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Lucky Cement Corporation

Handbook for the 2021 Annual Meeting of Stockholders (Translation)

Notice to readers

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

Time: 9:00 a.m. June 16, 2021

Place: No. 16, Sec. 4, Chungshan N. Rd., Shilin Dist., Taipei City

Room #332, 3F. Teaching Building, Jiantan Youth Activity Center

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2021 The Shareholders' Meeting of Lucky Cement Corporation

I. Meeting Agenda

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

A letter to Shareholders

Dear sir and madam:

The consolidated operating revenue in 2020 was NT\$ 4,533,370,000, consolidated gross income from operations was NT\$ 447,475,000 and consolidated profit was NT\$ 392,269,000. The Company actively renovated the business strategies and operating guidelines to reduce operating costs, and showed results with the team efforts of all our colleagues in 2020. The consolidated revenue has grown by more than 20% compared to 2019, and earnings per share have increased significantly from NT\$ 0.11 in 2019 to NT\$ 0.97 in 2020.

Looking back on 2020, the world economy has been severely impacted by the COVID-19, the major economies around the world has experienced tremendous decline due to various epidemic prevention measures such as countries and cities lockdown, suspension of social activities and so on. However, Taiwan's economic activities had little impacted due to appropriate epidemic prevention measures. In the past two years, subjected to the China-US trade war and de-sinicization/de-Americanization, Taiwanese businesses continued to return home and increased investment amount, which driven domestic demand in commercial offices and factory offices up. Because of the low interest rate environment created by the Easy money policy of Central Banks in many countries, Taiwan's real estate market was also showing signs of recovery, caused the price and volume of domestic cement and ready-mixed concrete market went up. Under this circumstance, the Company had aggressively adjusted the operating strategies. The Company performance in 2020 is far better than in 2019.

Looking forward to 2021, according to the forecast of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan economic growth rate will be 4.64% in 2021 and the overall economic situation is still looking good. The domestic cement and ready-mixed concrete market, driven by the emand ofd the housing market, commercial offices, factories and public works, should be able to maintain at stable trend. But the cement industry still faces many challenges. The Company will keep moving forward to all kinds of operating strategies, such as improving production equipment of factory, enhancing efficiency, complying with environmental protection requirements, optimizing train logistics, improving production scheduling for cost down, deploying ready-mixed concrete sales channels, and plowing the domestic market. The Company will pay more attention on the issue of sustainable development of ESG, hopes through all the strategic

operations and all colleagues' effort, we will continue to have the better performance in 2021.

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. 2020 Business Report and Financial Statements

A. Business performance

1) Major parts of products

Item	2020	2019	Increase(Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	875	799	76	9.51%
Stone (Unit: 1,000 tons)	2,135	1,969	166	8.43%

Status of implementation plan:

Total production of cement and slag powder was 875,000 tons, total planned production was 814,000 tons, and its production achievement rate was 107.5%. Total production of stone was 2,135,000 tons, total planned production was 2,424,000 tons, and its production achievement rate of stone was 88.1%.

2) Major parts of Sales

Item	2020	2019	Increase (Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	948	827	121	14.63%
Stone (Unit: 1,000 tons)	685	689	(4)	(0.58%)
Cement and Slag Powder (Unit: NT\$1,000)	2,082,244	1,809,209	273,035	15.09%
Stone (Unit: NT\$1,000)	322,445	281,628	40,817	14.49%

Status of implementation plan:

Total sales of cement and slag powder was 948,000 tons, total planned sales was 821,000 tons, and its sales achievement rate was 115.5%. Total sales of stone was 685,000 tons, total planned sales was 708,000 tons, and its sales achievement rate of stone was 96.8%.

B. Financial Revenue and Profitability Analysis

Unit: NT\$1,000,000

Item	2020	2019	Increase (Decrease)	Increase (Decrease) %
Operating revenue	4,530	3,732	798	21.38%
Operating income (loss)	447	78	369	473.08%
Profit (loss) before tax	444	54	390	722.22%
Profit (loss)	392	46	346	752.17%

Item			2020	2019
Individual profitability	Operating Income Margin (%)	Ratio : Paid-in capital	7.78	1.78
	Profit (loss) before Tax Margin (%)		10.29	1.17
	Net Profit (Loss) Margin (%)		11.95	1.57
	Earnings Per Share (NT Dollar)		0.97	0.11

C. Research and development

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

Lucky Cement Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying financial statements of Lucky Cement Co. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended

December 31, 2020 are as follows:

The Existence of Sales Revenue from Key Customers

The Company's sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2020 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT\$634,069,000, as 19% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (11) of the financial statement for accounting policies of the revenue recognition; Note 22 (1) for the disclosure related to the revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.
2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.
3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters,

the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

LUCKY CEMENT CO.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 256,364	4	\$ 165,724	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	6,290	-	980	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 28)	28,213	1	15,962	-
Financial assets at amortized cost - current (Notes 4, 9 and 30)	72,155	1	90,165	1
Notes receivable (Notes 4, 10 and 22)	487,705	7	413,731	6
Notes receivable from related parties (Notes 4, 10, 22 and 29)	26,948	-	59,119	1
Accounts receivable (Notes 4, 10 and 22)	74,085	1	92,559	2
Accounts receivable from related parties (Notes 4, 10, 22 and 29)	18,868	-	64,786	1
Other receivables (Notes 4 and 10)	13,670	-	87,240	1
Other receivables from related parties (Notes 4 and 29)	61,398	1	59,595	1
Current tax assets (Note 24)	-	-	17,519	-
Inventories (Notes 4 and 11)	381,467	6	365,885	6
Prepayments (Note 12)	<u>147,367</u>	<u>2</u>	<u>146,520</u>	<u>2</u>
Total current assets	<u>1,574,530</u>	<u>23</u>	<u>1,579,785</u>	<u>24</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	14,703	-	19,465	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	164,062	3	106,908	2
Investments accounted for using the equity method (Notes 4 and 13)	2,980,403	44	2,649,638	41
Property, plant and equipment (Notes 4, 14, 29 and 30)	1,586,499	24	1,628,604	25
Right-of-use assets (Notes 4 and 15)	73,400	1	115,920	2
Deferred tax assets (Notes 4 and 24)	96,040	1	102,042	2
Refundable deposits (Note 29)	175,506	3	174,728	3
Other non-current assets (Note 16)	<u>76,914</u>	<u>1</u>	<u>88,469</u>	<u>1</u>
Total non-current assets	<u>5,167,527</u>	<u>77</u>	<u>4,885,774</u>	<u>76</u>
TOTAL	<u>\$ 6,742,057</u>	<u>100</u>	<u>\$ 6,465,559</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	\$ 150,000	2	\$ 226,700	3
Short-term bills payable (Notes 17 and 30)	99,941	1	99,820	2
Contract liabilities (Note 22)	342,967	5	267,633	4
Notes payable (Note 18)	115,973	2	128,089	2
Notes payable to related parties (Notes 18 and 29)	32,635	1	30,823	-
Accounts payable (Note 18)	142,921	2	70,584	1
Accounts payable to related parties (Notes 18 and 29)	20,006	-	32,138	-
Other payables (Note 19)	169,913	3	105,252	2
Other payables to related parties (Note 29)	9,290	-	4,060	-
Current income tax liabilities (Note 24)	20,722	-	1,201	-
Lease liabilities - current (Notes 4 and 15)	33,548	1	42,993	1
Current portion of long-term borrowings (Notes 17 and 30)	290,000	4	310,000	5
Other current liabilities	<u>361</u>	<u>-</u>	<u>464</u>	<u>-</u>
Total current liabilities	<u>1,428,277</u>	<u>21</u>	<u>1,319,757</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	540,000	8	670,000	10
Deferred tax liabilities (Notes 4 and 24)	20,663	-	23,792	-
Lease liabilities - non-current (Notes 4 and 15)	40,475	1	74,069	1
Net defined benefit liabilities (Notes 4 and 20)	23,294	-	26,481	1
Guarantee deposits received	<u>32,503</u>	<u>1</u>	<u>30,600</u>	<u>1</u>
Total non-current liabilities	<u>656,935</u>	<u>10</u>	<u>824,942</u>	<u>13</u>
Total liabilities	<u>2,085,212</u>	<u>31</u>	<u>2,144,699</u>	<u>33</u>
EQUITY (Note 21)				
Share capital				
Common stock	<u>4,047,380</u>	<u>60</u>	<u>4,047,380</u>	<u>63</u>
Capital surplus	<u>9</u>	<u>-</u>	<u>8</u>	<u>-</u>
Retained earnings				
Legal reserve	170,899	3	166,309	3
Special reserve	14,135	-	17,256	-
Unappropriated earnings	<u>419,967</u>	<u>6</u>	<u>85,901</u>	<u>1</u>
Total retained earnings	<u>605,001</u>	<u>9</u>	<u>269,466</u>	<u>4</u>
Other equity	<u>4,455</u>	<u>-</u>	<u>4,006</u>	<u>-</u>
Total equity	<u>4,656,845</u>	<u>69</u>	<u>4,320,860</u>	<u>67</u>
TOTAL	<u>\$ 6,742,057</u>	<u>100</u>	<u>\$ 6,465,559</u>	<u>100</u>

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

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 22 and 29)				
Sales	\$ 3,283,042	100	\$ 2,931,465	100
Less: Discounts and allowances	<u>(893)</u>	<u>-</u>	<u>(218)</u>	<u>-</u>
Total operating revenues	3,282,149	100	2,931,247	100
OPERATING COSTS (Notes 11, 23 and 29)	<u>2,758,001</u>	<u>84</u>	<u>2,686,386</u>	<u>92</u>
GROSS PROFIT	<u>524,148</u>	<u>16</u>	<u>244,861</u>	<u>8</u>
OPERATING EXPENSES (Notes 10, 23 and 29)				
Selling and marketing expenses	101,652	3	99,093	3
General and administrative expenses	107,879	3	78,048	3
Expected credit gain	<u>-</u>	<u>-</u>	<u>(214)</u>	<u>-</u>
Total operating expenses	<u>209,531</u>	<u>6</u>	<u>176,927</u>	<u>6</u>
OTHER OPERATING INCOME AND EXPENSES (Note 23)	<u>80</u>	<u>-</u>	<u>4,120</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>314,697</u>	<u>10</u>	<u>72,054</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 8, 14, 23 and 29)				
Interest income	2,041	-	2,932	-
Rental income	18,256	1	18,886	1
Other income	10,392	-	9,437	-
Gain on disposal of non-current assets held for sale	15,724	-	-	-
Foreign exchange gain	2,227	-	1,896	-
Fair value changes of financial assets	330	-	124	-
Other losses	(8,823)	-	(9,209)	-
Interest expense	(19,921)	(1)	(28,524)	(1)
Share of profit of loss of subsidiaries	<u>81,622</u>	<u>3</u>	<u>(20,313)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>101,848</u>	<u>3</u>	<u>(24,771)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	416,545	13	47,283	1
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(24,276)</u>	<u>(1)</u>	<u>(1,378)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>392,269</u>	<u>12</u>	<u>45,905</u>	<u>1</u>

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,114	-	18,855	1
Remeasurement of a defined benefit plan (Note 20)	3,172	-	8,232	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	(909)	-	20,350	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	25	-	(210)	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	<u>24</u>	<u>-</u>	<u>808</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>4,426</u>	<u>-</u>	<u>48,035</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 396,695</u>	<u>12</u>	<u>\$ 93,940</u>	<u>3</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.97</u>		<u>\$ 0.11</u>	
Diluted	<u>\$ 0.97</u>		<u>\$ 0.11</u>	

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

LUCKY CEMENT CO.

STATEMENTS OF CHANGES IN EQUITY FOR THE FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2019	\$ 4,047,380	\$ 8	\$ 166,309	\$ 17,376	\$ (1,032)	\$ 7,660	\$ (10,781)	\$ 4,226,920
Appropriation of 2018 earnings Special reserve	-	-	-	(120)	120	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	45,905
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	42,803	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	42,803	93,940
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	35,466	-	(35,466)	-
BALANCE AT DECEMBER 31, 2019	4,047,380	8	166,309	17,256	85,901	7,450	(3,444)	4,320,860
Appropriation of 2019 earnings Legal reserve	-	-	4,590	-	(4,590)	-	-	-
Cash dividends distributed by Lucky Cement Co.	-	-	-	-	(60,711)	-	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Note 13)	-	1	-	-	-	-	-	1
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	1,597	-	(1,597)	-
BALANCE AT DECEMBER 31, 2020	\$ 4,047,380	\$ 9	\$ 170,899	\$ 14,135	\$ 419,967	\$ 7,475	\$ (3,020)	\$ 4,656,845

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

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 416,545	\$ 47,283
Adjustments for:		
Depreciation expense	175,604	218,882
Amortization and depletion expense	12,460	11,750
Expected credit loss recognized on trade receivables	-	(214)
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(330)	(124)
Interest expense	19,921	28,524
Interest income	(2,041)	(2,932)
Dividend income	(3,720)	(5,169)
Gain on disposal of property, plant and equipment	(80)	(4,120)
Share of (profit)/loss of subsidiaries accounted for using the equity method	(81,622)	20,313
Gain on disposal of non-current assets held for sale	(15,724)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,980)	-
Notes receivable	(73,974)	(161,680)
Notes receivable from related parties	32,171	(19,767)
Accounts receivable	18,474	(4,605)
Accounts receivable from related parties	45,918	(27,817)
Other receivables	(65)	170
Other receivables from related parties	(7)	62
Inventories	(15,582)	100,082
Prepayments	(847)	21,095
Contract liabilities	75,334	68,300
Notes payable	(12,116)	29,841
Notes payable to related parties	1,812	(12,874)
Accounts payable	72,337	(10,505)
Accounts payable to related parties	(12,132)	8,481
Other payables	34,134	12,668
Other payables to related parties	5,230	2,513
Other current liabilities	(103)	(47)
Net defined benefit liabilities	(15)	(14,233)
Cash generated from operations	686,602	305,877
Interest received	2,724	2,947
Interest paid	(20,151)	(28,499)
Income tax paid	15,637	(179)
Net cash generated from operating activities	684,812	280,146

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Purchase of financial assets at fair value through other comprehensive income	(39,081)	(56,924)
Proceeds from sale of financial assets at fair value through other comprehensive income	37,158	143,479
Proceeds from capital reduction of financial assets at fair value through profit or loss	5,125	-
Purchase of financial assets at amortized cost	(39,144)	-
Proceeds from sale of financial assets at amortized cost	-	15,066
Proceeds from sale of non-current assets held for sale	20,741	-
Payments for property, plant and equipment	(46,361)	(17,968)
Proceeds from disposal of property, plant and equipment	80	4,120
Decrease in other receivables	65,000	-
Increase in other receivables from related parties	(1,800)	-
Decrease in other receivables from related parties	-	10,650
Increase in refundable deposits	(778)	-
Decrease in refundable deposits	-	876
Increase in other non-current assets	(17,775)	(13,186)
Other dividends received	3,099	58,076
Proceeds from capital reduction of subsidiaries	<u>-</u>	<u>1,593</u>
Net cash (used in)/generated from investing activities	<u>(13,736)</u>	<u>145,782</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(76,700)	(621,500)
Decrease in short-term bills payable	-	(60,000)
Proceeds from long-term borrowings	200,000	320,000
Repayments of long-term borrowings	(350,000)	-
Increase in guarantee deposits received	1,903	1,368
Repayment of the principal portion of lease liabilities	(44,926)	(42,609)
Cash dividends paid	(60,711)	-
Acquisition of subsidiary	<u>(250,002)</u>	<u>-</u>
Net cash used in financing activities	<u>(580,436)</u>	<u>(402,741)</u>
NET INCREASE IN CASH	90,640	23,187
CASH AT THE BEGINNING OF YEAR	<u>165,724</u>	<u>142,537</u>
CASH AT THE END OF YEAR	<u>\$ 256,364</u>	<u>\$ 165,724</u>

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

(Concluded)

Lucky Cement Corporation

Audit Report of Consolidated Financial Statements by Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FCS) of the Republic of China.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follows:

The Existence of Sales Revenue from Key Customers

The Group's sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2020 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT\$687,383,000, as 15% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (11) of the consolidated financial statement for accounting policies of the revenue recognition; Note 23 (1) for the disclosure related to the operating revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.
2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.
3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Co. as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 320,535	4	\$ 233,426	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	11,296	-	15,562	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	34,126	1	22,038	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	75,655	1	93,165	1
Notes receivable (Notes 4, 10 and 23)	573,958	7	488,761	7
Notes receivable from related parties (Notes 4, 10, 23 and 30)	235	-	4,972	-
Accounts receivable (Notes 4, 10 and 23)	492,996	6	412,120	6
Accounts receivable from related parties (Notes 4, 10, 23 and 30)	5,764	-	7,450	-
Other receivables (Notes 4, 10 and 30)	15,735	-	88,101	1
Current tax assets (Note 25)	-	-	17,607	-
Inventories (Notes 4, 11 and 31)	3,545,586	44	3,516,072	48
Prepayments (Note 13)	160,658	2	164,806	2
Other current assets (Note 14)	<u>22,734</u>	<u>1</u>	<u>23,068</u>	<u>1</u>
Total current assets	<u>5,259,278</u>	<u>66</u>	<u>5,087,148</u>	<u>69</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	8,734	-	9,598	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	14,994	-	19,733	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	189,742	2	132,588	2
Property, plant and equipment (Notes 4, 15 and 31)	2,223,887	28	1,711,806	24
Right-of-use assets (Notes 4 and 16)	79,560	1	129,591	2
Deferred tax assets (Notes 4 and 25)	120,156	2	127,645	2
Refundable deposits	20,580	-	20,908	-
Other non-current assets (Notes 4 and 17)	<u>110,376</u>	<u>1</u>	<u>89,860</u>	<u>1</u>
Total non-current assets	<u>2,768,029</u>	<u>34</u>	<u>2,241,729</u>	<u>31</u>
TOTAL	<u>\$ 8,027,307</u>	<u>100</u>	<u>\$ 7,328,877</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 31)	\$ 320,000	4	\$ 232,700	3
Short-term bills payable (Notes 18 and 31)	189,588	2	219,465	3
Contract liabilities (Note 23)	333,095	4	259,431	4
Notes payable (Note 19)	345,327	4	202,062	3
Notes payable to related parties (Notes 19 and 30)	39,596	1	34,656	-
Accounts payable (Note 19)	241,920	3	124,131	2
Accounts payable to related parties (Notes 19 and 30)	20,006	-	35,532	-
Other payables (Note 20)	208,340	3	142,714	2
Other payables to related parties (Note 30)	78,338	1	1,281	-
Current tax liabilities (Note 25)	46,463	1	2,149	-
Lease liabilities - current (Notes 4 and 16)	37,081	-	50,494	1
Current portion of long-term borrowings (Notes 18 and 31)	290,000	4	310,000	4
Other current liabilities	<u>1,508</u>	<u>-</u>	<u>2,516</u>	<u>-</u>
Total current liabilities	<u>2,151,262</u>	<u>27</u>	<u>1,617,131</u>	<u>22</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 31)	1,040,000	13	1,170,000	16
Deferred tax liabilities (Notes 4 and 25)	20,663	-	23,792	-
Lease liabilities - non-current (Notes 4 and 16)	43,161	1	80,289	1
Other payables to related parties (Note 30)	45,800	1	45,800	1
Net defined benefit liabilities (Notes 4 and 21)	36,798	-	40,128	1
Guarantee deposits received	<u>32,704</u>	<u>-</u>	<u>30,800</u>	<u>-</u>
Total non-current liabilities	<u>1,219,126</u>	<u>15</u>	<u>1,390,809</u>	<u>19</u>
Total liabilities	<u>3,370,388</u>	<u>42</u>	<u>3,007,940</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital				
Common stock	<u>4,047,380</u>	<u>50</u>	<u>4,047,380</u>	<u>55</u>
Capital surplus	<u>9</u>	<u>-</u>	<u>8</u>	<u>-</u>
Retained earnings				
Legal reserve	170,899	2	166,309	3
Special reserve	14,135	-	17,256	-
Unappropriated earnings	<u>419,967</u>	<u>6</u>	<u>85,901</u>	<u>1</u>
Total retained earnings	<u>605,001</u>	<u>8</u>	<u>269,466</u>	<u>4</u>
Other equity	<u>4,455</u>	<u>-</u>	<u>4,006</u>	<u>-</u>
Total equity attributable to owners of the Corporation	4,656,845	58	4,320,860	59
NON-CONTROLLING INTERESTS (Note 22)	<u>74</u>	<u>-</u>	<u>77</u>	<u>-</u>
Total equity	<u>4,656,919</u>	<u>58</u>	<u>4,320,937</u>	<u>59</u>
TOTAL	<u>\$ 8,027,307</u>	<u>100</u>	<u>\$ 7,328,877</u>	<u>100</u>

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 23 and 30)				
Sales	\$ 4,533,370	100	\$ 3,733,161	100
Less: Discounts and allowances	<u>(3,198)</u>	<u>-</u>	<u>(1,465)</u>	<u>-</u>
Total operating revenues	4,530,172	100	3,731,696	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>3,813,497</u>	<u>84</u>	<u>3,432,815</u>	<u>92</u>
GROSS PROFIT	<u>716,675</u>	<u>16</u>	<u>298,881</u>	<u>8</u>
OPERATING EXPENSES (Notes 10, 24 and 30)				
Selling and marketing expenses	119,454	3	114,748	3
General and administrative expenses	138,745	3	105,438	3
Expected credit loss	<u>2,042</u>	<u>-</u>	<u>4,933</u>	<u>-</u>
Total operating expenses	<u>260,241</u>	<u>6</u>	<u>225,119</u>	<u>6</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>(8,959)</u>	<u>-</u>	<u>4,120</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>447,475</u>	<u>10</u>	<u>77,882</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15, 24 and 30)				
Interest income	1,591	-	2,072	-
Rental income	8,336	-	8,965	-
Other income	12,349	-	8,930	-
Foreign exchange gain	1,865	-	1,742	-
Fair value changes of financial assets	(538)	-	3,685	-
Gain on disposal of non-current assets held for sale	15,724	1	-	-
Other losses	(10,448)	-	(9,584)	-
Interest expense	<u>(31,946)</u>	<u>(1)</u>	<u>(39,778)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(3,067)</u>	<u>-</u>	<u>(23,968)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	444,408	10	53,914	1
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(52,139)</u>	<u>(1)</u>	<u>(8,010)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>392,269</u>	<u>9</u>	<u>45,904</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	2,380	-	5,442	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,997	-	41,995	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	25	-	(210)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	24	-	808	-
Other comprehensive income for the year, net of income tax	4,426	-	48,035	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 396,695</u>	<u>9</u>	<u>\$ 93,939</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Shareholders of the Parent	\$ 392,269	9	\$ 45,905	1
Non-controlling interests	-	-	(1)	-
	<u>\$ 392,269</u>	<u>9</u>	<u>\$ 45,904</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent	\$ 396,695	9	\$ 93,940	3
Non-controlling interests	-	-	(1)	-
	<u>\$ 396,695</u>	<u>9</u>	<u>\$ 93,939</u>	<u>3</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.97</u>		<u>\$ 0.11</u>	
Diluted	<u>\$ 0.97</u>		<u>\$ 0.11</u>	

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity	Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2019	\$ 4,047,380	\$ 8	\$ 166,309	\$ 17,376	\$ (1,032)	\$ 7,660	\$ (10,781)	\$ 4,226,920	\$ 78	\$ 4,226,998
Appropriation of 2018 earnings Special reserve	-	-	-	(120)	120	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	45,905	(1)	45,904
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	42,803	48,035	-	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	42,803	93,940	(1)	93,939
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 22)	-	-	-	-	35,466	-	(35,466)	-	-	-
BALANCE AT DECEMBER 31, 2019	4,047,380	8	166,309	17,256	85,901	7,450	(3,444)	4,320,860	77	4,320,937
Appropriation of 2019 earnings Legal reserve	-	-	4,590	-	(4,590)	-	-	-	-	-
Cash dividends distributed by Lucky Cement Co.	-	-	-	-	(60,711)	-	-	(60,711)	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269	-	392,269
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426	-	4,426
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695	-	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Notes 12)	-	1	-	-	-	-	-	1	(3)	(2)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 22)	-	-	-	-	1,597	-	(1,597)	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 4,047,380	\$ 9	\$ 170,899	\$ 14,135	\$ 419,967	\$ 7,475	\$ (3,020)	\$ 4,656,845	\$ 74	\$ 4,656,919

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 444,408	\$ 53,914
Adjustments for:		
Depreciation expense	194,212	238,636
Amortization and depletion expense	12,460	11,750
Expected credit loss recognized on trade receivables	2,042	4,933
Net loss/(gain) on fair value changes of financial assets at fair value through profit or loss	538	(3,685)
Interest expense	31,946	39,778
Interest income	(1,591)	(2,072)
Dividend income	(3,720)	(5,393)
Loss/(gain) on disposal of property, plant and equipment	8,959	(4,120)
Gain on disposal of non-current assets held for sale	(15,724)	-
Gain on lease modification	(10)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,592	28,430
Notes receivable	(85,197)	(170,840)
Notes receivable from related parties	4,737	198
Accounts receivable	(82,918)	(154,549)
Accounts receivable from related parties	1,686	3,690
Other receivables	32	3,988
Inventories	(29,514)	94,898
Prepayments	4,148	16,467
Other current assets	334	6,891
Other non-current assets	(102)	(311)
Contract liabilities	73,664	60,625
Notes payable	143,265	53,716
Notes payable to related parties	(3,060)	(8,938)
Accounts payable	117,789	9,272
Accounts payable to related parties	(15,526)	11,992
Other payables	35,093	24,323
Other payables to related parties	7,008	124
Other current liabilities	(1,008)	(1,253)
Net defined benefit liabilities	(950)	(15,256)
Cash generated from operations	847,593	297,208
Interest received	2,441	2,210
Interest paid	(32,119)	(39,831)
Income tax received	14,142	3,160
Net cash generated from operating activities	832,057	262,747

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Purchase of financial assets at fair value through other comprehensive income	(39,221)	(56,924)
Proceeds from sale of financial assets at fair value through other comprehensive income	37,173	197,806
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,125	-
Purchase of financial assets at amortized cost	(39,644)	-
Proceeds from sale of financial assets at amortized cost	-	15,067
Proceeds from sale of non-current assets held for sale	20,741	-
Payments for property, plant and equipment	(654,165)	(22,195)
Proceeds from disposal of property, plant and equipment	80	4,120
Decrease in refundable deposits	328	4,281
Decrease in other receivable	65,000	-
Increase in other non-current assets	(18,218)	(14,267)
Other dividends received	<u>3,099</u>	<u>5,393</u>
Net cash (used in) generated from investing activities	<u>(619,702)</u>	<u>133,281</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	87,300	-
Decrease in short-term borrowings	-	(619,951)
Decrease in short-term bills payable	(30,000)	-
Proceeds from long-term borrowings	200,000	320,000
Repayments of long-term borrowings	(350,000)	(11,638)
Increase in guarantee deposits received	1,904	1,369
Increase in notes payable to related parties	8,000	-
Increase in other payable to related parties	70,000	-
Repayment of the principal portion of lease liabilities	(51,753)	(51,014)
Cash dividends paid	(60,711)	-
Acquisition of subsidiary	(2)	-
Net cash used in financing activities	<u>(125,262)</u>	<u>(361,234)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>16</u>	<u>(170)</u>
NET INCREASE IN CASH	87,109	34,624
CASH AT THE BEGINNING OF YEAR	<u>233,426</u>	<u>198,802</u>
CASH AT THE END OF YEAR	<u>\$ 320,535</u>	<u>\$ 233,426</u>

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

2. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and the proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit the Company's Financial Statement and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. Therefore, this report is presented in accordance with Article 14-4 of the "Securities and Exchange Act" and the Article 219 of the "Company Act", please proceed to approve.

With kind regards

2021 The Shareholders' Meeting of the Company

Lucky Cement Corporation

Convener of the Audit Committee: Chin-Cheng, Wang

March 26, 2021

3. 2020 Employees' Compensation and Directors' Remuneration:

- (1) The Company's employee compensation amount in 2020:
NT\$ 13,582,983.
- (2) The Company's director remuneration amount in 2020, the remuneration committee recommended to issue the amount of remuneration earnings 5% in 2020 in accordance with the Article 30 of the "Articles of Incorporation": NT\$ 22,638,305.
- (3) The above amounts shall be distributed in cash.
- (4) There is no difference between the proposed distribution and the amount of recognition fee in 2020.

4. Other Reports

- (1) Endorsement and guarantees situation:

To the end of December of year 2020, the Company's external of total amount of the endorsement and guaranteed is NT\$ 1,003,815,000, 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	370,000
Luckyship Marine Co., Ltd	0
Lucky Cement Corp., Japan	13,815
Total	1,003,815

- (2) Amendment to the "The codes of ethical conduct".

The Company will amend some provisions of the "The codes of ethical conduct" in accordance with the letter Tái-zhèng-zhì-Lǐ-Zi No. 10900094681 issued on June 3, 2020, The amendments have been amended by the resolution of the Board of Directors' meeting on August 11, 2020. (Please refer to Appendix 5)

III. Proposed Resolutions and Discussions

Case 1: Proposed Resolutions of the 2020 Business Report and Financial Statements. (Board of Directors)

Explanation:

1. The financial statements of the Company for the year of 2020 (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-Yueh Huang and Chao-Mei Chen Certified Public Accountants.
2. The business report and financial statements of the Company for the year of 2020, please refer to P.4 ~ P.24.

Resolution:

Case 2: Proposed Resolutions of the 2020 earnings distribution (Board of Directors)

Explanation:

1. The financial statements of the Company for the year of 2020 have been prepared and the profit after taxation is NT\$392,268,345. In the Company's 2020 earnings distribution proposal, the proposed cash dividend per share is NT\$ 0.70, calculated as NT\$ 283,316,634. Please refer to the "Earnings Distribution Table".
2. The base date for the distribution of cash dividends will be decided by the board of directors after the earnings distribution plan is recognized by the shareholders' meeting. According to the record on the register of shareholders on the base date, the total amount of cash dividends allocated to each shareholder is calculated to dollars, and the abnormal amount of less than 1 dollar is transferred to the employee welfare committee.

Resolution:

Lucky Cement Corporation
Statements of Earnings Distribution
Year 2020

Unit: New Taiwan Dollars

Items		
Unappropriated retained earnings in the beginning of the year		23,720,002
Profit after tax	392,268,345	
Add: Disposals of equity instruments measured at FVOCI, the accumulated profit or loss are transferred to retained earnings	1,597,773	
Add: Actuarial gains (losses) recognized in retained earnings	2,379,732	
Unappropriated retained earnings after adjustments		396,245,850
Less: Legal reserve		(39,624,585)
Earnings in 2020 Available for Distribution		380,341,267
Less: Cash dividends-NT\$0.70 per share		(283,316,634)
Unappropriated retained earnings in the end of the year		97,024,633

Discussion

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

Explanation:

1. It is proposed to amend some provisions of the "Rules of Procedure for Shareholders Meetings". The amendment is followed the letters Tái-zhèng-zhì-Lǐ-Zi No. 10900094681 issued on June 3, 2020 and Tái-zhèng-zhì-Lǐ-Zi No. 11000014461 issued on January 28, 2021,
1. Please refer to the following table for the before and after amendments.

Amendatory Clause	Current Cause	Description
Article 3-2 Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in	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	In order to prevent the listed companies from erroneously lifting the Company Act, Article 185, paragraph 1 of all matters can be proposed as temporary motions. It is

the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, <u>Article 26-1 and Article 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions. (Bypass)	the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; <u>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.</u> (Bypass)	proposed to include other regulations and provisions that cannot be proposed by means of temporary motions other than the Company Act listed in the original provisions before the amendment. Cooperate with regulations to adjust the way of announcements.
Article 3-3 A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. 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	Article 3-3 A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of</u>	Cooperate with the amendment of Article 172, paragraph 5 of the Company Act and the letter Jing-shang-Zi No. 10700105410 to amend this provision.

directors may exclude it from the agenda. <u>A shareholder may submit the proposals to urge the Company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Act. Any proposal with more than one item shall not be included in the agenda.</u> (Bypass)	<u>proposals to be discussed at a regular meeting of shareholders by the board of directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. (Bypass)	
Article 9 Paragraph 1 (Bypass) The chair shall call the meeting to order at the appointed meeting time. <u>At the same time, the relevant information such as the number of non-voting rights and the number of shares present shall be announced.</u> 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.	Article 9 Paragraph 1 (Bypass) 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. (Bypass)	In order to improve corporate governance and safeguard the rights and interests of shareholders, the paragraph 2 is amended.

(Bypass)		
Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, <u>and the list of unelected directors and the number of voting rights they obtained.</u> Paragraph 2 (Bypass)	Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. Paragraph 2 (Bypass)	In order to improve corporate governance and safeguard the rights and interests of shareholders, the paragraph 1 is amended.

Resolution:

IV. Questions and Motions

V. Adjournment

Appendix

Appendix 1

Rules of Procedure for Shareholders Meetings

Approved by the Shareholders' Meeting on June 18, 2020

Article 1

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

Article 2

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

Article 3

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Shareholders continuously holding 50% or more of the total number of outstanding shares of a company for a period of three months or a longer time may convene a special shareholders' meeting.

The calculation of the holding period and holding number of shares in the preceding paragraph shall be based on the holding at the time of share transfer suspension date in accordance with Paragraph Two or Three of Article 165 of the Company Act.

The board of directors or other authorized conveners of shareholders' meetings may require a company or its shareholder service agent to provide with the roster of shareholders.

Article 3-1

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

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

Article 3-2

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act 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.

The meeting convened by the shareholders' meeting has specified the full re-election of directors and supervisors, and stated the inauguration date. After the re-election of the shareholders' meeting, the same meeting shall not change its inauguration date by extemporary motion or other means.

Article 3-3

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

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

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

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

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. If duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

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

Article 6

The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for

any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee attend in person, and that at least one member of other functional committees attend as representative. The attendance details should be recorded in the shareholders meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

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

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total

number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, relevant proposals (including extraordinary motions and amendments to the original proposals) should be voted on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to the 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, and arrange adequate voting time.

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 shall allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. The Company should avoid proposing extraordinary motions and amendments to the original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and

by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provide in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be considered veto, and no further voting shall be required.

Voted monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their vote results (including vote ratio to weights), when electing directors and supervisors, the vote ratio to weights for each candidate shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

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 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.

The shares issued by the Company are free to print, but they have to be registered by

Governing Centralized Securities Depository Enterprises.

The transfer and creation of pledge for the shares registered with the centralized securities depository 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.

The preceding paragraph shall not apply to shares printed but not returned to the company.

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 unless it is declared that the effective date shall be on the same date.

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. 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.

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 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 Audit Committee

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. 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 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 and 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 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

Meetings of the board of directors shall be convened by the chairman of the board of directors.

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.

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.

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 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 ended 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 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 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.

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. 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.

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 audit committee before 30days 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 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 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 employees' compensation and 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.

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 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 17th, 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.
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.

Lucky Cement Corporation

Chairman: CHEN, LIANG-CHUAN

Appendix 3: Acceptance of Shareholder's Proposals in the Shareholders' Meeting

There were not a proposal has been provided as of April 19, 2021 (the deadline of shareholders' proposal).

Appendix 4: Shareholdings of Directors and Supervisors

Position	Name	Shareholdings	Rate%
Chairman	Shiyi Cement Co., Ltd. Representative: Liang-Chuan Chen	6,632,588	1.64%
Director	Shiyi Cement Co., Ltd. Representative: Yun-Ru Chen	6,632,588	1.64%
Director	Hsiang-Lin Chang	7,539,587	1.86%
Director	Shang-Kai, Cheng	1,832,666	0.45%
Independent Director	Yan, Chen	0	0
Independent Director	Chin-Cheng Wang	0	0
Independent Director	Yang-Wei, Shao	0	0
Total of directors		16,004,841	3.95%

Note 1: The above shareholdings of Directors are the shareholdings in shareholder list on April 18, 2021 which is the date for suspension of share transfer for a shareholders meeting.

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

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

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

Appendix 5

The Code of Ethical Conduct

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, 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 be 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. To encourage employees to report illegal conduct, the Company shall establish a concrete whistle-blowing system and make employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.

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.

The code is concluded on November 7th, 2014.

First amendment was approved on March 24th, 2015.

Second amendment was approved on January 29th, 2019.

Third amendment was approved on August 11th, 2020.