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Taiwan Cement Corporation

Website: <http://www.taiwancement.com>

Taiwan Cement Corporation

Year 2020 Annual General Meeting of Shareholders

Meeting Handbook



Time: 9:00 a.m., Tuesday, June 9, 2020

Place: 7F., No. 66, Wugong Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
(Gala de Chine Room E+F)

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Rules of Procedure for Taiwan Cement Corporation Shareholders Meeting

Amended and adopted by the regular shareholders meeting on June 21, 2002

1. The Company's shareholders meeting shall be governed by these Regulations except as otherwise provided in the Act and the Articles of Association of the Company.
2. Attending shareholders shall hand over the sign-in cards in place of sign-in. The number of shares in attendance is calculated based on the sign-in cards handed in and the number of shares in the voting rights submitted in writing or electronically.
3. The attendance and votes of the shareholders meeting are calculated on the basis of the shares.
4. The place of the meeting shall be the place where the company is located or where it is convenient for the shareholders to be present and suitable for the meeting of the shareholders. The meeting shall start no earlier than 9 am or later than 3 pm.
5. The shareholders meeting convened by the board of directors shall be chaired by the chairman. If the chairman takes leave or fails to exercise his power for any reason, the deputy chairman shall act as the agent. If the vice chairman also requests leave or fails to exercise his power for any reason, the chairman shall appoint one of the directors to represent him. If the chairman does not appoint an agent, an agent will be chosen by the directors.
For the shareholders meeting convened by other convener with calling rights, the convener is appointed as the chairman.
6. The lawyers, accountants or related personnel appointed by the company may attend the shareholders meeting.
The meeting affair personnel handling the shareholders meeting should wear identification cards or armbands.
7. The process of the meeting should be recorded or videotaped throughout the process and kept for at least one year.
8. When the time of the meeting arrives, the chairman announces to start the meeting. However, when no shareholders representing more than half of the total number of issued shares are present, the chairman may announce a delay in the meeting. The number of delays shall be limited to twice, and the total delay time shall not exceed one hour. If the second time is still insufficient and the shareholders represent more than one-third of the total number of issued shares are present, it may be deemed to be false resolution in accordance with the sub-paragraph 1 of Article 175 of the Company Act.
Before the end of the current meeting, if the number of shares represented by the shareholders attending the meeting exceeds half of the total number of issued shares, the chairman may re-submit the created false resolution to the meeting to be voted on according to Article 174 of the Company Act.

9. The agenda of shareholders meeting convened by the board of directors is set by the board of directors. The meeting shall be conducted in accordance with the scheduled agenda and may not be changed without resolution.
The shareholders meeting convened by other conveners with calling rights may use the above provisions.
Before the agenda of the first two sub-paragraphs are finalized (including the provisional motion), the chairman would not be allowed to announce the adjournment without a resolution.
After the meeting is adjourned, the shareholders must not elect another chairman to continue the meeting at the original site or another site.
10. Before an attending shareholder speaks, the speech notes should be filled out with the speech gist, the shareholder number (or attendance card number) and the account name, and the chairman should set the order of his speech.
Attending shareholders who present the speech notes alone but do not speak are considered as not speaking.
If the content of the speech is inconsistent with the record of the speech notes, the contents of the speech shall prevail.
When the attending shareholders speak, other shareholders may not interfere with the speech except with the consent of the chairman and the speaking shareholders, and the chairman shall stop the violators.
11. In the same motion, each shareholder's speech may not exceed two times without the consent of the chairman and shall not exceed five minutes at a time.
If the shareholder makes a speech that violates the provisions of the preceding sub-paragraph or exceeds the scope of the topic, the chairman may stop his speech.
12. When a legal person is entrusted to attend a shareholders meeting, the legal person may only appoint one person to attend as agent.
When a legal person shareholder appoints more than two representatives to attend the shareholders meeting, only one person may speak for the same motion.
13. After the attending shareholder's speech, the chairman may reply in person or by designating the relevant person.
14. In the discussion of the motion, when the chairman thinks that the degree of voting has been reached, he may announce that he will stop the discussion and put it to the vote.
15. The scrutineer and the vote counting personnel for the vote on the motion shall be designated by the chairman. The scrutineers should have the status of shareholders.
The results of the vote shall be reported on site and recorded.
16. In the course of the meeting, the chairman may declare a rest at a time of his discretion.
17. When the company convenes a shareholders meeting, it is likely to exercise the voting rights in writing or electronically. The relevant exercise methods are

governed by the Company Act and the regulations of the competent authority. The voting of the motion shall be passed with the consent of more than half of the voting rights of the shareholders present unless otherwise provided in the Company Act and the Articles of Association of the Company.

In case of a vote, if no objection is raised via the chairman's query, it is deemed as passing. The effect is the same as that of a vote.

18. When there are amendments or alternatives to the same motion, the chairman sets the voting order in conjunction with the original case. If one of the cases has been passed, other motions will be considered vetoed and no further voting will be required.
19. The chairman may command pickets (or security personnel) to help maintain order at the venue. When pickets (or security personnel) are present to maintain order at the scene, they should wear the "picket" armbands.
20. These rules will be implemented after approval by the shareholders meeting, which applies to any amendments thereto.

Taiwan Cement Corporation

Agenda of Year 2020 Annual General Meeting of Shareholders

Time & Date: 9 a.m., Wednesday, June 12, 2020

Venue: 7F., No. 66, Wugong Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
(Gala de Chine Room E+F)

1. Chairman's Statement

2. Matters to Report

- (1) Employees' and directors' compensation of 2019.
- (2) Business report and financial statements of 2019.
- (3) Audit Committee's Review Report.
- (4) Domestic corporate bonds report.
- (5) Treasury stock repurchase report
- (6) Amendment to Plan of Share Repurchase and Transferring to the Employees
- (7) Amendments to Ethical Corporate Management Best Practice Principles

3. Matters for Approval

- (1) To approve 2019 Annual Business Report and Financial Statements.
- (2) The proposal for distribution of 2019 earnings.

4. Matters for Discussion

- (1) Issuance of common shares through capitalization of earnings.
- (2) Amendments to Articles of Incorporation.
- (3) Amendments to Rules of Procedure for Annual Shareholders' Meeting.

5. Extemporary Motions

6. Meeting Adjourned

Matters to Report

1. Employees' and directors' compensation of 2019.

Notes:

- (1) According to Article 25 of the Company's Article of Incorporation, if the Company has surplus, it shall (i) set aside 0.01-3% for employees' compensation; and (ii) set aside no more than 1% as directors' compensation.
- (2) The proposal was approved by the 16th meeting of the 23rd term Board of Directors. For 2019, the Company distributed of NT\$86,409,490 in cash as employees' compensation and NT\$245,432,067 in cash as directors' compensation.

2. Business report and financial statements of 2019

Business Report

In 2019, TCC began its great journey to embrace a more open perspective of the world and new technologies for treating those complex and compelling issues between human and nature. Though the continuity of the trade war between the United States and China and the upheavals in the global political economy have caused serious difficulties for global economic growth, TCC, with the preliminary outcomes from its dedication to circular economy and social inclusion, saw profits reach a new record high.

Due to the continuous supply-side reform and the toughening of environmental standards by the government in Mainland China, the supply and demand balance in the Chinese market has been improved with cement price stabilizing. Furthermore, as affiliates within the TCC Group saw profits grow, TCC's consolidated after tax net income reached a historical high in 2019. TCC will continue our dedications to social inclusion with projects such as developing waste treatment using cement kiln co-processing and establishing the open ecological factory ("DAKA") of circular economy...etc.

At the same time, through a joint-venture company founded by TCC and its Turkish partner that acquired a Portuguese company, TCC has swiftly entered the European market.

Business Performance

In 2019, TCC's consolidated revenue was NT\$122.78 billion, representing 1.45% decrease compared to 2018. After tax net income was NT\$24.21 billion, showing an on-year growth of 14.31% and achieving 129.64% of the budget with earnings per share (EPS) of NT\$4.43.

Combining clinker sales with cement and using cement as the base, total production of cement and clinker in Taiwan and Mainland China reached 57.92 million tons, compared to 60.36 million tons in 2018, the figure showed an on-year decrease of 4.04%. In Taiwan, total sales volume reached 4.45 million tons, representing an on-year decrease of

1.13%, equivalent to 50,000 tons less compared to the total sales volume in 2018. In Mainland China, total sales volume reached 52.53 million tons, representing an on-year increase of 1.61%, equivalent to 830,000 tons more compared to 2018. Ready-mix concrete (RMC) sales volume reached 5.42 million cubic meters in 2019, showing an on-year growth of 9.3%, equivalent to 460,000 cubic meters more compared to 2018.

Process optimization

TCC aims to achieve environmental standards that are stricter than government standards, therefore, the Company modified electrostatic precipitators into electric bag combined precipitation, installed wet desulfurization towers, enhanced SNCR equipment, added multi-stage burning systems and plans to add chloride bypass systems to raise environmental protection.

TCC uses advanced technology to monitor and collect real-time production data to construct a comprehensive smart production system that can greatly increase production safety and operation efficiency.

Prospect in 2020

In 2020, as COVID-19 outbreak spreads rapidly around the world, the global economy has been significantly impacted. Despite the fact that many governments are providing quantitative easing and fiscal stimulus measures, the effects are limited. The economic development in 2020 is going to face numerous obstacles.

Nevertheless, TCC will continuously strive to achieve every goal and step firmly on its way to a green environmental engineering company focused on the complex relationship between humans and nature

Chairman: Chang, An-Ping

President: Li, Jong-Peir

Accounting Supervisor: Yeh, Kuo-Hung

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The description of the key audit matter of the Corporation's financial statements for the year ended December 31, 2019 is as follows:

Revenue Recognition of Cement Sales

Taiwan Cement Corporation is mainly engaged in the production and sale of various cement and cement products. Revenue from the sale of cement fluctuates frequently due to changes in raw material prices, market supply and demand and the economic environment; in addition, related revenue is recognized at the point in time when the customer collects the cement and all the risks and rewards of the product have been transferred to the customer. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2019. Our main audit procedures performed in respect of the aforesaid key audit matter include understanding and testing the design and operating effectiveness of the internal controls related to the revenue from cement sales, and random inspection of the contracts, factory orders and delivery documents

from the sales details and testing the collection information of the samples before the end of the reporting period, in order to verify the validity of revenue recognition of cement sales.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Ya-Ling Wong

Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,666,247	2	\$ 11,643,685	4
Financial assets at fair value through profit or loss (Notes 4, 7 and 26)	259,102	-	249,590	-
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 26)	3,645,197	1	3,353,049	1
Accounts and notes receivable (Notes 4 and 9)	4,592,693	2	3,882,406	2
Accounts and notes receivable from related parties (Notes 4 and 27)	513,762	-	474,862	-
Inventories (Notes 4 and 10)	1,415,222	1	1,376,273	1
Other current assets (Notes 21 and 27)	577,675	-	191,053	-
Total current assets	17,669,898	6	21,170,918	8
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 26)	5,334,757	2	4,385,175	2
Investments accounted for by using the equity method (Notes 4, 5 and 11)	231,055,055	80	205,397,811	78
Property, plant and equipment (Notes 4, 12, 20 and 27)	26,864,808	9	27,007,306	10
Right-of-use assets (Notes 4, 13 and 27)	1,414,338	1	-	-
Investment properties (Notes 4, 14 and 20)	3,351,991	1	3,352,677	1
Intangible assets (Notes 4 and 20)	10,711	-	10,711	-
Prepayments for property, plant and equipment	1,154,488	-	563,185	-
Net defined benefit asset (Notes 4 and 18)	1,418,690	1	991,103	1
Other non-current assets (Notes 4, 21 and 28)	601,225	-	581,097	-
Total non-current assets	271,206,063	94	242,289,065	92
TOTAL	\$ 288,875,961	100	\$ 263,459,983	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 15 and 24)	\$ 16,325,928	6	\$ 12,969,000	5
Short-term bills payable (Note 15)	-	-	1,499,674	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 26)	-	-	139,460	-
Accounts payable	824,644	-	938,007	-
Accounts payable to related parties (Note 27)	709,471	-	987,658	-
Other payables (Note 17)	2,224,356	1	1,863,564	1
Lease liabilities (Notes 4, 13 and 27)	289,436	-	-	-
Other current liabilities (Notes 21 and 27)	136,479	-	86,532	-
Total current liabilities	20,510,314	7	18,483,895	7
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 16)	35,699,778	12	22,777,693	9
Long-term loans (Notes 15 and 24)	21,431,917	8	13,510,417	5
Lease liabilities - non-current (Notes 4, 13 and 27)	1,133,140	-	-	-
Notes payable (Note 15)	10,806,497	4	21,478,716	8
Deferred income tax liabilities (Notes 4 and 21)	5,337,961	2	5,239,334	2
Other non-current liabilities	272,286	-	428,418	-
Total non-current liabilities	74,681,579	26	63,434,578	24
Total liabilities	95,191,893	33	81,918,473	31
EQUITY (Notes 4, 19 and 22)				
Share capital	56,656,192	19	53,080,599	20
Capital surplus	48,015,947	17	47,836,241	18
Retained earnings	65,626,033	23	61,588,761	24
Others	23,734,855	8	19,038,454	7
Treasury shares	(348,959)	-	(2,545)	-
Total equity	193,684,068	67	181,541,510	69
TOTAL	\$ 288,875,961	100	\$ 263,459,983	100

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

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 19,265,728	101	\$ 17,057,945	100
LESS: SALES RETURNS AND ALLOWANCES	<u>142,952</u>	<u>1</u>	<u>78,500</u>	<u>-</u>
OPERATING REVENUE, NET	19,122,776	100	16,979,445	100
OPERATING COSTS (Notes 4, 10, 20 and 27)	<u>17,298,755</u>	<u>90</u>	<u>15,600,509</u>	<u>92</u>
GROSS PROFIT	1,824,021	10	1,378,936	8
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,825,249</u>	<u>10</u>	<u>1,380,164</u>	<u>8</u>
OPERATING EXPENSES (Notes 20 and 27)				
Marketing	262,500	1	230,176	1
General and administrative	<u>1,264,911</u>	<u>7</u>	<u>957,120</u>	<u>6</u>
Total operating expenses	<u>1,527,411</u>	<u>8</u>	<u>1,187,296</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>297,838</u>	<u>2</u>	<u>192,868</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	24,753,161	129	21,133,842	125
Dividend income (Note 4)	307,581	2	381,051	2
Other income (Note 20)	359,843	2	346,278	2
Finance costs (Notes 4 and 20)	(1,316,748)	(7)	(481,032)	(3)
Other expenses (Note 20)	(190,310)	(1)	(275,608)	(2)
Impairment loss (Note 12)	<u>-</u>	<u>-</u>	<u>(37,524)</u>	<u>-</u>
Total non-operating income and expenses	<u>23,913,527</u>	<u>125</u>	<u>21,067,007</u>	<u>124</u>
INCOME BEFORE INCOME TAX	24,211,365	127	21,259,875	125
INCOME TAX EXPENSE (Notes 4 and 21)	<u>284</u>	<u>-</u>	<u>79,054</u>	<u>-</u>
NET INCOME	<u>24,211,081</u>	<u>127</u>	<u>21,180,821</u>	<u>125</u>

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	\$ 421,406	2	\$ 98,819	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 19)	1,246,314	7	98,784	-
Share of other comprehensive income of subsidiaries and associates (Note 19)	10,006,604	52	1,143,130	7
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	(84,281)	-	(29,629)	-
	<u>11,590,043</u>	<u>61</u>	<u>1,311,104</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries and associates (Note 19)	(6,623,040)	(35)	(4,246,746)	(25)
Other comprehensive income (loss) for the year, net of income tax	<u>4,967,003</u>	<u>26</u>	<u>(2,935,642)</u>	<u>(18)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 29,178,084</u>	<u>153</u>	<u>\$ 18,245,179</u>	<u>107</u>
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 4.43</u>		<u>\$ 4.08</u>	
Diluted earnings per share	<u>\$ 4.25</u>		<u>\$ 4.08</u>	

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

(Concluded)

TAIWAN CEMENT CORPORATION

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

	Equity Attributable to Shareholders of the Parent							Others					
	Share Capital		Capital Surplus	Retained Earnings			Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss from Available-for-sale Financial Assets	Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges Reserve	Treasury Shares	Total Equity
	Ordinary Shares	Preferred Shares		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2018	\$ 42,465,090	\$ -	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ 49,019,510	\$ (790,475)	\$ 19,915,014	\$ -	\$ -	\$ -	\$ 136,348,204
Adjustments on initial application of IFRS 9	-	-	-	-	-	654,005	654,005	-	(19,915,014)	24,158,871	-	-	4,897,862
BALANCE AT JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	42,465,090	-	25,739,065	14,025,109	13,049,635	22,598,771	49,673,515	(790,475)	-	24,158,871	-	-	141,246,066
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	759,425	-	(759,425)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(6,360,764)	(6,360,764)	-	-	-	-	-	(6,360,764)
Share dividends distributed by the Corporation	4,240,509	-	-	-	-	(4,240,509)	(4,240,509)	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	21,180,821	21,180,821	-	-	-	-	-	21,180,821
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	73,268	73,268	(4,246,746)	-	1,736,727	1,109	-	(2,935,642)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	21,254,089	21,254,089	(4,246,746)	-	1,736,727	1,109	-	18,245,179
Issuance of global depositary shares	4,375,000	-	12,339,355	-	-	-	-	-	-	-	-	-	16,714,355
Issuance of preference shares	-	2,000,000	7,973,907	-	-	-	-	-	-	-	-	-	9,973,907
Organization restructuring	-	-	-	-	-	(58,513)	(58,513)	-	-	-	-	-	(58,513)
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	-	-	466,755
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	-	-	-	41
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(459)	-	-	(89)	(89)	-	-	-	-	-	(548)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,321,032	1,321,032	-	-	(1,321,032)	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-	-	-	-
Equity components of issuance of convertible bonds	-	-	1,308,070	-	-	-	-	-	-	-	-	-	1,308,070
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	-	-	-	45,448
Treasury shares transfer to employees	-	-	(35,941)	-	-	-	-	-	-	-	-	215,621	179,680
BALANCE AT DECEMBER 31, 2018	51,080,592	2,000,000	47,836,241	14,784,534	13,049,062	33,755,165	61,588,761	(5,037,221)	-	24,074,566	1,109	(2,545)	181,541,510
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(16,856,367)	(16,856,367)	-	-	-	-	-	(16,856,367)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	(18,219)	(18,219)	-	-	-	-	-	(18,219)
Share dividends distributed by the Corporation	3,575,593	-	-	-	-	(3,575,593)	(3,575,593)	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	24,211,081	24,211,081	-	-	-	-	-	24,211,081
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	276,370	276,370	(6,623,040)	-	11,320,550	(6,877)	-	4,967,003
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	24,487,451	24,487,451	(6,623,040)	-	11,320,550	(6,877)	-	29,178,084
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	29	-	-	-	-	-	-	-	-	-	29
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	179,275	-	-	-	-	-	-	-	-	-	179,275
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	5,768	-	5,768
Compensation costs of treasury shares transferred to employees	-	-	826	-	-	-	-	-	-	-	-	-	826
Treasury shares transfer to employees	-	-	(424)	-	-	-	-	-	-	-	-	2,545	2,121
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(248,959)	(248,959)
BALANCE AT DECEMBER 31, 2019	\$ 54,656,192	\$ 2,000,000	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,678,355	\$ 65,626,033	\$ (11,660,261)	\$ -	\$ 35,395,116	\$ -	\$ (248,959)	\$ 193,684,068

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

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 24,211,365	\$ 21,259,875
Adjustments for:		
Depreciation expense	885,540	518,572
Amortization expense	-	10,683
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(167,778)	1,117
Finance costs	1,316,748	481,032
Interest income	(101,734)	(98,520)
Dividend income	(307,581)	(381,051)
Share-based compensation	826	45,448
Share of profit of subsidiaries and associates	(24,753,161)	(21,133,842)
Loss (gain) on disposal of property, plant and equipment, net	(4,855)	140,615
Inventory write-downs	4,851	6,401
Impairment losses on non-financial assets	-	37,524
Unrealized loss (gain) on foreign exchange, net	(3,135)	7,189
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(711,873)	(705,416)
Notes receivable and accounts receivable from related parties	(39,984)	(49,150)
Inventories	(43,800)	272,624
Other current assets	(26,165)	(1,291)
Net defined benefit asset	(6,181)	(3,104)
Accounts payable	(112,137)	140,208
Accounts payable to related parties	(278,277)	238,681
Other payables	192,115	271,773
Other payables to related parties	37,166	(21,409)
Other current liabilities	9,725	(678)
Cash generated from operations	101,675	1,037,281
Income tax paid	(20,262)	(214,394)
Net cash generated from operating activities	81,413	822,887
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	-	(72,086)
Proceeds from disposal of financial assets at fair value through profit and loss	18,806	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,584	1,333
Acquisitions of investments accounted for by using the equity method	(844,333)	(4,127,150)
Net cash out flow on acquisition of subsidiaries	(1,700,929)	(67,877,447)
Payments for property, plant and equipment	(940,737)	(612,055)
Proceeds from disposal of property, plant and equipment	5,003	14,533
Increase in other non-current assets	(16,823)	(290,041)

(Continued)

TAIWAN CEMENT CORPORATION

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

	2019	2018
Interest received	\$ 114,135	\$ 73,789
Dividends received	<u>5,176,479</u>	<u>4,604,367</u>
Net cash generated from (used in) investing activities	<u>1,816,185</u>	<u>(68,284,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	3,362,015	4,443,260
Decrease in short-term bills payable	(1,499,674)	(399,340)
Issuance of corporate bonds	12,562,200	24,223,847
Increase in long-term loans	7,900,000	13,402,917
Repayments of long-term loans	-	(7,276,733)
Increase (decrease) in long-term bills payable	(10,672,219)	21,478,716
Repayment of the principal portion of lease liabilities	(316,986)	-
Increase (decrease) in other non-current liabilities	(156,495)	226,435
Dividends paid	(16,874,586)	(6,360,764)
Issuance of shares for cash	-	26,688,262
Treasury shares transferred to employees	2,121	179,680
Payment for buyback of treasury shares	(348,959)	(218,166)
Partial disposal of interests in subsidiaries without a loss of control	-	2,189,786
Interest paid	<u>(832,453)</u>	<u>(232,190)</u>
Net cash generated from (used in) financing activities	<u>(6,875,036)</u>	<u>78,345,710</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,977,438)	10,883,840
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,643,685</u>	<u>759,845</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,666,247</u>	<u>\$ 11,643,685</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

Revenue Recognition of Cement Sales

The Group is mainly engaged in the production and sale of various cement and cement products. Revenue from the sale of cement fluctuates frequently due to changes in raw material prices, market supply and demand and the economic environment; in addition, related revenue is recognized at the point in time when the customer collects the cement and all the risks and rewards of the product have been transferred to the customer. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2019. Our main audit procedures performed in respect of the aforesaid key audit matter include understanding and testing the design and operating effectiveness of the internal controls related to the revenue from cement sales, and random inspection of the contracts, factory orders and delivery documents from the sales details and testing the collection information of the samples before the end of the reporting period, in order to verify the validity of revenue recognition of cement sales.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the 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 the 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 and 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 group 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 consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Ya-Ling Wong

Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 53,572,620	15	\$ 48,507,889	14
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	502,003	-	549,838	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	7,180,745	2	6,334,239	2
Financial assets at amortized cost (Notes 4, 6, 30 and 32)	4,745,911	1	2,664,157	1
Notes receivable (Notes 4 and 9)	31,258,167	9	29,748,544	9
Accounts receivable (Notes 4, 9, 10 and 32)	8,838,553	2	8,216,174	2
Notes and accounts receivable from related parties (Notes 4 and 31)	300,000	-	271,618	-
Other receivables (Notes 4 and 25)	913,545	-	955,814	-
Inventories (Notes 4 and 11)	8,132,977	2	9,464,303	3
Prepayments (Note 18)	1,790,795	1	3,034,021	1
Other current assets (Notes 13 and 31)	910,672	-	634,078	-
Total current assets	118,145,990	32	110,380,695	32
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	36,120,339	10	25,792,169	8
Financial assets at amortized cost (Notes 4, 30 and 32)	984,716	-	470,199	-
Investments accounted for by using the equity method (Notes 4, 13 and 32)	47,631,870	13	46,247,974	13
Property, plant and equipment (Notes 4, 14, 24 and 32)	89,881,319	24	91,093,825	26
Right-of-use assets (Notes 4, 15, 18, 24 and 31)	12,734,286	4	-	-
Investment properties (Notes 4, 16, 24 and 32)	6,322,209	2	6,344,460	2
Intangible assets (Notes 4, 17 and 24)	19,656,118	5	20,427,352	6
Prepayments for property, plant and equipment (Note 14)	2,992,315	1	2,624,195	1
Long-term lease receivables (Notes 4, 10 and 32)	-	-	30,951,796	9
Long-term finance lease receivables (Notes 4 and 10)	29,253,336	8	-	-
Net defined benefit asset (Notes 4 and 22)	1,434,342	-	999,648	-
Long-term prepayments for leases (Note 18)	-	-	6,584,246	2
Other non-current assets (Notes 4 and 25)	2,325,545	1	2,168,539	1
Total non-current assets	249,336,395	68	233,704,423	68
TOTAL	\$ 367,482,385	100	\$ 344,085,118	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 19, 28 and 32)	\$ 30,445,048	8	\$ 26,226,051	8
Short-term bills payable (Note 19)	5,875,398	2	7,402,214	2
Financial liabilities at fair value through profit or loss (Notes 4, 7, 20 and 30)	-	-	139,460	-
Contract liabilities	5,041,554	1	5,114,644	2
Notes and accounts payable (Note 31)	7,427,013	2	7,808,921	2
Other payables (Notes 21, 31 and 33)	11,225,404	3	11,683,170	3
Current income tax liabilities (Notes 4 and 25)	4,443,343	1	4,090,640	1
Lease liabilities (Notes 4 and 15)	416,346	-	-	-
Long-term loans - current portion (Notes 19, 28 and 32)	1,624,138	1	1,923,945	1
Other current liabilities	34,499	-	114,799	-
Total current liabilities	66,532,743	18	64,503,844	19
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	35,699,778	10	22,777,693	7
Long-term loans (Notes 19, 28 and 32)	30,553,035	8	24,631,973	7
Lease liabilities (Notes 4 and 15)	2,073,806	1	-	-
Deferred income tax liabilities (Notes 4 and 25)	11,588,934	3	11,326,154	3
Long-term bills payable (Note 19)	11,800,966	3	22,476,880	7
Net defined benefit liabilities (Notes 4 and 22)	97,401	-	210,515	-
Other non-current liabilities	673,855	-	778,603	-
Total non-current liabilities	92,487,775	25	82,201,818	24
Total liabilities	159,020,518	43	146,705,662	43
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 23 and 27)				
Share capital	56,656,192	15	53,080,599	15
Capital surplus	48,015,947	13	47,836,241	14
Retained earnings	65,626,033	18	61,588,761	18
Others	23,734,855	7	19,038,454	6
Treasury shares	(348,959)	-	(2,545)	-
Equity attributable to shareholders of the parent	193,684,068	53	181,541,510	53
NON-CONTROLLING INTERESTS (Notes 23 and 27)	14,777,799	4	15,837,946	4
Total equity	208,461,867	57	197,379,456	57
TOTAL	\$ 367,482,385	100	\$ 344,085,118	100

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

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 31)	\$ 122,783,014	100	\$ 124,594,602	100
OPERATING COSTS (Notes 4, 11, 24 and 31)	<u>86,872,759</u>	<u>71</u>	<u>91,003,063</u>	<u>73</u>
GROSS PROFIT	<u>35,910,255</u>	<u>29</u>	<u>33,591,539</u>	<u>27</u>
OPERATING EXPENSES (Notes 24 and 31)				
Marketing	1,013,114	-	901,611	1
General and administrative	4,699,672	4	4,485,361	4
Research and development	<u>40,748</u>	<u>-</u>	<u>23,666</u>	<u>-</u>
Total operating expenses	<u>5,753,534</u>	<u>4</u>	<u>5,410,638</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>30,156,721</u>	<u>25</u>	<u>28,180,901</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 13)	2,509,388	2	2,263,413	2
Interest income (Note 4)	815,805	1	584,482	-
Dividend income (Note 4)	1,448,451	1	1,326,142	1
Other income (Note 24)	1,256,575	1	884,648	1
Finance costs (Notes 4 and 24)	(2,199,118)	(2)	(2,460,302)	(2)
Net loss on disposal of property, plant and equipment	(162,793)	-	(78,190)	-
Other expenses (Note 24)	(401,427)	-	(174,405)	-
Foreign exchange gains (losses), net	(15,399)	-	48,764	-
Impairment loss recognized on non-financial assets (Note 14)	<u>(774,784)</u>	<u>(1)</u>	<u>(31,032)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,476,698</u>	<u>2</u>	<u>2,363,520</u>	<u>2</u>
INCOME BEFORE INCOME TAX	32,633,419	27	30,544,421	24
INCOME TAX EXPENSE (Notes 4 and 25)	<u>7,178,329</u>	<u>6</u>	<u>7,900,350</u>	<u>6</u>
NET INCOME	<u>25,455,090</u>	<u>21</u>	<u>22,644,071</u>	<u>18</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	\$ 402,890	-	\$ 93,286	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	11,208,989	9	1,420,706	1
Share of other comprehensive income (loss) of associates and joint ventures (Note 23)	163,201	-	(168,150)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(80,567)</u>	<u>-</u>	<u>(26,091)</u>	<u>-</u>
	<u>11,694,513</u>	<u>9</u>	<u>1,319,751</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	(4,792,103)	(4)	(3,973,489)	(3)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 23)	(1,877,651)	(1)	(284,799)	-
Income tax expense related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>-</u>	<u>-</u>	<u>1,861</u>	<u>-</u>
	<u>(6,669,754)</u>	<u>(5)</u>	<u>(4,256,427)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>5,024,759</u>	<u>4</u>	<u>(2,936,676)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 30,479,849</u>	<u>25</u>	<u>\$ 19,707,395</u>	<u>16</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 24,211,081	20	\$ 21,180,821	17
Non-controlling interests	<u>1,244,009</u>	<u>1</u>	<u>1,463,250</u>	<u>1</u>
	<u>\$ 25,455,090</u>	<u>21</u>	<u>\$ 22,644,071</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 29,178,084	24	\$ 18,245,179	15
Non-controlling interests	<u>1,301,765</u>	<u>1</u>	<u>1,462,216</u>	<u>1</u>
	<u>\$ 30,479,849</u>	<u>25</u>	<u>\$ 19,707,395</u>	<u>16</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	<u>Income Attributable to Shareholders of the Parent</u>	
	2019	2018
EARNINGS PER SHARE (Note 26)		
Basic earnings per share	<u>\$4.43</u>	<u>\$4.08</u>
Diluted earnings per share	<u>\$4.25</u>	<u>\$4.08</u>

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Parent							Others							
	Share Capital		Capital Surplus	Retained Earnings			Total	Exchange Difference on Translating Foreign Operations	Unrealized Gain/Loss from Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Preferred Shares		Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2018	\$ 42,465,090	\$ -	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ 49,019,510	\$ (790,475)	\$ 19,915,014	\$ -	\$ -	\$ -	\$ 136,348,204	\$ 16,299,012	\$ 152,647,216
Adjustment on initial application of IFRS 9	-	-	-	-	-	654,005	654,005	-	(19,915,014)	24,158,871	-	-	4,897,863	16,365	4,914,227
BALANCE AT JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	42,465,090	-	25,739,065	14,025,109	13,049,635	22,598,771	49,673,515	(790,475)	-	24,158,871	-	-	141,246,066	16,315,377	157,561,443
Appropriation of 2017 earnings	-	-	-	739,425	-	(739,425)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(6,360,764)	(6,360,764)	-	-	-	-	-	(6,360,764)	-	(6,360,764)
Cash dividends distributed by the Corporation	4,240,509	-	-	-	-	(4,240,509)	(4,240,509)	-	-	-	-	-	-	-	-
Share dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,175,906)	(2,175,906)
Net income for the year ended December 31, 2018	-	-	-	-	-	21,180,821	21,180,821	-	-	-	-	-	21,180,821	1,463,250	22,644,071
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	73,268	73,268	(4,246,766)	-	1,235,727	1,109	-	(2,935,642)	(1,034)	(2,936,626)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	21,254,089	21,254,089	(4,246,766)	-	1,235,727	1,109	-	18,245,179	1,462,216	19,707,395
Issuance of global depositary shares	4,375,000	-	12,339,355	-	-	-	-	-	-	-	-	-	16,714,355	-	16,714,355
Issuance of preference shares	-	2,000,000	7,973,907	-	-	-	-	-	-	-	-	-	9,973,907	-	9,973,907
Organization restructuring	-	-	-	-	-	(58,513)	(58,513)	-	-	-	-	-	(58,513)	(49,150)	(107,663)
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	-	-	466,755	285,387	752,142
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	-	-	-	41	22	63
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(459)	-	-	(89)	(89)	-	-	-	-	-	(548)	-	(548)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,321,032	1,321,032	-	-	(1,321,032)	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-	-	-	-	-	-
Equity components of issuance of convertible bonds	-	-	1,308,070	-	-	-	-	-	-	-	-	-	1,308,070	-	1,308,070
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)	-	(218,166)
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	-	-	-	45,448	-	45,448
Treasury shares transfer to employees	-	-	(35,941)	-	-	-	-	-	-	-	-	215,621	179,680	-	179,680
BALANCE AT DECEMBER 31, 2018	51,080,599	2,000,000	47,836,241	14,794,534	13,049,062	33,755,165	61,588,761	(5,037,221)	-	24,074,566	1,109	(2,345)	181,541,510	15,837,946	197,379,456
Appropriation of 2018 earnings	-	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(16,856,367)	(16,856,367)	-	-	-	-	-	(16,856,367)	-	(16,856,367)
Cash dividends distributed by the Corporation	-	-	-	-	-	(18,219)	(18,219)	-	-	-	-	-	(18,219)	-	(18,219)
Preferred share dividends distributed by the Corporation	3,575,593	-	-	-	-	(3,575,593)	(3,575,593)	-	-	-	-	-	-	-	-
Share dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,219,308)	(2,219,308)
Net income for the year ended December 31, 2019	-	-	-	-	-	24,211,081	24,211,081	-	-	-	-	-	24,211,081	1,244,009	25,455,090
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	276,370	276,370	(6,623,040)	-	11,320,530	(6,877)	-	4,967,003	57,756	5,024,739
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	24,487,451	24,487,451	(6,623,040)	-	11,320,530	(6,877)	-	29,178,084	1,301,765	30,479,849
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	29	-	-	-	-	-	-	-	-	-	29	(146,476)	(146,447)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	179,275	-	-	-	-	-	-	-	-	-	179,275	26	179,301
Business adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	5,768	-	5,768	3,846	9,614
Compensation costs of treasury shares transferred to employees	-	-	826	-	-	-	-	-	-	-	-	-	826	-	826
Treasury shares transfer to employees	-	-	(424)	-	-	-	-	-	-	-	-	2,545	2,121	-	2,121
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(348,959)	(348,959)	-	(348,959)
BALANCE AT DECEMBER 31, 2019	\$ 54,656,192	\$ 2,000,000	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,674,355	\$ 65,626,031	\$ (11,660,261)	\$ -	\$ 35,395,116	\$ -	\$ (348,959)	\$ 193,684,068	\$ 14,777,739	\$ 208,461,807

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 32,633,419	\$ 30,544,421
Adjustments for:		
Depreciation expense	6,909,487	6,129,527
Amortization expense	430,278	387,194
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(179,256)	(19,306)
Finance costs	2,199,118	2,460,302
Interest income	(815,805)	(584,482)
Dividend income	(1,448,451)	(1,326,142)
Share-based compensation	826	45,448
Share of profit of associates and joint ventures	(2,509,388)	(2,263,413)
Loss on disposal of property, plant and equipment, net	162,793	78,190
Loss on disposal of investment properties	-	16,642
Gain on disposal of investments, net	(181,349)	-
Impairment loss recognized on non-financial assets	774,784	31,032
(Reversal of) write-downs of inventories	(36,520)	82,954
Unrealized loss (gain) on foreign exchange, net	(142,906)	240,681
Others	-	229,352
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	87,629	(10,517)
Notes receivable	(2,605,525)	(10,376,722)
Accounts receivable	(647,799)	(1,147,369)
Notes and accounts receivable from related parties	(31,332)	(40,768)
Other receivables	(406,220)	(138,518)
Inventories	1,217,372	(1,298,491)
Prepayments	1,001,688	(56,930)
Other current assets	58,080	(90,635)
Contract liabilities	(51,772)	598,875
Notes and accounts payable	(195,057)	88,650
Other payables	(692,642)	2,970,433
Other current liabilities	(80,244)	(34,006)
Net defined benefit liability	(144,918)	(9,907)
Cash generated from operations	35,306,290	26,506,495
Income tax paid	(6,435,021)	(4,355,775)
Net cash generated from operating activities	28,871,269	22,150,720

(Continued)

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	\$ -	\$ (292,469)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,584	1,333
Purchases of financial assets at amortized cost	(2,766,430)	(1,567,977)
Acquisition of investments accounted for by using the equity method	(1,284,750)	(33,485,490)
Disposal of investments accounted for by using the equity method	41,116	-
Proceeds from the return of capital upon investees' capital reduction of investees measured by using the equity method	-	10,884
Payments for property, plant and equipment	(8,201,795)	(4,317,919)
Proceeds from disposal of property, plant and equipment	522,037	389,942
Payments for intangible assets	(106,261)	(54,885)
Payments for right-of-use assets	(4,122,514)	-
Disposal of right-of-use assets	4,690	-
Decrease in long-term finance lease receivables	1,698,460	1,473,788
Decrease (increase) in other non-current assets	(237,937)	292,444
Increase in prepayments for leases	-	(158,408)
Interest received	852,229	538,327
Dividends received	2,472,266	1,598,131
Net cash used in investing activities	(11,124,305)	(35,572,299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	4,364,712	5,760,814
Issuance of bonds payable	12,562,200	24,223,847
Increase in long-term loans	14,459,444	16,244,617
Repayments of long-term loans	(8,747,894)	(48,536,395)
Increase (decrease) in long-term bills payable	(10,675,914)	22,476,880
Decrease in short-term bills payable	(1,526,816)	(589,203)
Repayment of the principal portion of lease liabilities	(437,093)	-
Increase (decrease) in other non-current liabilities	(103,829)	166,171
Cash dividends paid	(19,093,894)	(8,536,670)
Issuance of shares for cash	-	26,688,262
Treasury shares transfer to employees	2,121	179,680
Payment for buy-back of treasury shares	(348,959)	(218,166)
Acquisitions of subsidiaries	(1,017)	(170,899)
Partial disposals of interests in subsidiaries without a loss of control	-	788,539
Interest paid	(2,102,028)	(2,249,022)
Changes in non-controlling equity interest	7,621	-
Net cash generated from (used in) financing activities	(11,641,346)	36,228,455
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,040,887)</u>	<u>(630,205)</u>
		(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 5,064,731	22,176,671
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>48,507,889</u>	<u>26,331,218</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 53,572,620</u>	<u>\$ 48,507,889</u>

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

(Concluded)

III. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for earnings distribution. The CPA firm of Deloitte & Touch was retained to audit TCC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Cement Corporation. According to Article 14-4 of Security Exchange Act and Article 219 of Company Act, we hereby submit this report.

To

Taiwan Cement Corporation

2020 Annual General Shareholders' Meeting

Taiwan Cement Corporation

Audit Committee convener: Victor Wang



March 20, 2020

4. Domestic corporate bonds report

Notes:

To raise capital by issuing the bonds is put to repay loan, the Company issued unsecured corporate bonds:

Unit: NTD

Detail	2019 First Unsecured Corporate Bond
Date of Resolution	June 4, 2019
Date of Issuance	June 14, 2019
Total Issuance Amount	12.6 billion
Face Value	1million
Issue Price	100 (100%)
Issue Period	5 years, due date: June 14, 2024
Issue Interest Rate	Fixed rate: 0.85% per annum
Interest Payment Method	Starting on the date of issuance, based on the coupon rate, interest accrued and paid once per annum
Redemption	On due date, the bonds will be redeemed in whole
Trustee	CTBC Bank Co., Ltd.
Principal Paying Agent, Conversion Agent, and Transfer Agent	CTBC Bank Co., Ltd.
Use of Proceeds	The fund raised by issuing the bonds is put to repay loan and completes in accordance with the schedule.

To raise capital by issuing the bonds is put to repay loan, the Company issued unsecured corporate bonds:

Unit: NTD

Detail	2020 First Unsecured Corporate Bond
Date of Resolution	April 6, 2020
Date of Issuance	April 15, 2020
Total Issuance Amount	20billion Series A Bond : 5.2 billion Series B Bond : 14.8 billion
Face Value	1 million
Issue Price	100 (100%)
Issue Period	Series A Bond: 7 years, due date on April 15, 2027 Series B Bond: 15years, due date on April 15, 2035
Issue Interest Rate	Series A Bond: Fixed rate 0.69% per annum Series B Bond; Fixed rate 0.93% per annum
Interest Payment Method	Starting on the date of issuance, based on the coupon rate, interest accrued and paid once per annum
Redemption	On due date, the bonds will be redeemed in whole
Trustee	CTBC Bank Co., Ltd.
Principal Paying Agent, Conversion Agent, and Transfer Agent	CTBC Bank Co., Ltd.
Use of Proceeds	The fund raised by issuing the bonds is put to repay loan and is expected to complete in Q2. 2020

5. Implementation of Treasury Stocks Repurchase

Note: Please refer to the below chart for the implementation of treasury stocks repurchase :

Term of the Buyback	The first time in 2019
Date of Board resolution	May 10, 2019
Purpose of the buyback	Transferring shares to employees
Type of shares to be repurchased	Common shares
Scheduled period for the repurchase	2019/05/13~2019/07/12
Number of shares to be repurchased	10,000,000 shares
Actual buyback period	2019/05/15~2019/07/4
Actual type and number of shares bought back	8,000,000 shares
Actual number of shares bought back as a percentage of total outstanding shares	0.15
Actual total value of shares bought back	348,959,120
The average buyback price per share	43.62
Cumulative holding as percentage of total issued shares(%)	80%
Transfer volume	0 shares
Number of shares cancelled	None
Aggregate number of shares held	8,000,000 shares
Aggregate number of shares held as a percentage of total shares issued	0.15
Cause of incomplete implementation	There's no significant price slump between the price of exchange market and the price during the buyback period. To seize the benefit of shareholders and the employee' incentive to subscribe, the execution of repurchase is not

	completed yet.
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Please refer to Annex 1 (Page 42 - 43)

6. Amendment to Share Repurchase and Transferring to the Employees

Note:

- (1) In accordance with “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the amendment revised the criteria of employees who are entitled to subscribe the repurchased shares.
- (2) This amendment has been approved in the 10th meeting of the 23rd term of the Board of Directors. Amendment are attached hereto as Annex 2 (page. 44)

7. Amendments to Ethical Corporate Management Best Practice Principles

Notes:

- (1) For company development, amendments need to be made on part of Ethical Corporate Management Best Practice Principles.
- (2) The proposal has been approved in the 11th meeting of the 23rd term of Board of Directors. Amendments are attached hereto as Annex 3 (page 45~51).

Matters for Approval

1. To approve 2019 Annual Business Report and Financial Statements. (Proposed by the Board of Directors)

Notes:

- (1) It was conducted according to Article 228 of the Company Act.
- (2) The 2019 Annual Business Report, Individual Financial Statements and Consolidated Financial Statements have been approved by the 16th meeting of the 23rd term Board of Directors. The Individual Financial Statements and Consolidated Financial Statements were audited by independent auditors, Ya-Ling Wong and Chih-Ming Shao of Deloitte & Touche.
- (3) The above Annual Business Report and Financial Statements were audited by the Auditor Committee. Please refer to page 6~29.
- (4) Please review and ratify.

Resolution:

2. The proposal for distribution of 2019 profits (Proposed by the Board of Directors)

Notes:

- (1) The proposal of distribution of 2019 profits is conducted in accordance with Article 228 of the Company Act and Article 26 of the amended Articles of Incorporation of the Company.
- (2) The 2019 unappropriated retained earnings for the previous years are NT\$11,186,904,108. After adding 2019 net profits of NT\$ 24,211,080,815, remeasurement of defined benefit plan recognized in retained earnings of NT\$276,370,008, and setting aside legal reserve of NT\$2,448,745,082, the total earnings available for distribution amounts is NT\$ 33,225,609,849. It is proposed that the Company distribute NT\$350,000,000 as dividends for preferred shares, cash dividends at NT\$2.5 per share, and stock dividends at NT\$0.5 per share for common stock which amounts to NT\$16,372,857,610. After distribution of the dividends, the 2019 unappropriated retained earnings are NT\$16,502,752,239. The distribution of cash dividends shall be rounded down to the integer of New Taiwan Dollar. Fractional dividend less than NT\$1 shall be combined into other income of the Company.
- (3) It is proposed that the Board of Directors be authorized with full power and authority to adjust distribution percentage if the number of outstanding shares is affected by the Company's transfer or cancellation of treasury stocks.
- (4) It is proposed that upon the approval of the Annual Shareholders' Meeting, the Chairman of the Board be authorized to determine the ex-dividend date and distribute the dividends to each share based on the number of shareholding on the record date for dividends, and the cash dividends to each and every shareholder be paid with rounding down to the integer of New Taiwan Dollar.
- (5) For the Company's earnings distribution table of year 2019, please refer to Annex 4 (page 52).

- (6) This proposal has been adopted by the 16th meeting of the 23rd term Board of Directors and submitted to the Audit Committee for approval.
- (7) Please review and ratify.

Resolution:

Matters for Discussion

1.Proposal for a new share issue through capitalization of earnings. (Proposed by the Board of Directors)

Notes:

- (1) To replenish capital and further development of business, it is proposed that the Company issue new shares through capitalization of earnings, i.e., 272,880,960 new shares to be issued as stock dividends from distributable earnings for 2019 in amount of NT\$2,728,809,600 (par value at NT\$10 per share).
- (2) The conditions of new shares issuance
 - A. It is proposed that stock dividends be calculated on the basis of outstanding shares, i.e., 50 shares for each 1,000 shares held. Regarding any amount less than one share, the dividends will be distributed in cash with minimum calculation unit of one NT dollar. The Chairman of the Board will be authorized to approach specific persons of the purchase of these shares based on the face value. Actual amounts of stock dividends shall be determined by the number of shares held by shareholders on the record date of dividends.
 - B. The rights and obligations of the new shares are identical to those of the existing shares.
 - C. Upon the approval of 2020 Annual General Shareholders' Meeting and the Competent Authority, the Board Meeting is authorized to determine the distribution record date.
 - D. The Board of Directors has full authority to adjust the ratio of shares if the number of outstanding shares is affected by transfer or cancellation of treasury stocks after the issuance of new shares for capital increase.
- (3) This proposal has been approved by the 16th meeting of the 23rd term Board of Directors.
- (4) Please discuss ratify.

Resolution:

**2. To approve the amendments on part of Article of Incorporation.
(Proposed by the Board of Directors)**

Notes:

- (1) In accordance with amendments of The Company Act and company development, amendments need to be made on part of Article of Incorporation.
- (2) The proposal has been approved in the 16th meeting of the 23rd term of Board of Directors. Amendments are attached hereto as Annex 5 (page 53~54).
- (3) Please discuss and resolve.

Resolution:

3. To approve the amendments on part of Rules of Procedure for Annual Shareholders' Meeting (Proposed by the Board of Directors)

Notes:

- (1) To reflect Regulatory amendments by the Competent Authority and company development, amendments need to be made on part of Rules of Procedure for Annual Shareholders' Meeting.
- (2) The proposal has been approved in the 16th meeting of the 23rd term of Board of Directors. Amendments are attached hereto as Annex 6 (page 55~57).
- (3) Please discuss and resolve.

Resolution:

Extemporaneous Matters

Meeting Adjourned

Annex 1: Plan of Share Repurchase and Transferring to the Employees

Taiwan Cement Corporation Plan of Share Repurchase and Transferring to the Employees

1. For the purpose of encouraging our employees and to build cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the “Securities and Exchange Act” and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Financial Supervisory Commission R.O.C., establishes the “Plan of Share Repurchase and Transferring to the Employees” (the “Plan”). Except otherwise provided in relevant laws or regulations, all share repurchase and transferring to the employees of the Company shall be implemented in compliance with the Plan.
2. The shares to be transferred to the employees are ordinary shares. Except as otherwise provided in relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other ordinary shares of the Company.
3. Pursuant to the Plan, the Company may make one-time or multiple-time transferring of the repurchased shares to the employees within three years from the repurchase date. The shares that are not transferred during the three-year period shall be deemed as unissued shares of the Company and shall be cancelled by the Company in accordance with relevant laws and regulations.
4. For employees who have joined the Company or the Company's subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly) one year and above from the date of subscription record date are entitled to subscribe the amount specified in article five of this procedure.
5. The Board of Directors shall decide the number of shares to be subscribed by considering certain factors, such as the employees’ level, seniority or special contribution to the Company, together with the number of treasury shares held by the Company as of the record date of subscription and the maximum number of shares that can be subscribed by an individual employee, etc.
Failure to subscribe and make the payment for the shares before the due date shall be deemed as giving up the right to subscribe. The chairman is authorized to have other employees to subscribe the remaining shares that are not fully subscribed.
6. Procedure for repurchase and transferring to the employees under this Plan:
 - (1) The Company shall make announcement, report and repurchase the shares within the exercise period in accordance with the resolution of Board of Directors.
 - (2) The Board of Directors shall determine and announce the record date of

subscription, the criteria for determining the number of shares to be subscribed, the subscription and payment period, the rights and limitations of shares, etc. in compliance with this Plan.

(3) The Company shall calculate the number of shares actually subscribed and paid. Then the Company shall transfer those shares and register such transfer.

7. The transfer price of the repurchase shares shall be the average price of the actual repurchase. If the number of the Company's issued and outstanding ordinary shares increases or decreases prior to the transfer, the transfer price shall be adjusted proportionately. If, according to the Company's Memorandum of Articles of Association, the transfer price is lower than the average price of the actual repurchase, the transfer price must obtain the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares. The notice to convene the shareholders meeting shall list the matters stipulated in section 10-1 of the Plan Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.

8. Unless otherwise provided, after the shares are transferred to employees and such transfer is registered, the rights and obligations of the transferred shares shall be the same with those of original shares.

9. This Plan shall take effect after being affirmatively resolved by the Board of Directors and may be amended by a resolution of the Board of Directors. The enactment and any amendment of this Plan shall be reported to the shareholders meeting.

10. The Articles were established on February 2, 2018; the 1st amendment was made on March 28, 2018; the second amendment was made on July 17, 2019.

Annex 2: The Comparison Table of Amended plan of Share Repurchase and Transferring to the Employees

TAIWAN CEMENT CORPORATION

The Comparison Table of Amended plan of Share Repurchase and Transferring to the Employees

Article after Amendment	Article before Amendment	Reason for Amendment
<p>Article 4</p> <p>For full-time employees who have joined the Company or the Company's subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly) before the date of subscription record date, are entitled to subscribe the amount specified in article five of this procedure. Any such employee who resigns within the period from subscription record date till the due date of subscription payment shall be deemed to lose the such entitlement.</p>	<p>Article 4</p> <p>For <u>employees</u> who have joined the Company or the Company's subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly) before the date of subscription record date, are entitled to subscribe the amount specified in article five of this procedure. Any such employee who resigns within the period from subscription record date till the due date of subscription payment shall be deemed to lose such entitlement.</p>	<p>To clarify the criteria of the transferee of the subscription shares in accordance with "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies".</p>
<p>Article 10</p> <p>The Articles were established on February 2, 2018, the 1st amendment on March 28, 2018, the second amendment on July 7, 2019, <u>and the third amendment was on January 9, 2020.</u></p>	<p>Article 10</p> <p>The Articles were established on February 2, 2018; the 1st amendment was on March 28, 2018; the second amendment was on July 7, 2019.</p>	<p>Adding the date of third amendment.</p>

Annex 3: The Comparison Table of Amended Provisions of Ethical Corporate Management Best Practice Principles

TAIWAN CEMENT CORPORATION

The Comparison Table of Amended Provisions of Ethical Corporate Management Best Practice Principles

Article after Amendment	Article before Amendment	Reason for Amendment
<p>Article 5 (Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility base policies <u>which is approved by the Board of Directors,</u> the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5 (Policy)</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	To update the policy of the Company.
<p>Article 6</p> <p>(Commitment and Implementation)</p> <p><u>The Company shall demand its Directors and senior management to submit undertakings as to comply with by the operational philosophies of honesty, transparency, and responsibility base policies, and to set such compliance as prerequisite for recruitment.</u></p> <p>The Company and its respective business group shall clearly specify in its internal rules, external documents <u>and on</u></p>	<p>Article 6</p> <p>(Commitment and Implementation)</p> <p>The Company and its respective business group shall clearly specify in its internal rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.</p>	To set the commitment and implementation of the operational philosophies of honesty, transparency, and responsibility base policies.

<p><u>Company's website</u> the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.</p> <p><u>The Company shall create written document to properly maintain and record the policy, undertaking, the commitment, and the implementation of such policy regarding Paragraph 1 and 2 under this Article.</u></p>		
<p>Article 15 (Organization and Responsibility)</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management of the Company, the auditing office is</p>	<p>Article 15 (Organization and Responsibility)</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management of the Company, the auditing office is</p>	<p>To elaborate the contents of auditing office's responsibility.</p>

<p>responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and reports to the board of directors on a regular basis <u>(no less than once in a year)</u> <u>including:</u></p> <ol style="list-style-type: none"> 1. <u>To incorporate the value of operational philosophies of honesty, transparency and responsibility into management of the Company and to secure the compliance of laws by establishing preventive measure;</u> 2. <u>To assess the risk of unethical conduct under management regularly and to establish the plan, procedure and guidelines of unethical conduct prevention accordingly;</u> 3. <u>To scheme the internal organization, structure and position, and to implement measures of check and balance in response to those management activities with higher risk of unethical conduct;</u> 4. <u>To promote and hold internal training of the</u> 	<p>responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and reports to the board of directors on a regular basis.</p>	
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<p><u>execution of operational philosophies of honesty, transparency and responsibility base policies;</u></p> <p>5. <u>To secure the effectiveness of the policy by building the Whistle-blowing System; and</u></p> <p>6. <u>To assist the Board of Directors and management in evaluating whether the preventive measures arise from the operational philosophies of honesty, transparency and responsibility base policies are working effectively, and to regularly evaluate and follow up the execution and compliance of such policy by submitting the report.</u></p>		
<p>Article 21 (Accounting Systems and Internal Control Systems)</p> <p>The Company shall establish <u>an assessment mechanism for risk of unethical behavior, regularly analyze and evaluate business activities with higher risks of unethical behavior under business operation, build</u> effective accounting systems and internal control system, and shall not have under-the-table accounts</p>	<p>Article 21 (Accounting Systems and Internal Control Systems)</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a <u>higher risk of being involved in an unethical conduct</u>, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the</p>	<p>To set the assessment of risk for unethical behavior.</p>

<p>or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, <u>based on the assessment of risk for unethical behavior, prepare relevant auditing plan, including the target, scope, items, frequency of auditing, etc.</u>, and, <u>following the foregoing assessment, to examine</u> the company's compliance with <u>the preventive measures</u> and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examining under the preceding paragraph shall be notified to senior management and responsible department, and shall be submitted to the Board of Directors in form of an auditing report.</u></p>	<p>systems are showing results.</p> <p>The internal audit unit of the Company <u>shall periodically examine the company's compliance with the foregoing systems</u> and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	
<p>Article 24 (Whistle-blowing System) The Company shall adopt a</p>	<p>Article 24 (Whistle-blowing System) The Company shall adopt a</p>	<ol style="list-style-type: none"> 1. To illustrate the Whistle-blowing System. 2. To amend the

<p>concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or <u>senior management</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. <u>To enact responsive measures for different circumstances and severity of a case from whistle-blower once the investigation completed, and, if necessary, such case hall be reported to the competent authority or</u> 	<p>concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or <u>senior manager</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 4. Confidentiality of the identity of whistle-blowers and the content of reported cases. 	<p>number of Paragraph.</p>
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<p><u>judiciary for investigation.</u></p> <p>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>5. Confidentiality of the identity of whistle-blowers, the content of reported cases <u>and the mechanism for keeping whistle-blower anonymous.</u></p> <p>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>7. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	
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Annex 4: Earnings Distribution Proposal

Taiwan Cement Corporation Earnings Distribution Table for 2019

	Unit: NTD
Unappropriated retained earnings for previous year	11,186,904,108
Plus: net profit for 2019	24,211,080,815
remeasurement of defined benefit plan recognized in retained earnings	276,370,008
Adjusted unappropriated retained earnings after net profit plus other items calculated into	24,487,450,823
Less: 10% legal reserve	(2,448,745,082)
Earnings available for distribution for 2019	33,225,609,849
Less: Distribution Items	
Dividends for preferred shares (NT\$1.75 per share)	(350,000,000)
Cash dividends for common shares (approx. NT\$2.5 per share)	(13,644,048,010)
Share dividends for common shares (approx. NT\$0.5 per share)	(2,728,809,600)
Unappropriated Retained Earnings	16,502,752,239

Note 1: The dividends shall be distributed based on the number of issued shares deducted by the number of shares having no shareholders' right pursuant to the Company Act.

Note 2: In the event the number of outstanding shares will be affected due to the transfer or cancellation of treasury shares, the Board is authorized with full power and authority to adjust the distribution percentage, if necessary.

Note 3: The calculation of each shareholder's amount of cash dividends shall be rounded down to and integer of New Taiwan Dollar.

Note 4: According to the letter issued by the Ministry of Finance dated April 30, 1998 (Ref. No. Tai-Cai-Shui-Zi-871941343), distribution of profits shall be identified specifically; the profits for the most recent year shall be distributed with priority.

Note 5: The Company has 200,000,000 shares of preferred shares issued and outstanding as of December 13, 2018. The aggregate cash dividends to be distributed for the preferred shares are NT\$350,000,000 calculated based on the issue price of NT\$50 with a yield of 3.50% per annum.

Chairman: Chang, An-Ping
Hung

President: Li Chung-Pei

Accounting Supervisor: Yeh, Kuo-

Annex 5 : The Comparison Table of the Amended Articles of the Articles of Incorporation

Taiwan Cement Corporation

The Comparison Table of the Amended Articles of the Articles of Incorporation

After Amendment	Current Article	Notes
<p>Article 6</p> <p>The share certificate of the Company shall <u>be affixed with the signatures or personal seals of the director representing the company</u> and issued upon certification by the bank authorized by authority to handle the registration of issuance of stock certificates.</p> <p>The Company may issue shares without printing share certificates; but such shares shall be registered at a Centralized Securities Depository Enterprise.</p>	<p>Article 6</p> <p>The share certificates of the Company shall have <u>serial numbers, signed by the Chairperson and two (2) or more Directors or having their seals affixed to the certificate</u>, and issued upon certification <u>by the competent authority or the agency authorized by such authority</u> to handle the registration of issuance of stock certificates.</p> <p>The Company may issue shares without printing share certificates; but such shares shall be registered at a Centralized Securities Depository Enterprise.</p>	<p>According to Article 162 of the Company Act, the signatures or seal of a director representing the company with the certification of an authorized bank are enough for a company to issue share certificate.</p>
<p>Article 31</p> <p>These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, 2nd on May 5, 1952, 3rd on June 18, 1953, 4th on October 23, 1954, 5th on March 20, 1957, 6th on October 19, 1957, 7th on March 27, 1958, 8th on March 17, 1960, 9th on October 15, 1960, 10th on March 16, 1961, 11th on March 21, 1963, 12th on April 10, 1967, 13th on April 11, 1969, 14th on April 24, 1970, 15th on April 20, 1973, 16th on April 19, 1974, 17th on April 18, 1975, 18th on April 20, 1976, 19th on April 21, 1977, 20th on March 31, 1978, 21st on April 10, 1979, 22nd on April 10, 1980, 23rd on April 10, 1981, 24th on April 9, 1982, 25th on April 8, 1983, 26th on April 18, 1985, 27th on April 21, 1987, 28th on April 18, 1988, 29th on April 21, 1989, 30th on April 20, 1990, 31st on April 19, 1991, 32nd on April 21, 1992, 33rd on April 20, 1993, 34th on April 21,</p>	<p>Article 31</p> <p>These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, 2nd on May 5, 1952, 3rd on June 18, 1953, 4th on October 23, 1954, 5th on March 20, 1957, 6th on October 19, 1957, 7th on March 27, 1958, 8th on March 17, 1960, 9th on October 15, 1960, 10th on March 16, 1961, 11th on March 21, 1963, 12th on April 10, 1967, 13th on April 11, 1969, 14th on April 24, 1970, 15th on April 20, 1973, 16th on April 19, 1974, 17th on April 18, 1975, 18th on April 20, 1976, 19th on April 21, 1977, 20th on March 31, 1978, 21st on April 10, 1979, 22nd on April 10, 1980, 23rd on April 10, 1981, 24th on April 9, 1982, 25th on April 8, 1983, 26th on April 18, 1985, 27th on April 21, 1987, 28th on April 18, 1988, 29th on April 21, 1989, 30th on April 20, 1990, 31st on April 19, 1991, 32nd on April 21, 1992, 33rd on April 20,</p>	<p>Adding the 55th amendment.</p>

<p>1994, 35th on April 20, 1995, 36th on May 30, 1997, 37th on April 30, 1998, 38th on May 28, 1999, 39th on May 30, 2000, 40th and 41st on May 31, 2001, 42nd on June 18, 2002, 43rd on June 26, 2003, 44th on June 11, 2004, 45th on June 30, 2005, 46th on June 9, 2006, 47th on June 15, 2007, 48th on June 18, 2010, 49th on June 22, 2011, 50th on June 21, 2012, 51st on June 18, 2015, and the 52nd on June 22, 2016, and the 53rd on June 22, 2018, and the 54th on June 12, 2019, <u>and the 55th amendment was made on June 9, 2020.</u></p>	<p>1993, 34th on April 21, 1994, 35th on April 20, 1995, 36th on May 30, 1997, 37th on April 30, 1998, 38th on May 28, 1999, 39th on May 30, 2000, 40th and 41st on May 31, 2001, 42nd on June 18, 2002, 43rd on June 26, 2003, 44th on June 11, 2004, 45th on June 30, 2005, 46th on June 9, 2006, 47th on June 15, 2007, 48th on June 18, 2010, 49th on June 22, 2011, 50th on June 21, 2012, 51st on June 18, 2015, and the 52nd on June 22, 2016, and the 53rd on June 22, 2018, <u>and the 54th amendment was made on June 12, 2019.</u></p>	
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Annex 6: The Comparison Table of the Rules of Procedure for Taiwan Cement Corporation Shareholders Meeting

TAIWAN CEMENT CORPORATION

The Comparison Table of the Rules of Procedure for Taiwan Cement Corporation Shareholders Meeting

Article after Amendment	Article before Amendment	Reason for Amendment
<p>9. The agenda of shareholders meeting convened by the board of directors is set by the board of directors. <u>Motions (including amendment to the original matters and extraordinary motions) shall be voted separately on a motion-by-motion basis.</u> The meeting shall be conducted in accordance with the scheduled agenda and may not be changed without resolution.</p> <p>The shareholders meeting convened by other conveners with calling rights may use the above provisions.</p> <p>Before the agenda of the first two sub-paragraphs are finalized (including the provisional motion), the chairman would not be allowed to announce the adjournment without a resolution.</p> <p>After the meeting is adjourned, the shareholders must not elect another chairman to continue the meeting at the original site or another site.</p>	<p>9. The agenda of shareholders meeting convened by the board of directors is set by the board of directors. The meeting shall be conducted in accordance with the scheduled agenda and may not be changed without resolution.</p> <p>The shareholders meeting convened by other conveners with calling rights may use the above provisions.</p> <p>Before the agenda of the first two sub-paragraphs are finalized (including the provisional motion), the chairman would not be allowed to announce the adjournment without a resolution.</p> <p>After the meeting is adjourned, the shareholders must not elect another chairman to continue the meeting at the original site or another site.</p>	<p>In response to the newest “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” published by the authority.</p>
<p>14. In the discussion of the motion, when the chairman thinks that the degree of voting has been reached, he may announce that he will stop the discussion and put it to the vote <u>while arranging enough time for voting.</u></p>	<p>In the discussion of the motion, when the chairman thinks that the degree of voting has been reached, he may announce that he will stop the discussion and put it to the vote.</p>	<p>Please refer to the above.</p>

<p>17. When the company convenes a shareholders meeting, it <u>shall</u> exercise the voting rights <u>in electricity and is allowed to exercise in writing at the same time</u>. The relevant exercise methods are governed by the Company Act and the regulations of the competent authority.</p> <p>The voting of the motion shall be passed with the consent of more than half of the voting rights of the shareholders present unless otherwise provided in the Company Act and the Articles of Association of the Company.</p> <p>In case of a vote, if no objection is raised via the chairman's query, it is deemed as passing. The effect is the same as that of a vote.</p>	<p>17. When the company convenes a shareholders meeting, it is <u>likely</u> to exercise the voting rights <u>in writing or electronically</u>. The relevant exercise methods are governed by the Company Act and the regulations of the competent authority.</p> <p>The voting of the motion shall be passed with the consent of more than half of the voting rights of the shareholders present unless otherwise provided in the Company Act and the Articles of Association of the Company.</p> <p>In case of a vote, if no objection is raised via the chairman's query, it is deemed as passing. The effect is the same as that of a vote.</p>	<p>Please refer to the above.</p>
<p><u>19. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The recording and distribution of the minutes thereof can be done in electricity.</u></p> <p><u>The Company is allowed to insert the aforementioned minutes to the Market Observation System for publication as a substitution for distribution under the preceding paragraph</u></p> <p><u>The date, place of the meeting, name of Chairman, ways of resolution, discussion, and the abstract of motions and resolution (including the numbers of votes) shall be recorded properly in the minutes. When the motions involve the election of a director, the Company shall disclose the votes of each candidate. As the Company exist, the minutes shall be kept eternally.</u></p>	<p>This is a new adding to the Original Article and the number of Articles changes subsequently.</p>	<p>Please refer to the above.</p>

<u>20.</u> The chairman may command pickets (or security personnel) to help maintain order at the venue. When pickets (or security personnel) are present to maintain order at the scene, they should wear the “picket” armbands.	19. The chairman may command pickets (or security personnel) to help maintain order at the venue. When pickets (or security personnel) are present to maintain order at the scene, they should wear the “picket” armbands.	Amendment to the number of Article.
<u>21.</u> These rules will be implemented after approval by the shareholders meeting, which applies to any amendments thereto.	20. These rules will be implemented after approval by the shareholders meeting, which applies to any amendments thereto.	Please refer to the above.

Appendix 1. Articles of Incorporation for Taiwan Cement Corporation

[English Translation, for reference only]

Taiwan Cement Corporation

Articles of Incorporation

Amended on June 12, 2019

By the Annual General Meeting of Shareholders

Section I--General Provisions

Article 1 The Company shall be incorporated under the provisions for company limited by shares of the Company Act of the Republic of China (the "Company Act") and the relevant regulations, and its name shall be Taiwan Cement Corporation (the "Company") and its English name shall be Taiwan Cement Corporation.

Article 2 The scope of business of the Company shall be as follows:

- (1) C901030: Cement Manufacturing
- (2) C901040: Concrete Mixing Manufacturing
- (3) C901050: Cement and Concrete Mixing Manufacturing
- (4) C901990: Other Non-metallic Mineral Products
Manufacturing
- (5) B601010: On-land Clay and Stone Quarrying
- (6) F111090: Wholesale of Building Materials
- (7) F211010: Retail Sale of Building Materials
- (8) J101040: Waste Disposing
- (9) F401010: International Trade
- (10) G801010: Warehousing and Storage
- (11) C601030: Paper Containers Manufacturing
- (12) H701010: Residence and Buildings Lease Construction and
Development
- (13) H701020: Industrial Factory Buildings Lease Construction
and Development
- (14) H703100: Real Estate Rental and Leasing
- (15) ZZ99999: All business items that are not prohibited or
restricted by law, except those that are subject to special
approval.

Article 3 All matters regarding the reinvestment of the Company shall be decided by resolutions passed by the Board of Directors. The total amount of reinvestment of the Company may exceed forty percent (40%) of its paid-in capital.

Article 4 The Company shall have its head office in Taipei City, the Republic of China (Taiwan).

The Company's manufacturing and distribution centers shall be set up at locations around Taiwan; branch offices may be established within or outside the territory of the Republic of China at proper locations when necessary.

The establishment, change and abolition of such centers or branch offices shall be determined by resolutions passed by the Board of Directors.

Section II--Capital Stock

Article 5 The Corporation's total capital is established at NT\$70 billion, which has been divided into 7 billion shares. Each share is NT\$10, and shares are issued in installments; part of the shares may be preferred shares.

The Corporation may issue employee stock options to the employees of the Corporation or its domestic or foreign subsidiaries. 60 million shares out of the aforementioned total share capital shall be reserved for the issuance of employee stock options, which may be issued in installments by the resolutions of the board of directors. The board of directors is authorized to buy back the employee stock options of the Corporation in accordance with law when it is legally permitted to do so.

Article 5-1 The rights and obligations and other important issuance terms of preferred shares of the Corporation are as follows:

1. The dividend for preferred shares shall be capped at 8% per annum, calculated by the issue price per share, and the dividend may be distributed in cash once every year. After the financial statements and the profit distribution proposal are approved by the general shareholders' meeting, the board shall determine a record date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and redemption shall be calculated by the actual number of issue days the preferred shares remained outstanding in that year. The issue date shall be defined as the record date for the capital increase via issuance of the preferred shares.

2. The Corporation has sole discretion over the dividend distribution of preferred shares. The Corporation may decide not to distribute dividends of preferred shares, as resolved in the shareholders' meeting. If there are no earnings in the annual accounts or if the shareholders' meeting resolves not to distribute dividends, the undistributed dividends shall not be cumulative and shall not be paid in arrears in a future year when there are earnings.
3. Except for the dividends prescribed in Subparagraph 2 of this Article, preferred shareholders may not participate in the distribution of cash or stock dividends with regard to the common shares derived from earnings or capital reserves.
4. Preferred shareholders are entitled to distribution priority on the residual property of the Corporation compared with common shareholders and shall rank pari passu with holders of other preferred shares issued by the Corporation, and the preferential right of the preferred shareholders shall be only inferior to general creditors; the amount of such distribution shall not exceed the amount of the issued and outstanding preferred shares at the time of such distribution calculated by the issue price.
5. Preferred shareholders have no voting right at the shareholders' meeting but may be elected as directors and have the right to vote in preferred shareholders' meetings or shareholders' meetings that involve the rights and obligations of preferred shareholders.
6. Preferred shares are not convertible to common shares.
7. Preferred shares have no maturity date, and preferred shareholders shall not request the Corporation to redeem preferred shares held thereby. Notwithstanding the foregoing, the Corporation may redeem all or part of the preferred shares at any time on the next day after five years of issuance at the original issue price. The rights and obligations set forth in the in the foregoing paragraphs will remain unchanged to the unredeemed preferred shares. If the Corporation decides to distribute dividends in a year, the amount of dividends that shall be distributed until the redemption date shall be calculated based on the actual days in the redemption year up to the redemption date.
8. The capital reserve received from the issuance of preferred shares in excess of par value shall not be capitalized during the issue period of the preferred shares. The board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance after considering the situation of capital market and the willingness of investors in accordance with the Articles and related laws and regulations.

Article 5-2 If the exercise price in relation to the employee stock options issued by

the Corporation is lower than the closing price of the common shares of the Corporation as of the issue date, it shall be approved by at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.

If the Corporation wishes to transfer an employee stock option to an employee at a price lower than the average price of the shares that were bought back, it shall be approved by at least two-thirds of the voting rights represented at the latest shareholders meeting attended by shareholders representing a majority of the total issued shares.

Article 5-3 Treasury stock purchased by the Company can be transferred to the employees of parents or subsidiaries of the Company or controlled by the Company.

Stock warrants of the Company can be issued to the employees of parents or subsidiaries of the Company or controlled by the Company.

Article 6 The share certificates of the Company shall have serial numbers, signed by the Chairperson and two (2) or more Directors or having their seals affixed to the certificate, and issued upon certification by the competent authority or the agency authorized by such authority to handle the registration of issuance of stock certificates.

The Company may issue shares without printing share certificates; but such shares shall be registered at a Centralized Securities Depository Enterprise.

Article 7 The Company's stock certificates shall be in registered form. The shareholders shall notify the Company's shareholder service agent of their names and residential addresses to be recorded in the shareholder roster. The shareholders shall also provide such shareholder service agent with their specimens of signatures or seals.

Article 8 Registration for transfer of shares shall be suspended for sixty (60) days immediately before the day of an Annual General Meeting of shareholders, for thirty (30) days immediately before the day of any Special General Meeting of shareholders, and for five (5) days before the day on which dividends or any other benefit is scheduled to be paid by the Company.

Article 9 All matters related to the Company's shares shall be handled in accordance with the relevant regulations of the competent authority.

Section III--Shareholders' Meeting

Article 10 The Corporation's Shareholders' meeting shall be divided into two

kinds: Annual General meeting of shareholders and Extraordinary General meeting of shareholders. Annual General meeting of shareholders will be held once every year within six months after close of each fiscal year, while the Extraordinary General meeting of shareholders will be held when necessary.

Unless otherwise provided for in the Company Act, the Shareholders' Meetings in the preceding paragraph shall be convened by the board of directors.

Meeting of the preferred shareholders can be convened in accordance with applicable laws and regulations when necessary.

Article 11 The meeting of shareholders shall be presided over by the Chairperson of the Board of Directors. In the event of the Chairperson's absence, the Vice Chairperson shall act on the Chairperson's behalf. If the Chairperson and the Vice Chairperson are both absent, the Chairperson shall designate one of the Directors to act on the Chairperson's behalf. In the absence of such a designation, the Directors shall elect one Director from among themselves as the chair of the meeting.

Article 12 Unless otherwise stipulated by the Company Act, a shareholder shall be entitled to one (1) vote per share.

If a shareholder is unable to attend the shareholders' meeting in person, such shareholder may appoint a proxy to attend the shareholders' meeting and exercise such shareholder's right in his/her/its behalf by executing a proxy issued by the Company and specifying therein the scope of power authorized to the proxy. Except for trust enterprises or shareholder service agencies approved by the competent authority, when a person who acts as the proxy for two (2) or more shareholders, the excessive voting power represented by such person exceeding three percent (3%) of the total outstanding voting shares of the Company shall not be counted.

A shareholder shall serve the foregoing proxy to the Company no later than five (5) days prior to the day of the shareholders' meeting. If two (2) or more written proxies are received from one (1) shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous proxy.

The voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission in accordance with the Company Act and the relevant regulations of the competent authority.

Article 13 Unless otherwise provided by the Company Act, a resolution of the shareholders' meeting shall be adopted by a majority of the shareholders attending such meeting, and the shareholders attending such meeting shall represent the majority of the total number of the issued shares.

Section IV--Directors and Audit Committee

Article 14 The Company shall have fifteen (15) to nineteen (19) Directors (including Independent Directors), elected by a shareholders' meeting from a list of director candidates through the candidate nomination system.

There shall be at least three (3) Independent Directors, who shall represent more than one-fifth ($1/5$) of the Board of Directors.

Independent Directors shall be elected by a shareholders' meeting from a list of independent director candidates. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters of compliance with respect to Independent Directors shall be governed by the relevant laws and regulations.

The election of Directors shall be held in accordance with the Company Act. Independent and non-Independent Directors shall be elected at the same time, provided that the number of Independent Directors and non-independent Directors elected shall be calculated separately.

The guidelines for electing all Directors shall be established by a shareholders' meeting.

Article 12 herein applies to the restrictions on the shareholders' voting power.

Article 14-1 The Company shall form an Audit Committee and may form committees of other functions.

The Audit Committee shall be composed solely of all Independent Directors. There shall be at least three (3) Audit Committee members, with one (1) of them serving as the convener and at least one (1) of them having expertise in accounting or finance.

The Audit Committee shall be responsible for performing the Supervisors' duties as stipulated in the Company Act, Securities and Exchange Act and other relevant laws and regulations as well as complying with applicable laws, regulations and rules and regulations of the Company.

- Article 15 All Directors shall have a term of three (3) years and be eligible for re-election upon expiry of such term.
- Article 16 The Directors shall elect one Director among themselves to serve as the Chairperson of the Board and may elect another among themselves to serve as the Vice Chairperson of the Board. The Chairperson of the Board shall represent the Company over all matters of the Company.
- Article 17 Unless otherwise specified in the Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board. Unless otherwise stipulated by the Company Act, a resolution of the Board shall be adopted by the majority of the Directors attending the meeting and the Directors attending the meeting shall represent the majority of the Board of Directors.
A meeting of the Board of Directors shall be called in writing, via e-mail or facsimile.
- Article 18 A notice setting forth the purpose of the meeting shall be given to each Director no later than seven (7) days prior to a Board meeting; however, a Board meeting may be convened at any time in case of emergency.
- Article 19 The meeting of the Board of Directors shall be presided over by the Chairperson of the Board of Directors. In the event of the Chairperson's absence, the Vice Chairperson shall act on the Chairperson's behalf. If the Chairperson and the Vice Chairperson are both absent, the Chairperson shall designate one of the Directors to act on the Chairperson's behalf. In the absence of such a designation, the Directors shall elect one Director from among themselves as the chair of the meeting.
- Article 20 The remuneration of the Directors shall be determined by the Board of Directors in accordance with each Director's involvement in and contribution to the Company's operation and also taking into consideration the national and international remuneration standards of the industry.
- Article 21 The Company may, during the term of the Directors, take out liability insurance for the Directors with respect to the liabilities that might arise from the performance of duties during their term of office.

Section V--Managerial Officers

- Article 22 The Company shall have one (1) Chief Executive Officer and

one (1) General Manager, whose appointment and discharge shall be made by the Board of Directors.

Article 23 The General Manager shall, pursuant to the Company Articles of Incorporation, supervise and lead the managers and officers in handling all businesses of the Company.

Section VI--Closing of Accounts and Distribution of Profits

Article 24 The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Board of Directors shall prepare the following reports and forward the same to the Annual General Meeting of shareholders for acceptance in accordance with the legal procedures:

- (1) Business report;
- (2) Financial statements; and
- (3) Proposal concerning appropriation of net profits or making up losses.

Article 25 When allocating profit for each fiscal year, the Company shall set aside:

- (1) As the Employees' remuneration: 0.01% to 3% of the profit;
- (2) As the Directors' remuneration: no more than 1% of the profit.

However, if the Company has accumulated losses, the Company shall first reserve an amount to make up the losses, and then set aside the Employees' and the Directors' remuneration as specified in items (1) & (2) above.

The Employees' remuneration may be distributed in shares or in cash. Employees of the Company's subsidiaries or subsidiaries controlled by the Company who meet certain requirements may also receive such remuneration.

The distribution of the Employees' and the Directors' remuneration shall be approved by a majority vote at a Board meeting attended by over two-thirds of the Directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

Article 26 When the Corporation makes the final accounting to obtain a net income, after all taxes and dues have been paid and losses have been covered and at the time of allocating surplus profits, it shall first set aside 10% of such profits as a legal reserve; provided that no legal reserve may be set aside when such legal reserve has reached the Corporation's total paid-in capital. If necessary, it may set aside or

reverse a special reserve or retain surplus earnings with discretion in accordance with the relevant laws from the balance plus undistributed earnings. After that, it may distribute preferred stock dividends in accordance with Article 5-1 of the Articles, and after that it may distribute common stock dividends from the balance, and the board of directors shall draw up a surplus earnings distribution proposal containing the distribution ratio calculated in accordance with the dividends policies under Paragraph 2 of this Article to be resolved by the Annual General Shareholders' Meeting.

The Corporation not only engages in manufacturing and marketing of cement and cement products that are capital intensive and more mature and steady, it also endeavors to diversify its business. For the purpose of accommodating to demands for diverse development and investment or planning of major capital budgets, the ratio of dividends paid in cash is set at 20% or more of common stock dividends, while the balance shall be distributed by means of stock dividends.

- Article 27 The Company may, pursuant to the Company Act, distribute its profits to its shareholders in newly issued shares or in cash pro rata to the shareholders' percentage of shareholding.

Section VII--Supplementary Provisions

- Article 28 The organizational regulations of the Company's Board of Directors, head office, and other branch organizations shall be established by the Board of Directors.
- Article 29 The Company may act as a guarantor for an outside party if the Company's business requires so.
- Article 30 In regard to any and all matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.
- Article 31 These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, 2nd on May 5, 1952, 3rd on June 18, 1953, 4th on October 23, 1954, 5th on March 20, 1957, 6th on October 19, 1957, 7th on March 27, 1958, 8th on March 17, 1960, 9th on October 15, 1960, 10th on March 16, 1961, 11th on March 21, 1963, 12th on April 10, 1967, 13th on April 11, 1969, 14th on April 24, 1970, 15th on April 20, 1973, 16th on April 19, 1974, 17th on April 18, 1975, 18th on April 20, 1976, 19th

on April 21, 1977, 20th on March 31, 1978, 21st on April 10, 1979, 22nd on April 10, 1980, 23rd on April 10, 1981, 24th on April 9, 1982, 25th on April 8, 1983, 26th on April 18, 1985, 27th on April 21, 1987, 28th on April 18, 1988, 29th on April 21, 1989, 30th on April 20, 1990, 31st on April 19, 1991, 32nd on April 21, 1992, 33rd on April 20, 1993, 34th on April 21, 1994, 35th on April 20, 1995, 36th on May 30, 1997, 37th on April 30, 1998, 38th on May 28, 1999, 39th on May 30, 2000, 40th and 41st on May 31, 2001, 42nd on June 18, 2002, 43rd on June 26, 2003, 44th on June 11, 2004, 45th on June 30, 2005, 46th on June 9, 2006, 47th on June 15, 2007, 48th on June 18, 2010, 49th on June 22, 2011, 50th on June 21, 2012, 51st on June 18, 2015, and the 52nd on June 22, 2016, and the 53rd on June 22, 2018, and the 54th amendment was made on June 12, 2019.

Appendix 2. Directors' Stockholding Status

Base date: April 11, 2020

Position title	Name	Date of being appointed	Number of shares held at the time of appointment		Number of shares currently held	
			Number of shares	As a percentage (%) to then issued shares	Number of shares	As a percentage (%) to then issued shares
Chairman	Chai Hsin R.M.C Corp. Representative: Chang An Ping	2018.6.22	2,453,833 0	0.06 0.00	2,888,454 0	0.05 0.00
Director	C. F. Koo Foundation Representative: Li, Jong-Peir	2018.6.22	2,308,909 0	0.05 0.00	3,017,861 0	0.06 0.00
Director	Tai Ho Farming Co., Ltd. Representative: Koo, Kung-Yi	2018.6.22	4,889,218 0	0.12 0.00	5,755,269 0	0.11 0.00
Director	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan	2018.6.22	62,688,346 0	1.48 0.00	73,791,688 0	1.35 0.00
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	2018.6.22	83,777,716 0	1.97 0.00	98,616,401 2,000,000	1.80 1.00
Director	Chia Hsin Cement Corp. Representative: Chang Kang-Lung, Jason	2018.6.22	176,262,460 0	4.15 0.00	207,482,018 0	3.80 0.00
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia	2018.6.22	62,688,346 0	1.48 0.00	73,791,688 0	1.35 0.00
Director	Xin Hope Investment Co., Ltd. Representative: CHI-WEN CHANG	2018.6.22	10,701,572 0	0.25 0.00	16,136,043 0	0.30 0.00
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	2018.6.22	125,098,870 0	2.95 0.00	230,523,166 0	4.22 0.00
Director	Chung Cheng Development Investment Corporation Representative: Yu Tzun-Yen	2018.6.22	22,699,527 0	0.53 0.00	26,720,060 782,130	0.49 0.39
Director	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen	2018.6.22	82,719,582 0	1.95 0.00	97,370,851 0	1.78 0.00
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	2018.6.22	9,554,654 0	0.23 0.00	11,246,971 0	0.21 0.00
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	2018.6.22	7,525,603 0	0.18 0.00	8,858,535 259,300	0.16 0.13
Director	Chia Hsin Cement Corp. Representative: Chen Chi-Te	2018.6.22	176,262,460 0	4.15 0.00	207,482,018 0	3.80 0.00
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai	2018.6.22	82,719,582 0	1.95 0.00	97,370,851 0	1.78 0.00
Independent Director	Yu-Cheng Chiao	2018.6.22	0 0	0.00 0.00	0 0	0.00 0.00
Independent Director	Victor Wang	2018.6.22	0 0	0.00 0.00	0 0	0.00 0.00
Independent Director	Sheng Chin Jen	2018.6.22	0 0	0.00 0.00	2,000 0	0.00 0.00
Independent Director	Lynette Ling-Tai, Chou	2018.6.22	15 0	0.00 0.00	1 200,000	0.00 0.10
Total			590,680,368 0		782,409,318 3,241,430	

Number of total issued common shares on June 22, 2018: 4,246,509,010 shares.

Number of total issued preferred shares on June 22, 2018: 0 shares.

Number of total issued common shares on April 11, 2020: 5,465,619,204 shares.

Number of total issued preferred shares on April 11, 2020: 200,000,000 shares

Note: 1. The minimum shares required to be held by the entire body of directors of the Corporation is 120,000,000 shares. As of April 11, 2020, the numbers of shares held by the entire body of directors were 785,448,747 shares.

2. The Corporation has established an Audit Committee, so the minimum shares required to be held by the supervisors are not applicable.

Appendix 3. Impact of Issuance of Stock Dividends on Business Performance, Earnings per Shares, and Return of Equity

Items		Year	2020(Pro-Forma)
Beginning paid-in capital (Include preferred share)			NTD 56,656,192,000
Stock dividend and cash dividend issued this year	Cash dividend per share		NTD 2.5
	Stock dividend per share appropriate from a capitalization of retained earnings		0.05 shares
	Stock dividend per shares appropriate from a capitalization of capital reserve		0 shares
Change in business performance	Operating income		
	Ratio of increase (decrease) in operating income as compared to the previous year		
	Net income after tax		
	Ratio of increase (decrease) in net income after tax as compared to the previous year		
	Earnings per share		
	Ratio of increase (decrease) in EPS as compared to the previous year		
	Average annual ROE ratio (Average annual PE/ratio)		
Pro-forma EPS and P/E Ratio	In case that cash dividends would be paid in lieu of stock dividend by a Capitalization of retained earnings	Pro-forma EPS	Not applicable
		Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capita; reserve	Pro-forma EPS	
		Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capital reserve and cash dividends would be paid in lieu of stock dividends by a capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	

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