/ Guarantees** shall **be passaged by the board of directors, submitted the same to each supervisor and** for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions **to each supervisor and** for discussion by the shareholders' meeting. **The same shall apply to any amendments to the Procedures.** **Where the Company has established the position of independent director**, when **it** submits the Procedures **for Endorsements/ Guarantees** 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; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.	To replace the supervisor's related text with the audit committee.

Resolution:

Election

Case 9: Directors Election: To elect seven Directors (including Three Independent Directors) (Proposed by the Board of Directors)

Explanation:

1. Upon the expiration of the terms of all Directors and Supervisors of the Company on June 14, 2019, the Directors will be elected at this Annual Shareholders' Meeting in accordance with Articles 195 and 199-1 of the Company Act.
2. Seven Directors (including three Independent Directors) will be elected in accordance with Articles 18 and 18-1 of the Articles of Incorporation of the Company.
3. The tenure of newly elected directors shall be 3 years, commencing on June 12, 2019 and expiring on June 11, 2022.
4. The election case was resolved by the Company's Board of Directors on March 22, 2019, the candidate list for directors (including independent directors) and related information are as follows:

No	Title	Account Number	Name	Education	Experience	Shareholding	Legal Entity Represent and its shareholding	Has he (she) served as independent directors for three consecutive sessions/reasons?
1	Director	52748	Shiyi Cement Co., Ltd. Representative: Liang-Chuan, Chen	Chengzhou Elementary School	**Major Experience：** ・Chairman & General Manager of Lucky Cement Co. ・Chairman & General Manager of Lucky Construction Co. **Current Position：**	3,634,588	6,754,627	—

No	Title	Account Number	Name	Education	Experience	Shareholding	Legal Entity Represent and its shareholding	Has he (she) served as independent directors for three consecutive sessions/reasons?
					・Chairman of Yungsheng Development Industrial Co. ・Chairman of Luckicon Ready-mixed Concrete Factory Co., Ltd. ・Chairman of Luckyship Marine Co., Ltd. ・Chairman of Dasheng Enterprise Co., Ltd. ・Chairman of Lucky Cement Corp., Japan ・Chairman & General Manager of Lucky Cement Co.、			
2	Director	52748	Shiyi Cement Co., Ltd. Representative: Yun-Ru, Chen	EMBA of Tulane University	**Major Experience：** ・Executive Deputy General Manager of Lucky Cement Co. ・Executive Assistant of Chairman Office, Lucky Cement Co. **Current Position：** ・Chairman of Liguang Construction Co. ・Executive Deputy General Manager of Lucky Cement Co.	3,634,588	7,951,298	—
3	Director	15	Hsiang-Lin, Chang	Datong Middle School	**Major Experience：** ・Chairman of Fudu Construction Co., Ltd. ・Director of Green Fort Construction Co., Ltd. ・Director of HanbaoConstruction Co., Ltd. **Current Position：** ・General Manager ofXuhe Building Materials Co., Ltd.	—	7,539,587	—
4	Director	47250	Shang-Kai, Chen	MBA of Suffolk University	**Major Experience：** ・Financial manager of Financial Department, Citi Bank Taiwan **Current Position：** ・Manager of Haihua Investment Co., Ltd.	—	1,832,666	—
5	Independent Director	—	Yan, Chen	Bachelor of Department of Accounting, Tamkang University	**Major Experience：** ・Vice Financial President of Sun Shining Management Consultant Corp. ・Junior manager of Accounting Office, Taipei Fubon Commercial Bank Co., Ltd. ・Director of Citi Bank Taiwan ・Manager of Audit Department,Bankers Trust Company ・Financial analyst & Interal Audit of Credit bureau, Hollandse Bank Unie ・Supervisor of Audit Department, KPMG Taiwan **Current Position：** ・Committee member of Remuneration Committee, Lucky Cement Co.	—	—	No
6	Independent Director	—	Chin-Cheng, Wang	Ph. D. in Law, National Cheng Chi University	**Major Experience：** ・Committee member of Financial Research and Development Fund Commission ・Specialist of Vice Chairperson Office in Fair Trade Commission ・Advisory Committee Member of Executive Yuan etc. **Current Position：**	—	—	No

No	Title	Account Number	Name	Education	Experience	Shareholding	Legal Entity Represent and its shareholding	Has he (she) served as independent directors for three consecutive sessions/reasons?
					・Professor, College of Law, National Chung Cheng University ・Adjunct Professor, School of Law, Soochow University ・Adjunct Professor, School of Management, National Taiwan University of Science and Technology ・Director of The Securities and Futures Investors Protection Center ・Committee member of TPEx Securities Listing Review Committee, Taipei Exchange ・Committee member of Securities Listing Review Committee, Taiwan Stock Exchange ・Independent Director of CTBC Securities ・Independent Director of Dyaco International Inc. ・Independent Director of Taiwan Life Insurance Co., Ltd. etc.			
7	Independent Director	—	Yang-Wei, Shao	Ph. D. Graduate Institute of Engineering Technology, National Taipei Universityof Technology	**Major Experience：** Chairman and Honorary Chairman (adjunct) of CCIM, Taiwan **Current Position：** ・General Manager of Jabes Construction Company Limited ・Vice Chairman (adjunct) of Chung-Hua Association for Financial and Economic Strategies	—	—	No

5. Please vote.

Voting Result:

Discussion II

Case 10: Proposal for Releasing the Prohibition on Directors from Participation in Competitive Business. (Proposed by the Board of Directors)

Explanation:

1. According to Article 209 of the Company Act, any director who does anything for himself or on behalf of another person that is within the scope of the Company's business shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
2. A director of the Company invests or manages other companies that are the same or similar to the Company's business scope and acts as a director or manager of the company, it shall be submitted to the shareholders' meeting for approval. If the newly elected director of the Company has any of the above circumstances, the shareholders' meeting resolution will be proposed to release the non-competition restrictions of the director or his representative.

Lucky Cement Corporation

The List of Releasing New Directors from Non-Competition Restrictions

Name	Explanation
Shiyi Cement Co., Ltd. Representative: Liang-Chuan, Chen	**Chairman of Phuc Son Cement Company (Vietnam) Chairman of He Duong Cement Joint Stock Company (Vietnam)**
Shiyi Cement Co., Ltd. Representative: Yun-Ru, Chen	**Chairman of Shiyi Cement Co., Ltd. Chairman of Fu-I Industrial Company Limited (Vietnam) Director of Phuc Son Cement Company (Vietnam) Director of He Duong Cement Joint Stock Company (Vietnam)**
Yang-Wei, Shao	**General Manager of Jabes Construction Company Limited**

Resolution:

IV. Questions and Motions

V. Adjournment

Appendix 1

Rules of Procedure for Shareholders Meetings

Approved by the Shareholders' Meeting on June 12, 2015

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.
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 or supervisors, 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 and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the 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 shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extempore motion.
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, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
Shareholder-submitted proposals 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 or supervisors, 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.
It is advisable that shareholders meetings convened by the board of directors be chaired by the chairman of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the 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. When voting rights are exercised 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 or supervisors 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 supervisors 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

Articles of Incorporation

Chapter 1 General Provision

Article 1

The Company is organized in accordance with the Company Act, and named as Lucky Cement Corporation (the “Company”).

Article 2

The scope of business of the Company shall be as follows:

1. C901050 Cement and Concrete mixing Manufacturing.
2. C901990 Other Nonmetallic Mineral Products Manufacturing.
3. B202010 Nonmetallic Mining.
4. J101030 Waste Removing.
5. J101040 Waste Disposing.
6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1

The total investment in the Company's external investment is not restricted, but it should be approved by the board of directors.

Article 3

The Company is located in Yilan County, Taiwan Province and may establish branches in other suitable locations when necessary.

Article 4

The Company’s announcement method is handled in accordance with the provisions of the Company Act.

Chapter 2 Shares

Article 5

Total capital of the Company is NT$4,986,460,460, which are divided into 498,646,046 shares and NT$10 per share; the shares are all ordinary share; of which the unissued portion authorizes the Board of Directors to issue shares on a separate basis.

Article 6

The Company’s shares are registered and should be numbered and signed or stamped by more than three directors, and issued after governed certification by competent authority or the issue registration agency for approval.

The shares issued by the Company are free to print, but they have to be registered by Governing Centralized Securities Depository Enterprises.

Article 7

The shareholders of the Company should notify the Company's shareholding agency their name, address or residence for registering in the list of shareholders, and send seal card to the Company's shareholding agency to save and inspect; when seal card is change, it needed to send it again. When shareholders receive dividends, bonus or any writing contact with the Company, it will be certificated by the seal on seal card.

Article 8

When a share is transferred, renewed, lost or damaged, it shall be handled in accordance with the provisions of the Company Law and the Guidelines for Handling the Public Shares' Issuance of the Company's Shares, issued by the competent authority.

When there is any transferring, renewal, lost or damaging of shares, they shall be handled in accordance with the Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies published by the competent authority.

Article 9

When the shareholder's seal is lost or damaged, he should fill the application for loss of the seal, and send his identity documents, new seal card and shares to the Company shareholding agency to register. After approval of replacement of the new seal and the new seal is registered, it will be effective in the next day.

Article 10

Every shareholders meeting will stop transfer the shares in 60 days before the meeting, or 30 days before the temporary shareholders meeting of, or 5 days before the record date fixed by the Company for distributing dividends, bonuses or other benefits.

Chapter 3 Shareholders meeting

Article 11

Shareholders' meetings of the Company are divided into the following two categories:

1. Regular shareholders meeting: held by the board of directors within 6 months after the end of the fiscal year.
2. Temporary shareholders meeting: except as otherwise provided in the Company Act, the board of directors convenes when it is necessary.

Article 12

The meeting date, location and convening reason should inform the shareholders before 30 days of convening regular shareholders meeting and 15 days of temporary shareholders meeting.

The Company has to inform previously the shareholders who hold less than one thousand shares of the registered shares with the announcement.

Notices of the Company's shareholders meeting convened with the consent of counterparties can be made electronically.

When the Company holds a shareholders meeting, it shall prepare the meeting handbook and publish the meeting handbook and the other relevant information of the meeting before the shareholders meeting.

Article 13

Except as otherwise provide in the Company Act, the shareholders meeting must have a shareholders representing more than half of the total number of shares attending the meeting. The resolutions of the shareholders meeting were made with the consent of more than half of the voting rights of the shareholders who attend the meeting.

The voting right is used in writing or electronically in shareholders meeting; the method of voting right in writing or electricity should be informed in the notice of the shareholders meeting.

The shareholders who exercise the voting right in writing or electronically are regarded as attending; however; if the decision is provisional motion and amendments to the original motion, the above shareholders are regarded as waivers.

Article 14

Except as otherwise provide in laws and regulations, the shareholders of the Company shall have one voting right per share.

Article 15

The shareholders should fill the letter of attorney issued by the Company and specify the scope of authorization for the agent who attends the shareholders meeting. Except for the trust business or the shareholding agency approved by the competent authority for securities, the voting right of a person who are commissioned by two or more shareholders should not over than 3% of total amount of issued shares, and if it exceeds over than 3%, the exceeding voting right will not be calculated.

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, a written notice of proxy cancellation shall be submitted to the Company in 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 15-1

A shareholder intending to exercise voting rights by correspondence or electronic means 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 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.

Article 16
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, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.
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.

Article 17
Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The minutes of the shareholders' meeting shall be signed or sealed by the chairman and shall be kept in the company together with the attendance book of the shareholders and the power of attorney.
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.

Chapter 4 Directors and Supervisors
Article 18
The company has five to seven directors and two supervisors. The term of office is three years. The shareholders meeting will be selected by the person who has the ability to act in accordance with the provisions of the Company Act and may be reelected.
Since the reappointment of the directors and supervisors of the Company in 2019, the number of directors has been set to seven people, of which three are independent directors. The directors have adopted the nomination system for candidates. Directors are selected from the list of candidates in the shareholders meeting. The determination of the independent directors about professional qualifications, the shareholding, recognized part-time restrictions on independence, the nomination and selection methods and other compliance matters shall be handled in accordance with relevant laws and regulations.
The election of directors should follow the provisions of the Company Act, independent directors and non-independent directors should be elected together and calculate the number of elected places respectively.

Article 18-1
The term of office of the directors and supervisors who were selected from 2016 will expire and the directors will be re-elected in 2019, the Company shall set up the Audit Committee to replace supervisors in accordance with the provisions of Article 14 of the Securities Exchange Act. The audit committee is composed of all independent directors and is responsible for executing supervisors’ duties in accordance with the Company

Act, the Securities Exchange Act, other laws and regulations and Articles of Incorporation.

On the date of the establishment of the Audit Committee, the supervisor will be abolished at the same time. The provisions of the Articles concerning the supervisor will no longer apply. Members of the Audit Committee exercise of their duties and other compliance matters shall be handled in accordance with the relevant laws and regulations or the rules of the Company. The organizational rules of the Audit Committee shall be stipulated by the board of directors.

Article 19
The chairman shall be elected by the board of directors with more than two-thirds of the directors present and more than half of the directors present.

Article 20
The chairman of the board of directors represents the Company, when the chairman takes leave or fails to exercise his or her authority for any reason, the chairman of the board of directors shall appoint a director to act as the agent. If the chairman of the board of directors does not appoint someone and directors shall elect one of them to act as the agent.

Article 21
The board of directors shall be convened by the chairman of the board of directors. Except as otherwise provided by the Company Act, more than half of directors presents and more than half of the attending directors agrees to a resolution.

Article 21-1
The board of directors shall convene once every quarter. The convening notification with cause shall be sent to the directors and supervisors seven days in advance. However, in the event of an emergency, they may be called at any time. The convening notification of the board of directors can be made by written, faxed or e-mail and so on.

Article 22
If a director cannot attend the board of directors in person for some reason, he or she may entrust other directors to represent him or her in accordance with law. The above-mentioned agent is limited to one person's entrustment.

Article 23
The duties of the board of directors are as follows:
1. Validate the internal controlling system and various important chapters of the Company.
2. Make decisions of the Company’s operating plan and business policy.
3. Plan the Company’s budgets and final accounts.
4. Study out of surplus distribution.
5. Study out of increasing or decreasing of the capital of the Company.
6. Compile the annual business report.
7. Audit the acquisition or disposal of the Company’s important property.
8. Make decisions of establishment and abolition of branches.
9. Elect or dismiss the general manager and manager.

10. Appoint and dismiss the financial manager, accounting manager and internal audit supervisor.
11. Stipulate and amend the procedures of important financial business including the procedures of acquisition or disposal of assets, the procedures of engaging in derivatives trading, guidelines for lending of capital and guidelines for endorsements and guarantees.
12. Other duties are endued in accordance with the Securities and Exchange Act, the Company Act and the shareholders meeting.

Article 24
The resolutions of the board of directors shall be signed or sealed by the chairman and save at the company.

Article 25
The duties of supervisors are as follows:
1. Audit the Company’s financial status.
2. Audit the Company’s account documents.
3. Audit the Company’s business situation.
4. Auditing of the Company’s budgets and final accounts.
5. Supervise staffs’ perform duties and report staffs’ illegals and misconducts.
6. Other duties are endued in accordance with laws and the shareholders meeting.

Article 26
Supervisors can attend the board of directors and state their opinions but have no voting rights.

Article 26-1
The Company may insure the liability insurance for directors and supervisors within the scope of their duties.

Chapter 5 Manager
Article 27
The Company has a general manager to handle all business in accordance with the order of the chairman and the resolution of the board of directors. The company also has several managers to assist the general manager.

Article 28
The appointment and removal of the general manager is decided by the board of directors, the resolution of the board of directors will be made by more than half of directors present and more than half of the attending directors agree. The appointment and removal of the manager is propose by the general manager and decided by the board of directors, the resolution of the board of directors will be made by more than half of directors present and more than half of the attending directors agree.

Chapter 6 Accounting
Article 29
The Company's fiscal year starts from January 1 to December 31. The final accounts shall be completed at the end of each fiscal year. After the annual accounts, the board of directors shall, in accordance with the provisions of the Company Act, make books and

statements for each item that will be submitted to the supervisors before 30days of the shareholders meeting. The supervisors shall issue a report to the regular shareholders meeting for approval.

Article 30

If the company's annual final account is profitable, it shall be allocated 3% profit for the employee's compensation, which shall be decided by the board of directors in shares or cash distribution. The distribution target shall include employees of the Affiliates that meet certain conditions. The board of directors can resolve that no more than 5% of the Company's profit as the compensation paid for directors and supervisors. The employees' compensation and the remuneration distribution for directors and supervisors shall be reported to the shareholders meeting.

If the company is unable to distribute its remuneration of employees and the directors and supervisors, because the company does not make any profit or no balance of profits less accumulated losses, it is no need to report to the board of directors and the shareholders meeting.

However, when the Company still has accumulated losses, it is necessary to reserve the amount of compensation in advance, and then remunerate the employees and pay supervisors according to the above ratio.

The distribution case for manager's employee compensation and the remuneration for directors and supervisors should be inspected by the Remuneration Committee and allocated.

Article 30-1

Considering the Company's future funding needs and long-term financial planning, and meeting shareholders' demand for cash inflows, if there is net profit of the Company in annual final account, it shall be allocated 10% profit as legal reserve and allocated recognized net amount of the deduction in other equity interest in the current year as special reserve unless offset losses in previous years. The dividend allocation is from 40% to 80% of the total amount of the above balance and un-appropriated retained earnings in last year and the adjustments for un-appropriated retained earnings in the current year, If the dividend amount per share after the calculation by the 80% ceiling is still less than NT$ one dime it may be reserved and not allocated. The other matters were appointed the distribution proposal by the board of directors and submit it to the shareholders meeting for approval.

The ratio of the above surplus allocations and stock/cash ratios are determined by the board of directors depending on the actual profit and capital status of the current year, and the investment fund requirements and the degree of dilution of the Company's earnings per share are considered too, and cash dividends or stock dividends are appropriately distributed. However, the allotment of stock dividends shall not exceed 20% of the issued share capital.

When the Company distributes the appropriated retained earnings, the calculation according to the second paragraph, if there are the retained earnings transferred into the current year or the earnings after tax is less than recognized amount of the deduction in other equity interest in the current year. The earnings should be distributed after recognized special reserve from retained earnings or accumulated un-appropriated retained earnings in last year in accordance with laws.

Article 31

The dividends distribution of shareholders shall be limited to the shareholders who are recorded in the shareholder list on the dividend base day.

Article 32
The directors and supervisors of the Company may be paid monthly according to the payment standard in the same industry, regardless of the profit and loss. The Company's shareholder or director acting as a manager or employee receives salary as a general employee.

Chapter 7 Supplementary Provisions
Article 33
The Company is allowed to guarantee the outsider.

Article 34
The Company's organizational procedures and operational regulations are Stipulated Separately.

Article 35
If there are any unfinished matters in the articles, it shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 36
The articles are concluded on March 25th, 1974.
First amendment was approved on July 5th, 1975.
Second amendment was approved on November 10th, 1975.
Third amendment was approved on September 10th, 1976.
Fourth amendment was approved on July 6th, 1977.
Fifth amendment was approved on September 20th, 1977.
Sixth amendment was approved on November 18th, 1977.
Seventh amendment was approved on June 26th, 1978.
Eighth amendment was approved on September 5th, 1979.
Ninth amendment was approved on November 20th, 1979.
Tenth amendment was approved on October 10th, 1980.
Eleventh amendment was approved on December 5th, 1980.
Twelfth amendment was approved on August 11th, 1982.
Thirteenth amendment was approved on June 25th, 1984.
Fourteenth amendment was approved on September 20th, 1984.
Fifteenth amendment was approved on June 20th, 1986.
Sixteenth amendment was approved on August 5th, 1986.
Seventeenth amendment was approved on December 30th, 1986.
Eighteenth amendment was approved on June s17th, 1988.
Nineteenth amendment was approved on July 15th, 1988.
Twentieth amendment was approved on July 1st, 1989.
The twenty-first amendment was approved on December 25th, 1989.
The twenty-second amendment was approved on April 7th, 1990.
The twenty-third amendment was approved on May 27th, 1991.
The twenty-fourth amendment was approved on May 18th, 1992.
The twenty-fifth amendment was approved on May 12th, 1993.
The twenty-sixth amendment was approved on May 31st, 1994.

The twenty-seventh amendment was approved on May 30th, 1995.
The twenty-eighth amendment was approved on June 5th, 1996.
The twenty-ninth amendment was approved on April 28th, 1997.
The thirtieth amendment was approved on April 16th, 1998.
The thirty-first amendment was approved on June 24th, 1999.
The thirty-second amendment was approved on June 21st, 2000.
The thirty-third amendment was approved on June 19th, 2001.
The thirty-fourth amendment was approved on June 18th, 2002.
The thirty-fifth amendment was approved on June 15th, 2004.
The thirty-sixth amendment was approved on June 14th, 2006.
The thirty-seventh amendment was approved on June 17th, 2010.
The thirty-eighth amendment was approved on June 19th, 2012.
The thirty-ninth amendment was approved on June 12th, 2015.
The fortieth amendment was approved on June 15th, 2016.
The forty-first amendment was approved on June 15th, 2018.

It is in forced on after the approval and registration of competent authorities, the amended is as same condition.

Lucky Cement Corporation
Chairman: CHEN, LIANG-CHUAN

Appendix 3

Procedures for Election of Directors

approved by the Shareholders' Meeting and enacted on June 15, 2018

Article 1
The elections of directors of Lucky Cement Corporation (the "Company") shall be conducted in accordance with these Procedures.

Article 2
In the election of directors of the Company, the named cumulative voting method was adopted, the names of the electors were printed on the election ballot, and the numbers of the attendance cards could be printed on the ballot. The election of directors of the Company, the number of each share and the number of candidates to be elected for the same voting rights, one person may be selected for election or may be allocated for election.
The election of the directors of the Company adopts the candidate nomination system in accordance with the procedures for candidate nomination system of the Company Act and relevant laws and regulations.

Article 3
The Company's directors are selected by the shareholders' meeting who has the ability to perform. The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
The qualifications and the election for the independent directors of the Company shall comply with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and relevant regulations of the competent authority.

Article 4
The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.

Article 5
Before the start of the election, the chairman should appoint several voting scrutinizers and tellers to perform all relevant duties, but the scrutinizers should have the status of shareholders.

Article 6
In the election of directors, the ballot boxes shall be prepared by the board of directors and publicly checked by the scrutineers before voting commences.

Article 7
If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 8
A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared in accordance with these Procedures.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
7. The same ballot shall be used to list two or more candidates.

Article 9
After the vote was completed, the ballot was billed on the spot and the balloting result was announced by the chairman on the spot and made a record.
The ballots of the above election shall be sealed and signed by the scrutineers; they shall be kept properly for at least one year. However, if a shareholder filed a lawsuit in accordance with the Article 189 of the Company Act, they shall be kept until the conclusion of the lawsuit.

Article 10
The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 11
The matters not covered by these Procedures shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.

Article 12
These Procedures and any amendments shall be implemented after approval by a shareholders meeting.

Appendix 4

Procedures for Acquisition or Disposal of Assets

approved by the Shareholders' Meeting and enacted on June 15, 2018

Article 1
These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and the letter Jin-Kuan-Cheng-Fa-Tzi No. 1020053073 which issued by Financial Supervisory Commission (“FSC”).

Article 2
Lucky Cement Corporation (the “Company”) shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another law or regulation provides otherwise, such provisions shall govern.

Article 3
The term "assets" as used in these Procedures includes the following:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4
Terms used in these Procedures are defined as follows:
1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 6

The Company’s Procedures for acquisition or disposal of assets are as follow:

1. Acquisition or disposal of Securities divided into available-for-sale financial assets and long-term equity investments:
 (1) Available-for-sale financial assets:
 The financial department proposes execution with approval by the approval authorization based on the company's working capital and takes into account its liquidity and profitability.
 (2) Long-term equity investments:
 The General Manager assigns the relevant unit to be responsible for the feasibility analysis of the investment (or disposition) plan and the audit of the investment management team. The investment management unit shall execute it with approval by the approval authorization.
 The investment managerial team of the Company is set up by task group and the members are elected among each related department by General Manager and he will be the host.
2. Acquisition or disposal of property and equipment:
 The general manager assigns the relevant unit to be responsible for the feasibility analysis of the investment (or disposition) plan and the audit of the investment management team. The organizer shall execute it with approval by the approval authorization.
3. The relevant operations for acquisition or disposal of assets shall be executed in accordance with the relevant provisions of the internal control system of the Company and these Procedures. If a major violation is found, the relevant person should be dismissed in violation of the situations.

Article 7

The Company's approval authorization for acquisition or disposal of assets is as follow:

1. Acquisition or disposal of available-for-sale securities investments: the petition is approved by the general manager and the chairman. However, if the amount of each transaction for the same securities is NT$300,000,000 or more, or if it is planned to accumulatively acquire or dispose of the same securities of NT$300,000,000 or more within one year, it shall be approved by the board of directors.
2. Acquisition or disposal of long-tram equity investments: it shall be executed after the approval of the board of directors.
3. Acquisition or disposal of equipment for operation shall be handled in accordance with the relevant provisions of the Company's fixed assets management rules and internal control systems. If the amount of each transaction is NT$300,000,000 or more, or if it is planned to accumulatively acquire or dispose of the same property target of NT$300,000,000 or more within one year, it shall be approved by the board of directors.
4. Acquisition or disposal of property: the petition is approved by the general manager and the chairman. If the amount of each transaction is NT$300,000,000 or more, it is planned to accumulatively acquire or dispose of the same property target (or the same development project) of NT$300,000,000 or more, or acquisition or disposal of property is not for operation or construction, it shall be executed after reporting and approving by the board of directors.
5. The approval authorization in the previous paragraph shall be executed after approved by the board of directors and recognized by supervisors in accordance with Article 14 and related Procedures.

Article 8

The investment quotas of acquisition of the property which is not for business use and investment securities of the Company and its subsidiaries are as follow:

The Company and its subsidiaries may purchase the property not for business use, the total amount shall not exceed 20% of the total assets in the latest financial statements of each company; the total amount of investment securities may not exceed 150% of the shareholders' equity in the latest financial statements of each company; the quota for investment in individual securities must not exceed 70% of the shareholders' equity in the latest financial statements of each company. However, if the subsidiary is a company with investment as the main business, it is not limited by its shareholder equity ratio.

Article 9

In acquiring or disposing of property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300,000,000 or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction

shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

2. Where the transaction amount is NTD one billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
   (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
   (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.

Article 10

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300,000,000 or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.

In the case of the aforesaid provisions, the Company that has acquirement or disposition of securities shall be exempted from the regulations that the Company shall take the latest financial statements that have been audited or reviewed by accountant as of the date of the fact, and the accountant shall be quested for comment on the plausibility of transaction price upon the amount of the transaction reaching 20% or NT$ 300,000,000 above in accordance with the explanation of Letter, Letter No. Jin-Kuan-Cheng-Yi-Tzi No. 09600014631 which issued on January 19, 2007 as follow:

1. Initiate the establishment or collection of funds for the purpose of obtaining securities with cash contribution.
2. Participate in the purchase of the company's securities which issued in principal amount in accordance with relevant laws and regulations for cash capital increase.
3. Participate in the purchase of the investee's securities which issued for cash capital increase, the investee is 100% re-investment.
4. Trade listed, OTC and emerging securities in securities exchange or at the places of business of securities firms.
5. Government bond and bonds with repurchase (reverse repurchase) agreements.
6. Domestic and overseas funds
7. Acquire or dispose of listed (OTC) stocks by tender offer according to the TWSE Rules Governing Purchase of Listed Securities by Reverse Auction or the TPEx Rules Governing Reverse Auction of TPEx Listed Securities.
8. Participate in the public company's cash capital increase and acquire shares, and the acquired securities are not private placement of securities.
9. According to Article 11 paragraph 1 of the Securities Investment Trust and Consulting Act and the letter Jin-Kuan-Cheng-Si-Tzi No. 0930005249 which issued by FSC on November 1, 2004 stipulate the purchase of funds before the establishment of the fund.
10. Domestic private placement funds that are subscribed for or bought back, if the trust deed has stated that the investment strategy is the same as the investment scope of the public offering funds, except for the securities credit transaction and the positions of the commodities not held by the securities that have been written off.

Article 11
Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT$300,000,000 or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 11-1
The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 12
Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 13
When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches

10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section by according with Article 9, Article 10, Article 11 and Article 12.
The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.
When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 14
When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300,000,000 or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:
1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.
With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the company's board of directors may pursuant to these procedures delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.
Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, 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.
Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 31, paragraphs 4 and 5.

Article 15
The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:
1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where the land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.
Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14 and the preceding three paragraphs do not apply:
1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land,.

Article 16
When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA has been obtained, this restriction shall not apply:
1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after the calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 17

Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not a transaction in the regular business practice.

Article 18

When the Company engages in derivatives trading, it shall be handled in accordance with the "Procedures for Engaging in Derivative Trading" of the Company, except that the execution of the transaction and the profit and loss situation of the transaction shall be reported to the board of directors of the latest period after the incident, and risk management and auditing matters shall be paid attention to. If the auditor finds a major violation, the auditor shall notify the supervisor in writing as required.

Article 19

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the Company consolidates its subsidiaries, which directly or indirectly hold 100% of the issued shares or total capital, or the consolidation between subsidiaries that directly or indirectly holds 100% of the issued shares or the total capital, may avoid obtaining reasonable opinions from the former experts.

Article 20

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of the Company participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 21

The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:
1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
When participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 22
Every person of the Company participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 23
The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 24
The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 25
After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 26
Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 21, Article 22, and Article 25.

Article 27
Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not

apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
   (1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.
   (2) For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.
5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party and the transaction amount reaches NT$500,000,000.
6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT$500 million.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:
   (1) Trading of government bonds.
   (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
   (3) Trading of bonds under repurchase/resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:
1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 28
Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 29
The acquisition or disposal of assets by a subsidiary of the Company shall also be handled in accordance with the provisions of the parent company.
The Company's subsidiaries are not domestic public companies, and those companies that acquire or dispose of assets that are required by Article 27 and Article 28 to make a public announcement shall be the Company.
The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 27, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 30
With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is 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.

Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 31, paragraphs 4 and 5.

Article 31

After the Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the Procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when the Procedures for the acquisition and disposal of assets 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.

Where an audit committee has been established in accordance with the provisions of the Act, when the Procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

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

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 14, 18, 30 and 31, shall apply mutatis mutandis to the audit committee.

Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 17, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.

Article 32

For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial statements or individual financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Appendix 5

Procedures for Engaging in Derivatives Trading

Approved by the Shareholders' Meeting and enacted on June 18, 2003

Article 1 Legal basis

The procedures are adopted in accordance with the provisions of the Letter Tai Cai Zheng (first) 0910006105 issued on December 10, 2002 of the Securities and Futures Management Committee of the Ministry of Finance (hereinafter referred to as the Securities and Futures Commission).

Article 2 Definition and scope of application

“Derivatives” in these Procedures refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.

Article 3 Definition and scope of application

The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

Article 4 Definition and scope of application

Matters relating to bond margin transactions shall be handled in accordance with the relevant provisions of these procedures.

Article 5 Type of transaction

When the Company engages in derivatives trading, the types of transactions are limited to forward foreign exchange and option commodities of foreign currency.

Article 6 Hedging strategy

The foreign exchange operations carried out through the commodities mentioned in the preceding article are only for avoiding the exchange risk on the operation and capital dispatch, and may not engage in any speculative trading, and the currency held must be consistent with the foreign currency demand of the Company's actual import and export transactions.

Article 7 Segregation of duties

The financial planning team is responsible for the formulation and implementation of the strategy for derivatives trading, and the periodic evaluation and reporting of the derivatives trading positions held. The senior manager of the non-financial planning team members appointed by the board of directors is responsible for the measurement, supervision and control of the risks.

Article 8 Essentials of performance evaluation
The financial planning team shall evaluate and review operational performance at market price every week, and report to the chairman and general manager on a monthly basis to review and improve the hedging strategies.

Article 9 Total amount of contracts
The total amount of foreign exchange forward contract shall not exceed the total foreign currency demand of the Company's actual import and export. When the foreign currency option transaction is evaluated at the market price, the total amount of transaction contract that may be required to exercise option shall not exceed US$10 million.

Article 10 Maximum loss limit on total trading and for individual contracts
The maximum amount of contract loss for engaging in derivatives trading is US$ 1,500,000; the maximum loss limit for individual contract is 5% of the individual contract amount, and may not exceed US$ 250,000.

Article 11 Level of delegation and authorization, execution units
The financial planning team shall evaluate and select the financial institution with better conditions, sign a credit line contract with institution after the approval of the general manager and the chairman of the board of directors, and engage in derivatives trading within the amount.

Article 12 Operating procedures
When engaging in derivatives trading, it should be operated on a batch one-by-one basis according to the bills under LC (letter of credit).

Article 13 Operating procedures
After the derivatives trading is completed and confirmed by the transaction confirmation personnel, the "Derivatives Trading Statement" shall be filled in to notify the settlement personnel.

Article 14 Operating procedures
The delivery personnel fill in the "Derivatives Trading Statement" according to the "Bank Foreign Exchange Trading Contract Confirmation", and handle the settlement after the signing of the financial supervisor.

Article 15 Operating procedures
The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, approval dates of

board of directors, and the matters required to be carefully evaluated according to regulations shall be recorded in detail in the log book.

Article 16 Announcement and report
The derivatives trading is completed and confirmed by the transaction confirmation personnel shall be handled in accordance with relevant regulations. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 17 Accounting processing
The financial planning team shall immediately submit it to the accounting department for cash income or expenses arising from foreign exchange operations.

Article 18 Accounting processing
The Company's accounting processing for derivatives trading shall be handled in accordance with the relevant provisions of the accounting system, except as provided in these Procedures.

Article 19 Internal control
Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

Article 20 Internal control
Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

Article 21 Internal control
Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

Article 22 Internal control
Senior management personnel authorized by the board of directors shall pay continuous attention to monitoring and controlling derivatives trading risk, periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the

Company's permitted scope of tolerance, and periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures.

Article 23 Internal control
When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

Article 24 Internal audit
Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithful derivatives trading by the financial planning team adheres to the procedures for engaging in derivatives trading, analyze the trading cycle , and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing, and penalize relevant personnel according to violations

Article 25 Date of implementation
After the Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.
When the Procedures for engaging in derivatives trading are submitted for discussion by the board of directors pursuant to the preceding paragraph, where the position of independent director has been created, 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.

Appendix 6

Procedures for Lending Funds to Others

Approved by the Shareholders' Meeting and enacted on June 20, 2013

First: Subject

These Procedures are established for the Company to follow when lending funds to others.

Second: Content

Article 1 (Entities to which the company may loan funds)

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Companies having business relationship with the Company; or
2. Companies in need of funds for a short-term period with the Company.

The term "short-term" in the preceding paragraph means one year, or where a company's operating cycle exceeds one year, one operating cycle.

The term "financing amount" means the cumulative balance of the Company's short-term financing.

Article 2 (The reason and necessity of lending funds to others)

The Company engages in lending funds to other companies or firms due to business transaction, and shall comply with the provisions of Article 3, paragraph 2; for the short-term financing necessary to engage in lending funds, subject to the following circumstances:

1. A company has the necessary short-term financing for business needs, which the Company holds more than twenty percent (20%) of its shares.
2. A company or a firm has the need for short-term financing due to purchase or operational turnover needs
3. Others approved by the board of directors of the Company.

Article 3 (Total amount of lending funds and the lending limit for individual borrower)

1. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such total lending amount shall not exceed 40 percent of the Company's net worth.
2. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties. The "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher.
3. A company or a firm has short-term financing necessary, the maximum amount permitted to a single borrower is as bellow:
   (1) The maximum amount for lending to a subsidiary which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares shall not

exceed 10% of the Company's net worth.

(2) The maximum amount for lending to a company which the Company holds more than 20% of the shares and does not have the shareholding ratio of the previous paragraph shall not exceed 5% of the Company's net worth.

(3) The maximum amount for lending to other companies or firms shall not exceed 2% of the Company's net worth.

4. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such lending shall not be subject to the limit of forty percent (40%) of the Company's net worth, and its financing period does not apply for one year or one business cycle. However, these offshore subsidiaries shall need to stipulate the loan amount limits and term of loans in Article 9, subparagraph 3 and 4 of the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies".

Article 3-1 (The definition of subsidiary and net worth)

1. The subsidiaries and parent company referred to in the Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. "Net worth" in the Procedures means the equity attributable to owners of the parent in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4 (The Procedures for lending funds)

1. Credit checking

When the Company handles the lending fund matter, the borrower shall submit an application for the financing quota together with its company information and financial information.

After accepting the application, the Company shall investigate and evaluate borrower's business, financial status, solvency and credit, profitability and use of the loan by the Finance Department, and prepare a report.

The Finance Department conducts investigations on the target of loan lending, and conducts detailed evaluation and review. The assessment shall include at least the following items:

(1) The necessity of and reasonableness of extending loans to others.

(2) To measure the necessity of the amount of fund lending according to the financial status of the borrower.

(3) Whether the accumulated loan amount is still within the limit.

(4) Impact on the Company's business operations, financial condition, and shareholders' equity.

(5) Whether collateral must be obtained and appraisal of the value thereof.

(6) Borrower credit status and risk assessment.

2. Preservation

   When the Company handles the fund lending matters, it shall obtain IOU or the secured promissory note, and if necessary, sets up the mortgage of the chattels or real estate of the borrower.

   In the case of the secured claim in the preceding paragraph, if the debtor can provide a pledge to be provided by a person or company that provides considerable capital and credit, the board of directors may proceed with the credit report of the Finance Department. If the company is the guarantor, it should be noted that the company's articles of incorporation have provisions that are guaranteed. However, the company's subsidiaries are exempt from providing collateral or guarantors.

3. Scope of authorization

   (1) The Company's handling of fund lending matters shall be approved by the general manager after the credit checking of the Finance Department, and submitted to the board of directors for approval. No other person may be authorized to decide.

   (2) Loans of funds between the Company and subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down..

   (3) The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the public company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 3, subparagraph 4.

   (4) Where the Company has established the position of independent director, when it loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 5 (Loan period and interest-bearing method)

1. The maximum loan period for each fund is limited to one year.
2. The interest rate is calculated using floating interest rate and shall be adjusted on the basis of the Company's funding costs accordingly. The calculation and collection of the loan interest of the Company shall be based on the principle of monthly interest payment. If there is a special situation, it may be adjusted according to the actual situation after the approval of the board of directors.

Article 6 (Subsequent control measures and overdue claims procedures for the loans)

1. After a loan is extended, the Finance Department shall frequently evaluate the financial status, business and credit of the borrower and guarantor. Where the collateral is provided, and shall pay attention to the change in the value of the collateral, in case of major changes, the chairman should be notified immediately and properly handled according to the instructions of the chairman.
2. When the borrower repays the loan at the expiration of the loan or before the expiration of the loan, the interest payable shall be calculated first, and together with the principal, the Company may cancel the promissory note and return it to the borrower or apply the lien cancellations.
3. The borrower shall pay off the principal and interest immediately upon expiration of the loan. If the borrower violates, the Company will dispose and claim the collateral or guarantor provided by the borrower according to law.

Article 7 (Internal control)

1. The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under provision.
2. The Company's internal auditors shall audit the Procedures for Lending Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. If a major violation is found, the manager and the organizer shall be disciplined for the violation.
3. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.

Article 8 (Announcement and report)

1. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.
2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
   (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
   (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.

(3) The amount of new loans of funds by the Company or its subsidiaries reaches NT$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.
4. "Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Third: Others

1. Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Procedures for Lending Funds to Others in compliance with these Procedures, and it shall comply with the Procedures when lending funds.
2. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations and the Company's relevant regulations.

Fourth: Effective and amended

The Company shall formulate the Procedures for Lending Funds to Others, and, after passage by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

Where the Company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Appendix 7

Procedures for Endorsement & Guarantee

Approved by the Shareholders' Meeting and enacted on June 20, 2013

Article 1

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

Article 2

The scope of application of these Procedures

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

Article 3

The object of endorsement guarantee

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

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

Article 4

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

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

Article 4-1

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

Article 5

The decision and authority level

1. The Company intending to make endorsements or guarantees for others shall passage by the board of directors. Where the Company has established the position of independent director, when it submits these Procedures for Endorsements/Guarantees for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions;

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

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

Article 6

The Procedures for making Endorsement & Guarantee

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

endorsement/ guarantee is made.

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

Article 7

The cancellation of endorsement/guarantee

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

reduce the amount of endorsement guarantee.

Article 8

Internal Control

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

Article 9

Seal chapter custody and procedures

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

Article 10

Announcement and reporting procedures

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

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

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

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

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

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

Article 11

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

Article 12

The Procedures for Endorsements/Guarantees shall be passaged by the board of directors, submitted the same to each supervisor and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

Where the Company has established the position of independent director, when it submits the Procedures for Endorsements/Guarantees 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; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Appendix 8: Acceptance of Shareholder's Proposals in the Shareholders' Meeting

There were not a proposal has been provided as of April 18, 2019 (the deadline of shareholders' proposal).

Appendix 9: Shareholdings of Directors and Supervisors

Position	Name	Shareholdings	Rate%
Chairman	Shiyi Cement Co., Ltd. Representative: Liang-Chuan Chen	3,634,588	0.90%
Director	Jinli Investment Co., Ltd. Representative: Yun-Ru Chen	25,230,451	6.23%
Director	Hsiang-Lin Chang	7,539,587	1.86%
Independent Director	Yan, Chen	0	0%
Independent Director	Chin-Cheng Wang	0	0%
Total of directors		36,404,626	8.99%
Supervisor	Kuochuan Development Co., Ltd. Representative: Ming-Hsien Chen	2,675,066	0.66%
Supervisor	Shang-Kai Chen	1,832,666	0.45%
Total of Supervisors		4,507,732	1.11%
Total of directors and Supervisors		40,912,358	10.10%

Note 1: The above shareholdings of Directors and Supervisors are the shareholdings in shareholder list on April 14, 2019 which is the date for suspension of share transfer for a shareholders meeting.

Note 2: The least shares of total shareholdings of Directors and Supervisors is 4.4% of issued shares according to article 26 in Securities and Exchange Act and the rules regulating the minimum percentage to be held by the directors and supervisors and the examination of such holding.

Note 3: Total shareholdings of all Directors and Supervisors of the Company had reached the legal standard.

Appendix 10

Ethical Corporate Management Best Practice Principles

The Principles are concluded by board of directors on November 7th, 2014.
Amendment was approved by board of directors on December 26th, 2014
Amendment was approved by board of directors on December 21th, 2015
Amendment was approved by board of directors on January 29th, 2019

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 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)
When establishing the prevention programs, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.
The prevention programs adopted by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. 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 and its business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

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.

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 proposal 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.
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.

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. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. 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.

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.

Appendix 11

The Code of Ethical Conduct

The code is concluded by board of directors on November 7th, 2014.
Amendment was approved by board of directors on March 24th, 2015
Amendment was approved by board of directors on January 29th, 2019

Article 1 (Purpose of and basis for adoption)
Lucky Cement Corporation (the "Company") establishes the code of ethical conduct (the "Code") with reference to the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEx Listed Companies". The Code is adopted for the purpose of encouraging directors and managerial officers of the Company to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

Article 2 (Applicable to the Code)
The Code applies to the directors and managerial officers of the Company including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company.

Article 3 (Principle of honesty and good faith)
Directors and managerial officers of the Company shall uphold their duties in a proactive, conscientious and responsible manner, abandon selfish departmentalism, focus on team spirit, and heed the principle of honesty and good faith.

Article 4 (Prevention of conflicts of interest)
Directors and managerial officers of the Company shall perform their duties in an objective and efficient manner and shall not obtain improper benefits for themselves or their spouse, parents, children, or relatives within the second degree of kinship when a person in such a position takes advantage of their position in the Company.
Directors and managerial officers shall voluntarily explain whether there is any potential conflict between them and the Company when the Company provides loans for or provides guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director and managerial officer works.

Article 5 (Must not pursue personal gain)
The directors and managerial officers of the Company shall not:

1. Intend or gain personal gain by using company property or information or taking advantage of their positions.
2. Competing with the Company.

When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can obtained by the Company.

Article 6 (Confidentiality)
The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 7 (Fair trade)
Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.
Directors and managerial officers of the Company shall not, in the performance of their duties, require, contract, deliver or receive any form of gift, entertainment, rebate, bribery or other improper interest in the interest of an individual, the Company or third party. Except that gifts or entertainments are permitted by social etiquette practices or the company regulations.

Article 8 (Proper protection and use of company assets)
All directors and managerial officers of the Company have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes.

Article 9 (Legal compliance)
Directors and managerial officers of the Company shall indeed abide by the related laws, regulations and policies of the Company Act and the Securities and Exchange Act which are governing the activities of the company.

Article 10 (Encouraging reporting on illegal or unethical activities)
The Company shall raise awareness of ethics internally and encourage employees to report to the audit committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct and to provide sufficient information to enable the company to properly handle follow-up matters.
The company will handle the reported cases confidentially and make employees aware that the company will use its best efforts to ensure the safety of informants.

Article 11 (Punishment and remedy)
When a director or managerial officer of the Company violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.

Violators may file a complaint in accordance with relevant regulations when they are punished for violating the provisions of this Code.

Article 12 (Procedures for exemption)
The code of ethical conduct adopted by the Company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 13 (Method of disclosure)
The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

Article 14 (Method of disclosure)
The code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors and submitted to a shareholders meeting.