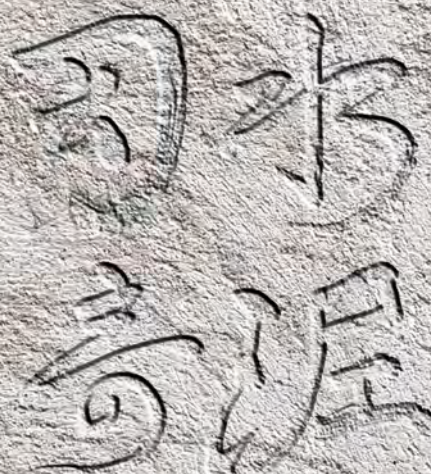




Stock Code  
1101

# **Taiwan Cement Corporation Year 2021 Annual General Meeting of Shareholders Meeting Handbook**



**We are borrowing  
this Earth from our children**

Time : 9:00 a.m., Friday, June 11, 2021

Place : 3F, No. 113, Sec. 2., Chung-Shan North Road, Taipei, Taiwan (TCC Building, Cement Hall)

Taiwan Cement Corporation website : <http://www.taiwancement.com>

Market Observation Post System website : <http://mops.twse.com.tw>



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## **Rules of Procedure for Taiwan Cement Corporation Shareholders Meeting**

Amended and adopted by the regular shareholders meeting on June 9, 2020

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. 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. 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. 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.
20. 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.
21. These rules will be implemented after approval by the shareholders meeting, which applies to any amendments thereto.

# **Taiwan Cement Corporation**

## **Agenda of Year 2021 Annual General Meeting of Shareholders**

Time & Date: 9 a.m., Friday, June 11, 2021

Venue: 3F, No. 113, Sec. 2., Chung-Shan North Road, Taipei, Taiwan (TCC Building, Cement Hall)

### **1. Chairman's Statement**

### **2. Matters to Report**

- (1) Employees' and directors' compensation of 2020.
- (2) Business Report and Financial Statements of 2020.
- (3) The Audit Committee's Review Report.
- (4) Report on TCC using cash-share swap to delist and obtain 100% of TPCC shares in 2020.
- (5) Amendments on part of Ethical Corporate Management Best Practice.

### **3. Matters for Approval**

- (1) To approve 2020 Annual Business Report and Financial Statements.
- (2) The proposal for distribution of 2020 earnings.

### **4. Matters for Election**

24th term Board of Directors election of 15 seats (including 5 seats of Independent Directors)

### **5. Matters for Discussion**

- (1) To approve the amendments on part of Rules of Procedures for the Acquisition and Disposal of Assets.
- (2) To approve the amendments on part of Rules of Procedure for Annual Shareholders' Meeting.
- (3) Proposal to release the newly-elected Directors from non-competition restrictions.

### **6. Extemporaneous Motions**

### **7. Meeting Adjourned**

## **Matters to Report**

### **1. Employees' and directors' compensation of 2020.**

Descriptions:

- (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 24<sup>th</sup> meeting of the 23<sup>rd</sup> term Board of Directors. For 2020, the Company distributed of NT\$107,953,781 in cash as employees' compensation and NT\$256,964,712 in cash as directors' compensation.

## **2. Business report and financial statements of 2020.**

### **Business Report**

In 2020, the spread of the Coronavirus (COVID-19) on a global scale caused the world economy to come to a near halt and the Earth to turn quiet. From the natural environment, we are reminded again of the importance of a “circular economy”. Therefore, Taiwan Cement (TCC) sets out the roadmap to deliver carbon neutral concrete products by 2050 using low-carbon cement and building material, waste treatment, and renewable energy development as the basis.

In 2020, TCC achieved several milestones. TCC’s subsidiary in Côte d'Ivoire began manufacturing environmental cement products, while Guigang TCC Dongyuan Environmental Technology began waste treatment projects. Furthermore, TCC Hoping Plant’s cement kiln co-processing of waste treatment Build-Operation-Own (BOO) project in cooperation with the local government had passed environmental inspections. For the renewable energy segment, TCC subsidiary Chang-Wang Wind Power installed 14.4MW of wind power installation and another subsidiary TCC Chia-Chien Green Energy began the construction of the 44MW fishery-solar installation. Furthermore, TCC Hoping Plant established “TCC DAKA Eco-Circular Park” to help rejuvenate local business and culture and demonstrate communal friendliness with the local communities. These achievements show that TCC is moving toward our goal with unwavering determination.

Mainland China cement market was affected by the COVID-19 pandemic which caused cement price and net income to show on-year decrease. Nevertheless, due to limited impact of the COVID-19 pandemic and meticulous cost management in the Taiwan business plus net income growth of various subsidiaries, the consolidated after-tax net income reached a historical high in 2020.

TCC’s 2020 consolidated revenue was NT\$114.37 billion, showed an on-year decrease of 6.9%. After-tax net income reached NT\$25.10 billion, representing an on-year growth of 3.7%. The annual budget achieve rate was 180.5% with earnings per share (EPS) reaching NT\$4.32.



The combined cement and clinker production volume of Taiwan and Mainland China businesses reached 57.32 million tons in 2020, showing an on-year decrease of 1.0% compared to 57.92 million tons in 2019. In particular, Taiwan's sales volume of cement and clinker reached 4.69 million tons, representing an annual growth of 5.5% compared to 4.45 million tons sold in 2019. In Mainland China, sales volume of cement and clinker reached 50.95 million tons, representing an annual decrease of 3.0% compared to 52.53 million tons sold in 2019. The total sales volume of ready-mixed concrete (RMC) in Taiwan and Mainland China was 5.55 million cubic meters in 2020, showing an on-year growth of 2.3% compared to 5.42 million cubic meters in 2019.

To achieve our goal of building a circular economy, TCC has been researching and developing energy conservation, carbon emissions reduction and various resource recycle technologies. In 2020, TCC's R&D team completed the development of usage for recycled pellets, coal ash from garbage incinerators and coal-fired power plants, and industrial wastes. The team also completed R&D of applications to use biofuel and solid recovery fuel (SRF). Furthermore, the team set carbon footprint category structure and obtained carbon footprint certification of TCC's Portland I cement. On top of the achievements aforementioned, the R&D team continues to cooperate with top research organizations to research and develop the new generation of calcium-looping carbon capture technology, microalgae cultivation for carbon dioxide sequestration, new ultra-high performance concrete (UHPC) material and establish cladding panel manufacturing technology.

To achieve the goal of optimizing the manufacturing process and emissions control, TCC also developed numerous smart management systems to help different departments to forecast, set early warning, and use machine-learning to enhance data accuracy.

The COVID-19 pandemic continues to severely impact the world in 2021. Despite various governments' efforts to stimulate the economy through large-scale fiscal and monetary policies, the results have been uncertain. The year 2021 is likely to be another tough year. Humans are a part of nature but technological development has made the relationship between humans and nature more complex

and it is TCC's mission and role to be the practitioner to build a circular economy.

Chairmn: Chang, An-Ping

President: Li, Jong-Peir

Accounting Supervisor: Yeh, Kuo-Hung

## Financial statement



## 勤業眾信

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### 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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is as follows:

#### Revenue Recognition of Cement Sales

The 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 the performance obligations are satisfied. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2020. 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chih-Ming Shao and Hui-Min Huang.

Chih-Ming Shao      Hui-Min Huang

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2021

#### 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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 12,008,414	4	\$ 6,666,247	2
Financial assets at fair value through profit or loss (Notes 4, 7 and 26)	290,636	-	259,102	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 26 and 27)	3,404,597	1	3,645,197	1
Financial assets at amortized cost (Notes 4 and 6)	4,900,000	2	-	-
Accounts and notes receivable (Notes 4 and 9)	4,784,095	2	4,592,693	2
Accounts and notes receivable from related parties (Notes 4 and 27)	506,081	-	513,762	-
Inventories (Notes 4 and 10)	1,229,744	-	1,415,222	1
Other current assets (Notes 21 and 27)	179,653	-	577,675	-
Total current assets	27,303,220	9	17,669,898	6
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 26 and 27)	5,653,008	2	5,334,757	2
Investments accounted for using the equity method (Notes 4, 5 and 11)	248,463,221	78	231,055,055	80
Property, plant and equipment (Notes 4, 12, 20, 27 and 28)	30,590,559	10	26,864,808	9
Right-of-use assets (Notes 4, 13, 20 and 27)	1,314,191	-	1,414,338	1
Investment properties (Notes 4, 14 and 20)	2,503,349	1	3,351,991	1
Intangible assets (Notes 4 and 20)	10,710	-	10,711	-
Prepayments for property, plant and equipment (Note 12)	738,580	-	1,154,488	-
Net defined benefit asset (Notes 4 and 18)	1,549,048	-	1,418,690	1
Other non-current assets (Notes 4, 6, 21 and 28)	768,947	-	601,225	-
Total non-current assets	291,591,613	91	271,206,063	94
<b>TOTAL</b>	<b>\$ 318,894,833</b>	<b>100</b>	<b>\$ 288,875,961</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 15 and 24)	\$ 23,351,729	7	\$ 16,325,928	6
Accounts payable	773,399	-	824,644	-
Accounts payable to related parties (Note 27)	793,211	-	709,471	-
Other payables (Notes 12 and 17)	2,199,950	1	2,224,356	1
Current income tax liabilities (Notes 4 and 21)	197,468	-	-	-
Lease liabilities (Notes 4, 13 and 27)	259,111	-	289,436	-
Long-term loans - current portion (Notes 15 and 24)	4,300,000	2	-	-
Other current liabilities (Note 27)	138,189	-	136,479	-
Total current liabilities	32,013,057	10	20,510,314	7
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 16)	53,897,370	17	35,699,778	12
Long-term loans (Notes 15 and 24)	17,153,417	5	21,431,917	8
Lease liabilities (Notes 4, 13 and 27)	1,071,273	-	1,133,140	-
Notes payable (Note 15)	4,991,327	2	10,806,497	4
Deferred income tax liabilities (Notes 4 and 21)	5,368,524	2	5,337,961	2
Other non-current liabilities (Note 11)	328,048	-	272,286	-
Total non-current liabilities	82,809,959	26	74,681,579	26
Total liabilities	114,823,016	36	95,191,893	33
<b>EQUITY (Notes 4, 19 and 22)</b>				
Share capital	59,414,007	19	56,656,192	19
Certificate of entitlement to new shares from convertible bonds	688,542	-	-	-
Capital surplus	49,122,450	15	48,015,947	17
Retained earnings	74,199,518	23	65,626,033	23
Others	21,146,991	7	23,734,855	8
Treasury shares	(499,691)	-	(348,959)	-
Total equity	204,071,817	64	193,684,068	67
<b>TOTAL</b>	<b>\$ 318,894,833</b>	<b>100</b>	<b>\$ 288,875,961</b>	<b>100</b>

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

# TAIWAN CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 21,578,428	100	\$ 19,265,728	101
LESS: SALES RETURNS AND ALLOWANCES	<u>82,998</u>	<u>-</u>	<u>142,952</u>	<u>1</u>
OPERATING REVENUE, NET	21,495,430	100	19,122,776	100
OPERATING COSTS (Notes 10, 20 and 27)	<u>17,671,017</u>	<u>82</u>	<u>17,298,755</u>	<u>90</u>
GROSS PROFIT	3,824,413	18	1,824,021	10
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>3,825,641</u>	<u>18</u>	<u>1,825,249</u>	<u>10</u>
OPERATING EXPENSES (Notes 20 and 27)				
Marketing	282,027	1	262,500	1
General and administrative	<u>1,367,403</u>	<u>7</u>	<u>1,264,911</u>	<u>7</u>
Total operating expenses	<u>1,649,430</u>	<u>8</u>	<u>1,527,411</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>2,176,211</u>	<u>10</u>	<u>297,838</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	24,287,862	113	24,753,161	129
Dividend income (Note 4)	348,138	2	307,581	2
Other income (Note 20)	190,283	1	359,843	2
Finance costs (Notes 4 and 20)	(1,508,446)	(7)	(1,316,748)	(7)
Other expenses (Note 20)	<u>(162,495)</u>	<u>(1)</u>	<u>(190,310)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>23,155,342</u>	<u>108</u>	<u>23,913,527</u>	<u>125</u>
INCOME BEFORE INCOME TAX	25,331,553	118	24,211,365	127
INCOME TAX EXPENSE (Notes 4 and 21)	<u>232,244</u>	<u>1</u>	<u>284</u>	<u>-</u>
NET INCOME	<u>25,099,309</u>	<u>117</u>	<u>24,211,081</u>	<u>127</u>

(Continued)

# TAIWAN CEMENT CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	\$ 123,920	1	\$ 421,406	2
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 19)	111,999	-	1,246,314	7
Share of other comprehensive income (loss) of subsidiaries and associates (Note 19)	(4,738,521)	(22)	10,006,604	52
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	(24,784)	-	(84,281)	-
	<u>(4,527,386)</u>	<u>(21)</u>	<u>11,590,043</u>	<u>61</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates (Note 19)	<u>2,136,685</u>	<u>10</u>	<u>(6,623,040)</u>	<u>(35)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,390,701)</u>	<u>(11)</u>	<u>4,967,003</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 22,708,608</u>	<u>106</u>	<u>\$ 29,178,084</u>	<u>153</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 4.32</u>		<u>\$ 4.22</u>	
Diluted	<u>\$ 4.09</u>		<u>\$ 4.06</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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Share Capital				Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Preferred Shares	Certificate of Entitlement to New Shares from Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges Reserve		
BALANCE AT JANUARY 1, 2019	\$ 51,080,599	\$ 2,000,000	\$ -	\$ 47,836,241	\$ 14,784,534	\$ 13,049,062	\$ 33,755,165	\$ 61,588,361	\$ (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 cash 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	(6,623,640)	11,520,550	(6,872)	-	4,967,603
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	24,487,451	24,487,451	(6,623,640)	11,520,550	(6,872)	-	29,178,063
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
Basic 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	-	-	-	-	-	-	-	-	-	-	-	(348,529)	(348,529)
BALANCE AT DECEMBER 31, 2019	54,656,192	2,000,000	-	48,015,947	16,902,616	13,049,062	35,674,155	65,626,833	(11,660,261)	35,395,116	-	(348,529)	193,684,668
Appropriation of 2019 earnings													
Legal reserve	-	-	-	-	2,448,745	-	(2,448,745)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(13,644,048)	(13,644,048)	-	-	-	-	(13,644,048)
Preferred cash dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)
Share dividends distributed by the Corporation	2,728,810	-	-	-	-	-	(2,728,810)	(2,728,810)	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	-	25,099,309	25,099,309	-	-	-	-	25,099,309
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	95,736	95,736	2,130,685	(4,623,001)	(121)	-	(2,390,201)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	25,195,045	25,195,045	2,130,685	(4,623,001)	(121)	-	22,708,668
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	(644,384)	-	-	-	-	-	-	-	-	(644,384)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	136,699	-	-	-	-	-	-	-	-	136,699
Dividends from subsidiaries over claims extinguished by prescription	-	-	-	349	-	-	-	-	-	-	-	-	349
Basic adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	(129)	-	(129)
Compensation costs of treasury shares transferred to employees	-	-	-	4,808	-	-	-	-	-	-	-	-	4,808
Treasury shares transfer to employees	-	-	-	(1,397)	-	-	-	-	-	-	-	20,868	19,471
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(171,600)	(171,600)
Deposits of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	101,298	101,298	-	(101,298)	-	-	-
Convertible bonds converted to ordinary shares	29,005	-	688,542	1,410,428	-	-	-	-	-	-	-	-	2,127,975
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	(9,202)	9,202	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 57,414,032	\$ 2,000,000	\$ 688,542	\$ 49,127,410	\$ 19,351,361	\$ 13,039,860	\$ 41,808,792	\$ 74,159,518	\$ (9,523,576)	\$ 30,670,812	\$ (250)	\$ (499,651)	\$ 204,071,812

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

# TAIWAN CEMENT CORPORATION

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

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 25,331,553	\$ 24,211,365
Adjustments for:		
Depreciation expense	927,476	885,540
Amortization expense	1	-
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(35,879)	(167,778)
Finance costs	1,508,446	1,316,748
Interest income	(74,136)	(101,734)
Dividend income	(348,138)	(307,581)
Share-based compensation	4,808	826
Share of profit of subsidiaries and associates	(24,287,862)	(24,753,161)
Gain on disposal of property, plant and equipment, net	(1,656)	(4,855)
Inventory write-downs	-	4,851
Unrealized gain on foreign exchange, net	(7,914)	(3,135)
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(189,192)	(711,873)
Notes receivable and accounts receivable from related parties	8,897	(39,984)
Inventories	185,478	(43,800)
Other current assets	387,933	(26,165)
Net defined benefit asset	(6,438)	(6,181)
Accounts payable	(51,448)	(112,137)
Accounts payable to related parties	83,740	(278,277)
Other payables	(205,753)	192,115
Other current liabilities	1,710	46,891
Cash generated from operations	3,231,626	101,675
Income tax (paid) received	31,639	(20,262)
Net cash generated from operating activities	3,263,265	81,413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at fair value through other comprehensive income	(19,621)	-
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	53,969	4,584
Purchase of financial assets at amortized cost	(5,078,712)	226
Acquisitions of investments accounted for using the equity method	-	(844,333)
Net cash out flow on acquisition of subsidiaries	(966,648)	(1,700,929)
Payments for property, plant and equipment	(3,044,906)	(940,737)
Proceeds from disposal of property, plant and equipment	21,304	5,003
Increase in other non-current assets	(19,808)	(17,049)

(Continued)

# TAIWAN CEMENT CORPORATION

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

	2020	2019
Interest received	\$ 59,806	\$ 114,135
Dividends received	<u>5,285,226</u>	<u>5,176,479</u>
Net cash generated from (used in) investing activities	<u>(3,709,390)</u>	<u>1,816,185</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	7,025,551	3,362,015
Decrease in short-term bills payable	-	(1,499,674)
Issuance of corporate bonds	19,960,000	12,562,200
Increase in long-term loans	-	7,900,000
Increase in long-term notes payable	35,828,000	81,684,000
Decrease in long-term notes payable	(41,656,000)	(92,356,000)
Repayment of the principal portion of lease liabilities	(328,713)	(316,986)
Increase (decrease) in other non-current liabilities	55,717	(156,495)
Dividends paid	(13,994,048)	(16,874,586)
Treasury shares transferred to employees	19,471	2,121
Payment for buy-back of treasury shares	(171,600)	(348,959)
Interest paid	<u>(950,086)</u>	<u>(832,672)</u>
Net cash generated from (used in) financing activities	<u>5,788,292</u>	<u>(6,875,036)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,342,167</b>	<b>(4,977,438)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>6,666,247</u></b>	<b><u>11,643,685</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 12,008,414</u></b>	<b><u>\$ 6,666,247</u></b>

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 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 the performance obligations are satisfied. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2020. 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, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih-Ming Shao and Hui-Min Huang.

Chih-Ming Shao      Hui-Min Huang

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 51,433,522	13	\$ 53,572,620	15
Financial assets at fair value through profit or loss (Notes 4, 7 and 29)	353,986	-	502,005	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	5,596,471	1	7,180,745	2
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	15,769,277	4	4,745,911	1
Notes receivable (Notes 4 and 9)	29,518,807	8	31,258,167	9
Accounts receivable (Notes 4, 9 and 10)	9,522,642	3	8,838,553	2
Notes and accounts receivable from related parties (Notes 4 and 30)	273,866	-	300,000	-
Other receivables (Notes 4 and 24)	1,073,289	-	913,545	-
Other receivables from related parties (Notes 4 and 30)	3,785	-	388,806	-
Inventories (Notes 4 and 11)	7,941,755	2	8,132,977	2
Prepayments	2,135,702	1	1,790,795	1
Other current assets	686,069	-	521,866	-
<b>Total current assets</b>	<b>124,309,171</b>	<b>32</b>	<b>118,145,990</b>	<b>32</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	31,903,287	8	36,120,339	10
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	16,475,021	4	984,716	-
Investments accounted for using the equity method (Notes 4, 13 and 31)	50,133,844	13	47,631,870	13
Property, plant and equipment (Notes 4, 14, 23 and 31)	92,108,972	24	89,881,319	24
Right-of-use assets (Notes 4, 15, 23 and 30)	13,451,125	4	12,734,286	4
Investment properties (Notes 4, 16, 23 and 31)	5,451,434	1	6,322,209	2
Intangible assets (Notes 4, 17 and 23)	19,563,960	5	19,656,118	5
Prepayments for property, plant and equipment (Notes 14 and 30)	5,426,869	1	2,992,315	1
Long-term finance lease receivables (Notes 4 and 10)	26,975,117	7	29,253,336	8
Net defined benefit asset (Notes 4 and 21)	1,572,025	-	1,434,342	-
Other non-current assets (Notes 4 and 24)	2,135,411	1	2,325,545	1
<b>Total non-current assets</b>	<b>265,197,065</b>	<b>68</b>	<b>249,336,395</b>	<b>68</b>
<b>TOTAL</b>	<b>\$ 389,506,236</b>	<b>100</b>	<b>\$ 367,482,385</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 18, 27 and 31)	\$ 34,675,454	9	\$ 30,445,048	8
Short-term bills payable (Note 18)	6,247,029	2	5,875,398	2
Contract liabilities	5,226,637	1	5,041,554	1
Notes and accounts payable (Note 30)	6,137,904	2	7,427,013	2
Other payables (Notes 20 and 32)	10,661,629	3	10,990,611	3
Other payables to related parties (Notes 13 and 30)	8,284	-	234,793	-
Current income tax liabilities (Notes 4 and 24)	3,914,955	1	4,443,343	1
Lease liabilities (Notes 4, 15 and 30)	315,451	-	416,346	-
Long-term loans - current portion (Notes 18, 27 and 31)	4,805,000	1	1,624,138	1
Other current liabilities	111,365	-	34,499	-
<b>Total current liabilities</b>	<b>72,103,708</b>	<b>19</b>	<b>66,532,743</b>	<b>18</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 19)	53,897,370	14	35,699,778	10
Long-term loans (Notes 18, 27 and 31)	24,998,481	6	30,553,035	8
Lease liabilities (Notes 4 and 15)	1,978,361	1	2,073,806	1
Deferred income tax liabilities (Notes 4 and 24)	11,754,270	3	11,588,934	3
Long-term bills payable (Note 18)	4,991,327	1	11,800,966	3
Net defined benefit liabilities (Notes 4 and 21)	72,845	-	97,401	-
Other non-current liabilities (Note 13)	879,821	-	673,855	-
<b>Total non-current liabilities</b>	<b>98,572,475</b>	<b>25</b>	<b>92,487,775</b>	<b>25</b>
<b>Total liabilities</b>	<b>170,676,183</b>	<b>44</b>	<b>159,020,518</b>	<b>43</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 22 and 26)</b>				
Share capital	59,414,007	15	56,656,192	15
Certificate of entitlement to new shares from convertible bonds	688,542	-	-	-
Capital surplus	49,122,450	13	48,015,947	13
Retained earnings	74,199,518	19	65,626,033	18
Others	21,146,991	5	23,734,855	7
Treasury shares	(499,691)	-	(348,959)	-
<b>Equity attributable to shareholders of the Corporation</b>	<b>204,071,817</b>	<b>52</b>	<b>193,684,068</b>	<b>53</b>
<b>NON-CONTROLLING INTERESTS (Notes 22 and 26)</b>	<b>14,758,236</b>	<b>4</b>	<b>14,777,799</b>	<b>4</b>
<b>Total equity</b>	<b>218,830,053</b>	<b>56</b>	<b>208,461,867</b>	<b>57</b>
<b>TOTAL</b>	<b>\$ 389,506,236</b>	<b>100</b>	<b>\$ 367,482,385</b>	<b>100</b>

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



# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)	\$ 114,367,247	100	\$ 122,783,014	100
OPERATING COSTS (Notes 4, 11, 23 and 30)	<u>76,779,667</u>	<u>67</u>	<u>86,872,759</u>	<u>71</u>
GROSS PROFIT	<u>37,587,580</u>	<u>33</u>	<u>35,910,255</u>	<u>29</u>
OPERATING EXPENSES (Notes 23 and 30)				
Marketing	1,106,328	1	1,013,114	-
General and administrative	5,110,389	5	4,699,672	4
Research and development	<u>29,046</u>	<u>-</u>	<u>40,748</u>	<u>-</u>
Total operating expenses	<u>6,245,763</u>	<u>6</u>	<u>5,753,534</u>	<u>4</u>
INCOME FROM OPERATIONS	<u>31,341,817</u>	<u>27</u>	<u>30,156,721</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 13)	3,200,243	3	2,509,388	2
Interest income (Note 4)	1,363,489	1	815,805	1
Dividend income (Note 4)	1,567,644	1	1,448,451	1
Other income (Note 23)	498,284	1	1,256,575	1
Finance costs (Notes 4 and 23)	(1,986,208)	(2)	(2,199,118)	(2)
Net loss on disposal of property, plant and equipment	(101,742)	-	(162,793)	-
Other expenses (Note 23)	(389,007)	-	(401,427)	-
Foreign exchange losses, net	(39,915)	-	(15,399)	-
Non-financial assets impairment loss (Note 14)	<u>(101,299)</u>	<u>-</u>	<u>(774,784)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>4,011,489</u>	<u>4</u>	<u>2,476,698</u>	<u>2</u>
INCOME BEFORE INCOME TAX	35,353,306	31	32,633,419	27
INCOME TAX EXPENSE (Notes 4 and 24)	<u>7,361,913</u>	<u>7</u>	<u>7,178,329</u>	<u>6</u>
NET INCOME	<u>27,991,393</u>	<u>24</u>	<u>25,455,090</u>	<u>21</u>

(Continued)



# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 21)	\$ 125,997	-	\$ 402,890	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 22)	(4,703,206)	(4)	11,208,989	9
Gain (loss) on hedging instruments	216	-	(9,614)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 22)	(11,998)	-	172,815	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 24)	(25,212)	-	(80,567)	-
	(4,614,203)	(4)	11,694,513	9
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	2,219,191	2	(4,792,103)	(4)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 22)	(100,486)	-	(1,877,651)	(1)
	2,118,705	2	(6,669,754)	(5)
Other comprehensive income (loss) for the year, net of income tax	(2,495,498)	(2)	5,024,759	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 25,495,895	22	\$ 30,479,849	25
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 25,099,309	22	\$ 24,211,081	20
Non-controlling interests	2,892,084	2	1,244,009	1
	\$ 27,991,393	24	\$ 25,455,090	21
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 22,708,608	20	\$ 29,178,084	24
Non-controlling interests	2,787,287	2	1,301,765	1
	\$ 25,495,895	22	\$ 30,479,849	25

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 25)				
Basic	\$ 4.32		\$ 4.22	
Diluted	\$ 4.09		\$ 4.06	

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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation								Others						
	Share Capital			Capital Surplus	Retained Earnings				Exchange Difference on Translating Foreign Operations	Unrealized Gain/Loss 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	Certificate of Entitlement to New Shares from Convertible Bonds		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2019	\$ 51,080,599	\$ 2,000,000	\$ -	\$ 47,836,241	\$ 14,784,534	\$ 13,049,062	\$ 33,755,165	\$ 61,588,761	\$ (5,037,221)	\$ 24,874,566	\$ 1,109	\$ (2,545)	\$ 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)	-	-	-	-	-	-	-
Share dividends distributed by the Corporation	8,575,393	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,219,398)	(2,219,398)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	24,211,081	24,211,081	-	-	-	-	24,211,081	1,244,089	25,455,090
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	276,570	276,570	(6,623,040)	11,320,559	(6,877)	-	4,967,003	57,756	5,024,752
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	24,487,651	24,487,651	(6,623,040)	11,320,559	(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
Basic adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	5,708	-	5,708	3,846	9,554
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	35,674,353	65,626,033	(11,660,261)	35,395,116	-	(348,959)	193,684,048	14,777,799	208,461,867
Appropriation of 2019 earnings	-	-	-	-	2,448,745	-	(2,448,745)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	(13,644,048)	(13,644,048)	-	-	-	-	(13,644,048)	-	(13,644,048)
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)	-	(350,000)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	-	(2,728,810)	(2,728,810)	-	-	-	-	-	-	-
Share dividends distributed by the Corporation	2,728,810	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,485,089)	(2,485,089)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	25,099,309	25,099,309	-	-	-	-	25,099,309	2,892,084	27,991,393
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	95,736	95,736	2,136,683	(4,623,001)	(121)	-	(2,390,761)	(104,797)	(2,495,498)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	25,195,045	25,195,045	2,136,683	(4,623,001)	(121)	-	22,708,608	2,787,287	25,495,895
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	(444,384)	-	-	-	-	-	-	-	-	(444,384)	(295,506)	(739,890)
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,225)	(26,225)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	136,699	-	-	-	-	-	-	-	-	136,699	-	136,699
Dividends from subsidiaries over claims extinguished by prescription	-	-	-	349	-	-	-	-	-	-	-	-	349	57	406
Basic adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	(129)	-	(129)	(87)	(216)
Compensation costs of treasury shares transferred to employees	-	-	-	4,808	-	-	-	-	-	-	-	-	4,808	-	4,808
Treasury shares transfer to employees	-	-	-	(1,397)	-	-	-	-	-	-	-	20,868	19,471	-	19,471
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(171,600)	(171,600)	-	(171,600)
DISPOSALS OF NET ASSETS IN EQUITY INSTRUMENTS AT NET VALUE through other comprehensive income	-	-	-	-	-	-	101,298	101,298	-	(101,298)	-	-	-	-	-
Convertible bonds converted to ordinary shares	29,005	-	688,342	1,410,428	-	-	-	-	-	-	-	-	2,127,975	-	2,127,975
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	(9,202)	9,202	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 57,414,007	\$ 2,000,000	\$ 688,342	\$ 49,127,450	\$ 19,351,361	\$ 13,039,860	\$ 41,808,297	\$ 74,199,518	\$ (9,523,576)	\$ 30,670,817	\$ (290)	\$ (409,601)	\$ 204,071,817	\$ 14,758,296	\$ 218,830,053

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 35,353,306	\$ 32,633,419
Adjustments for:		
Depreciation expense	6,844,158	6,909,487
Amortization expense	420,925	430,278
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(32,170)	(179,256)
Finance costs	1,986,208	2,199,118
Interest income	(1,363,489)	(815,805)
Dividend income	(1,567,644)	(1,448,451)
Share-based compensation	4,808	826
Share of profit of associates and joint ventures	(3,200,243)	(2,509,388)
Loss on disposal of property, plant and equipment, net	101,742	162,793
Gain on disposal of investments, net	-	(181,349)
Non-financial assets impairment loss	101,299	774,784
Reversal of write-downs of inventories	(72,989)	(36,520)
Unrealized gain on foreign exchange, net	(135,851)	(142,906)
Gain on lease modification	5,939	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	175,844	87,629
Notes receivable	2,284,125	(2,605,525)
Accounts receivable	(679,413)	(647,799)
Notes and accounts receivable from related parties	21,721	(31,332)
Other receivables	(50,258)	(23,426)
Other receivables from related parties	385,021	(41,514)
Inventories	320,090	1,217,372
Prepayments	(418,327)	1,001,688
Other current assets	(186,551)	58,080
Contract liabilities	137,727	(51,772)
Notes and accounts payable	(1,308,160)	(195,057)
Other payables	258,701	(223,331)
Other payables to related parties	(389,063)	(469,311)
Other current liabilities	76,969	(80,244)
Net defined benefit liabilities	(36,242)	(144,918)
Cash generated from operations	39,038,183	35,647,570
Income tax paid	(7,758,907)	(6,435,021)
Net cash generated from operating activities	31,279,276	29,212,549
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at fair value through other comprehensive income	(34,101)	-
Disposal of financial assets at fair value through other comprehensive income	1,057,782	4,584

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020	2019
Purchases of financial assets at amortized cost	\$ (26,198,078)	\$ (2,766,430)
Acquisition of investments accounted for using the equity method	(233,942)	(1,284,750)
Disposal of investments accounted for using the equity method	-	41,116
Payments for property, plant and equipment	(9,572,441)	(8,201,795)
Proceeds from disposal of property, plant and equipment	64,452	522,037
Increase in other receivables from related parties	-	(341,280)
Payments for intangible assets	(46,651)	(106,261)
Payments for right-of-use assets	(1,085,531)	(4,122,514)
Disposal of right-of-use assets	-	4,690
Decrease in long-term finance lease receivables	2,278,219	1,698,460
Decrease (increase) in other non-current assets	181,983	(237,937)
Interest received	1,174,062	852,229
Dividends received	<u>2,466,331</u>	<u>2,472,266</u>
Net cash used in investing activities	<u>(29,947,915)</u>	<u>(11,465,585)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	4,533,158	4,364,712
Increase (decrease) in short-term bills payable	371,631	(1,526,816)
Issuance of bonds payable	19,960,000	12,562,200
Increase in long-term loans	4,351,860	14,459,444
Repayments of long-term loans	(6,533,621)	(8,747,894)
Increase in long-term bills payable	35,828,000	81,680,086
Decrease in long-term bills payable	(42,656,000)	(92,356,000)
Repayment of the principal portion of lease liabilities	(417,687)	(437,093)
Increase (decrease) in other non-current liabilities	48,249	(103,829)
Cash dividends paid	(16,479,137)	(19,093,894)
Treasury shares transfer to employees	19,471	2,121
Payment for buy-back of treasury shares	(171,600)	(348,959)
Acquisitions of subsidiaries	(739,890)	(1,017)
Interest paid	(1,896,447)	(2,102,028)
Changes in non-controlling interests	<u>-</u>	<u>7,621</u>
Net cash used in financing activities	<u>(3,782,013)</u>	<u>(11,641,346)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>311,554</u>	<u>(1,040,887)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,139,098)	5,064,731
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>53,572,620</u>	<u>48,507,889</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 51,433,522</u>	<u>\$ 53,572,620</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

##### Audit Committee's Review Report

The Board of Directors of Taiwan Cement Corporation has prepared the Company's 2020 Business Report, Consolidated and Standalone Financial Statements, and the proposal for the allocation of earnings. The CPA firm Deloitte & Touche was retained to audit the Company's Financial Statements and it has issued an audit report on the Financial Statements. The Business Report, Financial Statements, and the earnings allocation proposal 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 the Securities Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

Taiwan Cement Corporation

2021 Annual General Shareholders' Meeting

Taiwan Cement Corporation

Audit Committee convener: Victor Wang



March 19, 2021

**4. Taiwan Cement Corporation's (the "Company") status report on its acquisition in 2020 of 100% of shares of its subsidiary, Taiwan Prosperity Chemical Corporation ("TPCC"), through a cash share swap and the delisting of TPCC in accordance with law.**

Descriptions:

1. The Company plans to report, pursuant to Paragraph 2, Article 7 of the Business Mergers and Acquisitions Act, at the Company's 2021 annual shareholders' meeting the current status of the Company acquisition of 100% of TPCC's shares through a cash share swap and the delisting of TPCC in accordance with law.
2. To integrate the group's resources in order to seek maximum group synergies, the Company's audit committee and board of directors resolved on September 16, 2020 to acquire 100% of shares of its subsidiary, TPCC, through a cash share swap (the "**Share Swap**") and to delist TPCC in accordance with law. The completion date of the Share Swap was scheduled for January 18, 2021 (the "**Record Date**").
3. On the Record Date, the Company acquired a total of 38,102,495 TPCC shares from TPCC shareholders (excluding the Company) at NT\$18 in cash per share (the "**Price Per Share**"), with the Company paying a total cash consideration of NT\$685,844,910 to TPCC shareholders (excluding the Company). The Price Per Share took into consideration independent experts' price reasonability opinions and was approved by the Company's audit committee and board of directors.
4. The Company and TPCC completed the Share Swap on January 18, 2021 and TPCC was delisted and ceased its status as a public company on the same day.

## **5. Amendments on part of Ethical Corporate Management Best Practice.**

Descriptions:

- (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 19<sup>th</sup> & 24<sup>th</sup> meeting of the 23<sup>rd</sup> term of Board of Directors. Amendments are attached hereto as Annex 1 (page 41~47).

## **Matters for Approval**

### **1. To approve 2020 Annual Business Report and Financial Statements. (Proposed by the Board of Directors)**

#### **Descriptions:**

- (1) It was conducted according to Article 228 of the Company Act.
- (2) The 2020 Annual Business Report, Individual Financial Statements and Consolidated Financial Statements have been approved by the 24<sup>th</sup> meeting of the 23<sup>rd</sup> 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 2020 profits (Proposed by the Board of Directors)**

### Descriptions:

- (1) The proposal of distribution of 2020 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 2020 unappropriated retained earnings for the previous years are NT\$16,502,752,239. After adding 2020 net profits of NT\$25,099,308,655, remeasurement of defined benefit plan recognized in retained earnings of NT\$95,736,396, disposals of investments in equity instruments at fair value through other comprehensive income of NT\$101,298,464, and reversal of special reserve at the first-time adoption of IFRSs of NT\$9,202,234, and setting aside legal reserve of NT\$2,530,554,575, the total earnings available for distribution amounts is NT\$ 39,277,743,413. It is proposed that the Company distribute NT\$350,000,000 as dividends for preferred shares and cash dividends at NT\$3.5 per share for common stock which amounts to NT\$20,594,434,165. After distribution of the dividends, the 2020 unappropriated retained earnings are NT\$18,333,309,248.
- (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 overseas unsecured convertible bonds converted to ordinary shares and 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. Fractional dividend less than NT\$1 shall be combined into other income of the Company.
- (5) For the Company's earnings distribution table of year 2020, please refer to Annex 2 (page 48).



- (6) This proposal has been adopted by the 24th meeting of the 23rd term Board of Directors and submitted to the Audit Committee for approval.
- (7) Please review and ratify.

**Resolution:**

## **Matters for Election**

### **24th term Board of Directors election of 15 seats (including 5 seats of Independent Directors). (Proposed by the Board of Directors)**

#### Descriptions:

1. The three-year term of all directors of the 23<sup>nd</sup> Board will be end on June 21, 2021. According to Article 199-1 of the Company Act, and for 2021 Annual Shareholders' Meeting held and election of 24<sup>rd</sup> term directors, all directors of the 23<sup>nd</sup> Board will be dismissed on the date that the Shareholders' Meeting dated of June 11, 2021 elects new directors.
2. According to Article 14 and 15 of the effective Company's Articles of Incorporation, the Company shall have fifteen (15) directors, including five (5) independent directors. All Directors shall have a term of three (3) years and be eligible for re-election upon expiry of such term.
3. The fifteen (15) directors elected by this Annual Shareholders' Meeting on June 11, 2021 will have assumed office for a term beginning from June 11, 2021 to June 10, 2024.
4. Reasons for the candidate being nominated again for the independent director who has already served for three consecutive terms
  - (1) Mr. Yu-Cheng, Chiao has extensive practical experience in the industry. During his term as an independent director of the company, he provided appropriate advice and guidance on the company's operations, financial and business analysis, and it is expected that he can continue to supervise the operation of the company.
  - (2) Mr. Victor Wang has many years of experience as an accountant. He serves as the convener of the functional committee and carefully evaluates various proposals such as remuneration, risk management, auditing and finance as well as the company's internal control. The company's transformation and international development need to rely on his professionalism.
5. Please refer to the Annex 3 for the list of director candidates of 24<sup>rd</sup> term Board. (Page 49~63 ).

6. The proposal has been approved by the 24th meeting of the 23rd term Board of Directors.
7. Please vote.

**Voting Result:**

## **Matters for Discussion**

### **1. To approve the amendments on part of “Rules of Procedures for the Acquisition and Disposal of Assets”. (Proposed by the Board of Directors)**

#### **Descriptions:**

- (1) In accordance with the company development and the relevant regulations amendments, amendments need to be made on part of Procedures for the Acquisition and Disposal of Assets.
- (2) The proposal has been approved in the 21<sup>st</sup> meeting of the 24<sup>rd</sup> term of Board of Directors. Amendments can be viewed on Annex 4 (page 64~69).
- (3) Please discuss and resolve.

#### **Resolution:**

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

**Descriptions:**

- (1) Provide corporate governance and safeguard shareholder rights, based on the official letter from competent authorities Taiwan Stock Exchange dated 28<sup>th</sup> January, 2021 (Tai-Zheng-Shang-Li No. 1100001446), amendments need to be made on part of Rules of Procedure for Annual Shareholders' Meeting.
- (2) The proposal has been approved in the 23<sup>rd</sup> meeting of the 24<sup>rd</sup> term of Board of Directors. Amendments are attached hereto as Annex 5 (page 70~72).
- (3) Please discuss and resolve.

**Resolution:**



### **3. Proposal to release the newly-elected Directors from non-competition restrictions.**

#### **Descriptions:**

- (1) According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) Since one or more of director(s) of the Company may engage in the investment in or operation of another company whose scope of business is the same or similar to that of the Company and may serve(s) as a director of that company, we hereby request the meeting of shareholders to approve that in case of the above mentioned situation, the non-competition restriction imposed on the directors and the entity they represent (including the legal representative of the entity if the entity is elected as the Director) be removed in accordance with above mentioned Article 209 of the Company Act.
- (3) The proposal has been approved by the 23<sup>nd</sup> meeting of the 23<sup>nd</sup> term Board of Directors. Please refer to the Annex 6 for the list of releasing Director Candidates from Non-Competition Restriction. (Page 73)
- (4) Please discuss and resolve.

#### **Resolution:**

**Extemporaneous Matters**

**Meeting Adjourned**

## Annex1.: 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><b><u>Article 8</u></b> (Prohibition of Offering and Accepting Bribes) When conducting business, the Company and the Company's directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, <b><u>including through the political party , the organizations which are involved in political activities individuals directly or indirectly provided donations, or bribery in disguise in the form of sponsorship.</u></b></p>	<p><b><u>Article 8</u></b> (Prohibition of Offering and Accepting Bribes) When conducting business, the Company and the Company's directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.</p>	<p>The scope of the company's prohibition of bribery and bribery shall be added, which should include direct or indirect political donations, charitable donations and sponsorships in disguise.</p>
<p><b><u>Article 15</u></b> <b><u>In order to implement the</u></b></p>	<p>(None)</p>	<p>The company's operating standards</p>

<p><u>company's environmental protection and circular economy philosophy and commitments, the company and its directors, managers, employees, mandataries, and substantial controllers shall abide by relevant environmental protection laws and policies, in all operating activities, the company shall attach importance to the efficiency of the use of various resources, and are committed to controlling air pollution, hazardous waste, water and soil pollution, energy use, and noise generated during the design and manufacturing process. The company shall be committed to providing a safe and healthy working environment. The directors, managers, employees, assignees and substantive controllers of the company shall be committed to providing a safe and healthy working environment, and complying with relevant</u></p>		<p>have added environmental, health and safety requirements to ensure that the company is committed to the practice of these matters.</p>
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<p><b><u>domestic regulations</u></b>  <b><u>regarding work safety and</u></b>  <b><u>physical and mental health</u></b>  <b><u>in accordance with</u></b>  <b><u>international laws, company</u></b>  <b><u>policies and regulations; and</u></b>  <b><u>shall participate in physical</u></b>  <b><u>and mental health</u></b>  <b><u>promotion activities, and</u></b>  <b><u>receive safety and health</u></b>  <b><u>training based on the</u></b>  <b><u>relevant legal requirement.</u></b></p>		
<p>Article <b><u>16</u></b>  (Organization and  Responsibility)  The directors, managers,  employees, mandataries, and  substantial controllers of the  Company shall exercise the  due care of good  administrators to urge the  company to prevent unethical  conduct, always review the  results of the preventive  measures and continually  make adjustments so as to  ensure thorough  implementation of its ethical  corporate management  policies.  To achieve sound ethical  corporate management of the</p>	<p>Article <b><u>15</u></b>  (Organization and  Responsibility)  The directors, managers,  employees, mandataries, and  substantial controllers of the  Company shall exercise the  due care of good  administrators to urge the  company to prevent unethical  conduct, always review the  results of the preventive  measures and continually  make adjustments so as to  ensure thorough  implementation of its ethical  corporate management  policies.  To achieve sound ethical  corporate management of the</p>	<p>Adjust the order of  articles</p>

Company, the auditing office is 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.	Company, the auditing office is 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><b>Article <u>17</u></b> (Compliance with Laws and Regulations when Conducting Business)</p> <p>The Company and the Company's directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p><b>Article <u>16</u></b> (Compliance with Laws and Regulations when Conducting Business)</p> <p>The Company and the Company's directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	Adjust the order of Articles
<p><b>Article <u>18</u></b> (Avoidance of Interest)</p> <p>The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or</p>	<p><b>Article <u>17</u></b> (Avoidance of Interest)</p> <p>The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or</p>	Adjust the order of Articles

<p>present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in</p>	<p>present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in</p>	
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<p>improper dealings.</p> <p>The Companies' directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>improper dealings.</p> <p>The Companies' directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	
<p><b>Article <u>19</u></b></p> <p>(Prohibition of Discriminatory Behaviors)</p> <p>The Company and the Company's directors, managers, employees, mandataries, and substantial controllers shall not discriminate in recruitment or in the workplace on grounds of race, color, age, gender, sexual orientation, race, disability, pregnancy, beliefs, political affiliation, community members or marital status.</p>	<p><b>Article <u>18</u></b></p> <p>(Prohibition of Discriminatory Behaviors)</p> <p>The Company and the Company's directors, managers, employees, mandataries, and substantial controllers shall not discriminate in recruitment or in the workplace on grounds of race, color, age, gender, sexual orientation, race, disability, pregnancy, beliefs, political affiliation, community members or marital status.</p>	<p>Adjust the order of Articles</p>
<p><del>Article 20—</del></p> <p><del>(Prohibition of Engaging in Unfair Competition)</del></p> <p><del>The Company shall engage in business activities in</del></p>	<p>Article 20</p> <p>(Prohibition of Engaging in Unfair Competition)</p> <p>The Company shall engage in business activities in</p>	<p>Delete for the content overlaps with the Article 13 (Prohibition of Engagement in</p>

<p><del>accordance with applicable competition laws and regulations, and may not make concerted price increase, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</del></p>	<p>accordance with applicable competition laws and regulations, and may not make concerted price increase, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	<p>Unfair Competition).</p>
<p>Article <b><u>20</u></b> (Prohibition of Insider Trading)~ Article 28(Implementation)</p>	<p>Article <b><u>21</u></b> (Prohibition of Insider Trading)~ Article 29(Implementation)</p>	<p>The original Article 20 was deleted, and the following article numbers moved forward.</p>

## Annex 2: Earnings Distribution Proposal

### Taiwan Cement Corporation Earnings Distribution Table for 2020

Unit: NTD

Unappropriated retained earnings for previous year	16,502,752,239
Plus: net profit for 2020	25,099,308,655
remeasurement of defined benefit plan recognized in retained earnings	95,736,396
disposals of investments in equity instruments at fair value through other comprehensive income	101,298,464
reversal of special reserve at the first-time adoption of IFRSs	9,202,234
Adjusted unappropriated retained earnings after net profit plus other items calculated into	25,305,545,749
Less: 10% legal reserve	(2,530,554,575)
Earnings available for distribution for 2020	39,277,743,413
Less: Distribution Items	
Dividends for preferred shares (NT\$1.75 per share)	(350,000,000)
Cash dividends for common shares (approx. NT\$3.5 per share)	(20,594,434,165)
Unappropriated Retained Earnings	18,333,309,248

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 overseas unsecured convertible bonds converted to ordinary shares and 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 an 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    President: Li Chung-Pei    Accounting Supervisor: Yeh, Kuo-Hung

### Annex 3 : List of director and independent director candidates and the related information

#### List of director candidates

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
Chia Hsin R.M.C Corp.	Chang, An-Ping	M.B.A., School of Business Administration, New York University	Chairman, International CSRC Investment Holdings Co., Ltd. Chairman, Taiwan Prosperity Chemical Corp. Chairman, Taiwan Prosperity Chemical Corp. Chairman, Chia Hsin Cement Corp.	Chairman, Ho-Ping Power Company Chairman, TCC Energy Storage Technology Corporation Chairman, TCC Sustainable Energy Investment Corporation Chairman, TCC (Hangzhou) Environmental Protection Technology Co., Ltd. Chairman, E-One Moli Energy Corporation Chairman, TCC Recycle Energy Technology Company Chairman, TCC Chemical Corporation Chairman, Molie Quantum Energy Corp.	Shares of Company : 3,032,923 shares Shares of Representative : 2,188,553 shares

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
				Director,TCC Information Systems Corporation Director,Hoping Industrial Port Corporation Director,Taiwan Transport & Storage Corp. Director,Ta-Ho Maritime Corporation Chairman,THC International S.A Director,Ta-Ho Maritime (Singapore) Pte.Ltd. Director,Chai Hsin R.M.C Corporation Director,CTCI Corporation Chairman,TCC International Holdings Limited Director,Cimpor Global Holdings B.V. Director,Taiwan Stock Exchange Corporation Independent	

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
				Director, Synnex Technology International Corporation Executive Director, O-Bank Co., Ltd Chairman, Dr. Cecilia Koo Botanic Conservation Center	
C. F. Koo Foundation	Li, Jong-Peir	PhD in Information Management, National Chengchi University MS in Information Technology from Johns Hopkins University Master of Business Administration, George Washington	CEO & President, HSBC Taiwan HBTW Board Member Managing Director, Head of Global Banking and Markets, HSBC Taiwan Managing Director, Head of Global Markets, HSBC Taiwan	Chairman, TCC Information Systems Corporation Director and President, Ho-Ping Power Company Director and President, Molie Quantum Energy Corp. Director, TCC Chemical Corporation Director, Taiwan Prosperity Chemical Corporation Director, TCC Chemical Corporation Director, Taiwan Transport & Storage Corp. Director and President, TCC Sustainable Energy	Shares of Company : 3,168,803 shares Shares of Representative : 786,542 shares

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
		University		Investment Corporation Director and President, TCC Energy Storage Technology Corporation Director, Ta-Ho Maritime Corporation Director, E-One Moli Energy Corporation Director, TCC New (Hangzhou) Management Company Limited Director, TCC International Holdings Ltd. Director, Taiwan Cement (Dutch) Holdings B.V. Director, Cimpor Global Holdings B.V. Independent Director, TransGlobe Life Insurance Inc , TransGlobe Life Insurance Inc Director, Dr. Cecilia Koo Botanic Conservation Center	



<b>Company Name</b>	<b>Presentative</b>	<b>Education</b>	<b>Past Positions</b>	<b>Current Positions</b>	<b>Number of shares held</b>
Chia Hsin Cement Corp.	Chang Kang-Lung, Jason	MS, Management Studies, Massachusetts Institute of Technology	President, Chia Hsin Cement Corp.	Chairman, Chia Hsin Cement Corp. Chairman, Chia Hsin International Corp. Chairman, YJ Int'l Corp. Director, Chia Hsin Property Management and Development Corp.	Shares of Company : 217,859,456 shares Shares of Representative : 0 shares
International CSRC Investment Holdings Co., Ltd.	Lo, C.M. Kenneth	M.A. in Finance, The University of Alabama	President, CTBC Bank Co., Ltd.	Director, O-Bank Co., Ltd	Shares of Company : 103,548,831 shares Shares of Representative : 0 shares
Fu Pin Investment Co., Ltd.	Wang, Por-Yuan	Ph.D., Carnegie Mellon University Bachelor Degree, National Taiwan University	Chairman, Pacific Venture Partners Chairman, Sercomm Corporation	Chairman, Sercomm Corporation Chairman, Pacific Venture Partners Director, Prosperity Dielectrics Co., Ltd Independent Director, UPC Technology Corporation Chairman, K.T.Li Foundation for Development of Science and Technology	Shares of Company : 77,482,477 shares Shares of Representative : 0 shares

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
				Vice Chairman, Fair Winds Foundation	
Tai Ho Farming Co., Ltd.	Koo, Kung-Yi	MBA, The Wharton School of University of Pennsylvania	Vice President, Morgan Stanley Investment Banking Department Vice Chairman, Taiwan Cement Corp.	Director and AVP, Taiwan Cement Corp. Chairman, International CSRC Investment Holdings Co., Ltd. Chairman, Taiwan Prosperity Chemical Corporation Chairman, Linyuan Advanced Materials Technology Co., Ltd. Chairman, Circular Commitment Company Chairman, Yun Cheng Investment Corporation Chairman, CS Development & Investment Co. Chairman, Consolidated Resource Company Chairman, Taiwan Transport & Storage Corp. Chairman, TJ Transport Corporation	Shares of Company : 6,043,126 shares Shares of Representative : 561,815 shares

<b>Company Name</b>	<b>Presentative</b>	<b>Education</b>	<b>Past Positions</b>	<b>Current Positions</b>	<b>Number of shares held</b>
				Director,E-one Moli Energy Corp. Director,TCC Recycle Energy Technology Company Director,TCC Chemical Corporation Director,Ho-Ping Power Company Chairman,Ho-Ping Renewable Energy Company Director,CSRC (BVI) LTD. Director,CSRC (SINGAPORE) PTE LTD. Director,SYPAC LTD. Director, China Steel Chemical Corporation	
Chia Hsin Cement Corp.	Chen, Chi-Te	MBA, University of California Santa Clara, USA	Chairman, Chien Kuo Construction Co., Ltd	Vice Chairman, Chien Kuo Construction Co., Ltd Director, Chia Hsin Cement Corp. Director, Chia Hsin Property Management and	Shares of Company : 217,859,456 shares Shares of Representative : 67,663 shares

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
				Development Corp. Chairman,Jui Huei Trading Co., Ltd. Chairman (corporate representative), Rock Publishing Internationa Director, Silver Shadow Holdings Co., Ltd.; Chairman,Golden Canyon Venture Capital Investment Co., Ltd. Director, Chien Kuo Asia Co., Ltd. Director, Silver Shadow Holdings Co., Ltd. Director, Golden Canyon Co., Ltd. Director, Chien Kuo Asia Co., Ltd. Chairman (corporate representative), Chien Kuo Building Co., Ltd Chairman, Chien Huei Cultural & Educational Foundation; Chairman, Chien Kuo	

Company Name	Presentative	Education	Past Positions	Current Positions	Number of shares held
				Foundation for Arts and Culture	
Fu Pin Investment Co., Ltd.	Hsieh, Chi-Chia	Ph.D. in Electrical Engineering, University of California Santa Clara, USA Department of Electrical Engineering, National Taiwan University	Chairman, Microelectronics Technology Inc.	Chairman, Jupiter Network Corporation Director, Jupiter Technology (Wuxi) Co., Ltd. Chairman, Welltop Technology Co., Ltd. Chairman, IQE Taiwan Corporation Director, Microelectronics Technology Inc. Director, Sasson International Holdings Inc. Director, TCM Limited Chairman, Taicom Capital Limited Director, Bright LED Electronics Corp. Director, Kobrite Taiwan Corporation Director, Bright Crystal Company Limited Director, Advanced Wireless Semiconductor	Shares of Company : 77,482,477 shares Shares of Representative : 494,397 shares

<b>Company Name</b>	<b>Presentative</b>	<b>Education</b>	<b>Past Positions</b>	<b>Current Positions</b>	<b>Number of shares held</b>
				Company Director,KoBrite Corp. Director, Bright Crystal Company Limited Director, KOPIN CORP. Independent Director, AcBel Polytech Inc Independent Director, Innolux Corporation	
Heng Qiang Investment Co., Ltd.	Wen, Chien	MBA, The Wharton School of University of Pennsylvania	CFO, Winbond Electronics Corp. Supervisor, Winbond Electronics Corp. General Manager, Cathay Securities Investment Trust	Director, International CSRC Investment Holdings Co., Ltd. Director, Chinatrust Investment Co., Ltd. Supervisor, Ta-Ho Maritime Corporation	Shares of Company : 102,240,983 shares Shares of Representative : 0 shares
Heng Qiang Investment Co., Ltd.	Tsai, Chih- Chung,	MBA, Bernard M.Baruch College, CUNY	Senior Consultant, Taipei Branch, Natixis Director, Barclays Capital Securities (Taiwan) Co., Ltd. CFO,Taipei Branch, Barclays Bank	President, Chinatrust Investment Co., Ltd.	Shares of Company : 102,240,983 shares Shares of Representative : 0 shares



## List of Independent Director Candidates

Name	Education	Past Positions	Current Positions	Number of shares held
*Chiao ,Yu-Cheng	MS, Electronic Engineering, University of Washington, USA; BS, Communication Engineering Department, National Chiao Tung University, Taiwan	Chairman, Golden Tower Investment Limited Chairman, Nuvoton Technology Corp. Chairman/CEO, Winbond Electronics Corp. Chairman, Walsin Lihwa Corporation President, Taiwan Electrical and Electronic Manufacturer's Association Chairman, A Vishay Intertechnology Inc. Company	Chairman, Winbond Electronics Corp. Director, Walsin Lihwa Corporation Director, Walsin Technology Corporation Director, Jin Cheng Construction Co., Ltd. Director, Walsin Lihwa Holdings Limited Director, Concord Industries Ltd. Director, Walsin Specialty Steel Ltd. Director, United Industrial Gases Co., Ltd. Director, Song Yung Investment Co., Ltd. Independent Director, Synnex Technology International Corporation Director, Baystar Holdings	0 shares

Name	Education	Past Positions	Current Positions	Number of shares held
			Ltd. Director,Marketplace Management Limited Director,Newfound Asian Corporation Director,Peaceful River Corporation Director,Pigeon Creek Holding Co., Ltd. Director,Winbond Electronics Corporation America Director,Winbond Int'l Corporation Director,Landmark Group Holdings Ltd. Director,Nuvoton Investment Holding Ltd.	
*Wang, Victor	EMBA, National Taiwan University, Taiwan BA in Accounting, Soochow University,Taiwan	Chief Operations Officer & Vice Chairman of Auditing Service Division, Deloitte Taiwan	Director, Chilisin Electronics Corporation Director, Yageo Corporation Director, YFY Investment Holding Co., Ltd. Independent Director, Fulin Plastic Industry (Cayman) Holding Co., Ltd. Independent Director, Taiwan	0 shares

Name	Education	Past Positions	Current Positions	Number of shares held
			Navigation Co., Ltd. Independent Director, DACIN Construction Co., Ltd. Supervisor, DIVA Laboratories. Ltd.	
Chou,Ling-Tai Lynette	PhD of Accounting, University of Houston Master of Accounting, University of Houston;	Chief of Student Affairs, National Cheng Chi University Deputy Dean, Business School, National Cheng Chi University Dean, Department of Accounting; Managing Supervisor, Taiwan Public Television Services Independent Director, F- MStar Co., Ltd	Chief Telecom Inc. Professor of Accounting, National Chengchi University Independent Director, Chief Telecom Co., Ltd. Tenure Professor, Department of Accounting, National Cheng Chi University	1 shares
Lin,Mei-Hwa	Doctor of Accounting, Drexel University, USA	Professor and Head of Department of Accounting, National Chengchi University Director of International Affairs Office and International Business Management Master's	Independent Director, Shin Kong Financial Holding Co., Ltd.	0 shares

Name	Education	Past Positions	Current Positions	Number of shares held
		Program (IMBA), National Chengchi University Business School Assistant Professor, University of Massachusetts—Boston Assistant Professor, Temple University, U.S.		
LIN, Shiou-Ling	National Taiwan University Law Department	Senior Consultant, Lee and Li Attorneys-at-Law Director, Cathay Financial Holding Co., Ltd. Executive Director, Tong Lung Metal Industry Co., Ltd. Director, Taiwan M&A and Private Equity Council Supervisor, Accton Technology Corporation co-founder and Director, KHL Financial Advisor Co., Ltd.	Chairman, Ba Ku Capital Co., Ltd. Chairman, KHL Venture Capital Co., Ltd. Chairman, KHL one B Venture Capital Co., Ltd. Director, KHL II Venture Capital Co., Ltd. Chairman, KHL IV Venture Capital Co., Ltd. Director, KHL V Venture Capital Co., Ltd. Director, KHL Financial Advisor Co., Ltd. Director, KHL Investment I Ltd. (BVI) Director, Scope Star International Limited (BVI)	0 shares

Name	Education	Past Positions	Current Positions	Number of shares held
			Director,Gloss Victory International Limited (BVI) Independent Director,Accton Technology Corporation Independent Director,Cathay Real Estate Co., Ltd. Distinguished Consultant, Lee and Li, Attorneys-at-Law	

\*Reasons for the candidate being nominated again for the independent director who has already served for three consecutive terms

- (1)Mr. Yu-Cheng, Chiao has extensive practical experience in the industry. During his term as an independent director of the company, he provided appropriate advice and guidance on the company's operations, financial and business analysis, and it is expected that he can continue to supervise the operation of the company.
- (2)Mr. Victor Wang has many years of experience as an accountant. He serves as the convener of the functional committee and carefully evaluates various proposals such as remuneration, risk management, auditing and finance as well as the company's internal control. The company's transformation and international development need to rely on his professionalism.

# Annex 4: The Comparison Table of the Amended Provisions of the Procedures for the Acquisition and Disposal of Assets

## TAIWAN CEMENT CORPORATION

### The Comparison Table of the Amended Provisions of the Procedures for the Acquisition and Disposal of Assets

Article after Amendment	Article before Amendment	Reason for Amendment
<p>Article 4 Assessment and Operation Procedures for the Acquisition and Disposal of Assets <u>1~5 (Omitted)</u> <u>6. Related Party Transactions:</u> <u>A~D (Omitted)</u> E. Where one of the following circumstances exists, the acquisition shall be conducted in accordance with the Subparagraphs A to C above, and the preceding subparagraph do not apply:</p> <ol style="list-style-type: none"> <li>The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</li> <li>The real property is acquired through signing</li> </ol>	<p>Article 4 Assessment and Operation Procedures for the Acquisition and Disposal of Assets <u>1~5 (Omitted)</u> <u>6. Related Party Transactions:</u> <u>A~D (Omitted)</u> E. Where one of the following circumstances exists, the acquisition shall be conducted in accordance with the Subparagraphs A to C above, and the preceding subparagraph do not apply:</p> <ol style="list-style-type: none"> <li>The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</li> <li>The real property is acquired through signing</li> </ol>	<p>Pursuant to the FSC letter (Jin-Guan-Zheng-Fa-Zi 1070341072), amend the words.</p>



<p>of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p><b><u>d. The company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital acquire the real property or right-of-use assets thereof for business uses.</u></b></p>	<p>of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p>	
<p>Article 5 Procedures for Public Announcement and Filing</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: A~C (Omitted)</p> <p><b><u>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and</u></b></p>	<p>Article 5 Procedures for Public Announcement and Filing</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: A~C (Omitted)</p> <p>D. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, or an</p>	<p>1. Pursuant to the FSC letter (Jin-Guan-Zheng-Fa-Zi 1070341072), amend the words.</p> <p>2. Move original Subparagraph 4 of Paragraph 1 to Subparagraph 7.</p> <p>3. Move original Item 4 of Subparagraph 4 of Paragraph 1 to Subparagraph 4, amend the relevant</p>

<p><u>furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.</u></p> <p><b><u>E. Acquisition or disposal by a company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the transaction amount reaching NT\$1 billion or more.</u></b></p> <p><b><u>F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint</u></b></p>	<p>investment in the mainland China area, reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds.</p> <p>b. Where done by professional investors—securities trading on securities exchanges or OTC markets in or outside Taiwan, or subscription by a securities firm of securities that are offered and issued in the primary market in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>d. Where the assets, the type of which is equipment or right-of-use assets thereof for business use, are acquired or disposed of, and furthermore the</p>	<p>words.</p> <p>4. Move original Item 5 of Subparagraph 4 of Paragraph 1 to Subparagraph 6, amend the relevant words.</p>
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<p><b><u>construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</u></b></p> <p><b><u>G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, or an investment in the mainland China area, reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</u></b></p> <p><b><u>a. Trading of domestic government bonds.</u></b></p> <p><b><u>b. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank</u></b></p>	<p>transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>e. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>1. The amount of transactions above shall be calculated as follows:</p> <p>A~B (Omitted)</p> <p>C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p>	
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<p><b><u>debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</u></b></p> <p><b><u>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</u></b></p> <p>1. The amount of transactions above shall be calculated as follows:  A~B (Omitted)  C. The cumulative transaction amount of acquisitions and disposals</p>	<p>D (Omitted)</p> <p>"Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p>	
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<p>(cumulative acquisitions and disposals, respectively) of real property <b>or right-of-use assets</b> thereof within the same development project within the preceding year D (Omitted)</p> <p>"Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p>		
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## Annex 5: 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>8. When the time of the meeting arrives, the chairman announces to start the meeting. <b><u>and disclose the information about the number of the shareholders with no voting rights and the number of shares in attendance.</u></b></p> <p>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.</p>	<p>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.</p> <p>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,</p>	<p>To improve the governance and the rights and interests of shareholders, revise the content.</p>

<p>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.</p>	<p>the chairman may re-submit the created false resolution to the meeting to be voted on according to Article 174 of the Company Act.</p>	
<p>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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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</p>	<p>To improve the governance and the rights and interests of shareholders, revise the content.</p>



<p>properly in the minutes.</p> <p>When the motions involve the election of a director, <b>it shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected directors and the numbers of votes with which they were elected, <u>and the names of those who were not elected as directors and the numbers of votes with which they were not elected.</u> As long as the Company exists, the minutes shall be kept eternally.</b></p>	<p>properly in the minutes. When the motions involve the election of a director, the Company <u>shall disclose the votes of each candidate.</u> As the Company exist, the minutes shall be kept eternally.</p>	
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**Annex 6: List of Releasing Director Candidates from Non-Competition Restriction**

<b>Director</b>	<b>Current Positions within the Scope of the Company's Business</b>
Chia Hsin R.M.C Corp. Representative: Chang, An Ping	Director, CTCI Corp.
Chia Hsin Cement Corp. Representative: Chang Kang Lung, Jason	Chairman, Chia Hsin Cement Corp. Chairman, Chia Hsin International Corp. Director, Chia Hsin Property Management and Development Corp.
Chia Hsin Cement Corp. Representative: Chen Chi-Te	Director, Chia Hsin Cement Corp. Vice Chairman, Chien Kuo Construction Co., Ltd. Director, Chia Hsin Property Management and Development Corp.

## **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 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 certificate of the Company shall be affixed with the signatures or personal seals of the director representing the company and issued upon certification by the bank authorized by authority to handle the registration of issuance of stock certificates.

Article 7 The Company may issue shares without printing share certificates; but such shares shall be registered at a Centralized Securities Depository Enterprise. 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, and the 55th amendment was made on June 9, 2020.

## **Appendix 2. Rules for Election of Directors Regulations for Taiwan Cement Corporation Director Elections.**

### **Rules of Election of Directors of Taiwan Cement Corporation**

Amended at the shareholders' meeting on June 18, 2015.

- Article 1 The Rules are enacted in accordance with the Corporation's Articles of Association and applicable laws and regulations. Except when provided otherwise by related laws and regulations or the Articles of Association of the Company, the election of directors of the Corporation shall be conducted in accordance with the Rules.
- Article 2 Directors of the Corporation shall be elected pursuant to a cumulative voting mechanism. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. The number of votes presented by each share shall be the same as the number of directors to be elected and may be consolidated for election of one director candidate or may be split for election amongst multiple director candidates, unless stipulated otherwise in the Company Act. The election of the directors of the Corporation shall be conducted with the candidate nomination mechanism set forth in the procedures of candidate nomination mechanism stipulated in the Company Act and other related regulations.
- Article 3 The number of votes for independent directors and non-independent directors shall be calculated separately according to the number of directors set forth in the Articles of Association of the Corporation. The top candidates to whom the votes cast represent a prevailing number of votes relative to the other candidates shall be elected sequentially. Where two or more candidates to whom the votes cast represent the same number of votes, and the number of directors is thus exceeded, lots will be drawn to determine the winner, with the Chairman of the shareholders' meeting drawing lots on behalf of any candidates not present.
- The qualifications and appointment of the independent directors at the Corporation shall be conducted in accordance with the "Securities and Exchange Act," the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the applicable rules issued by the competent authority.

- Article 4 The Board of Directors shall prepare numbered ballots corresponding to the number on the attendance card. The election weight factor represented by each ballot shall also be specified on the ballots, and then the ballots are distributed to attending shareholders at the shareholders' meeting.
- Article 5 Before the outset of the voting process, the Chairman shall appoint a number of persons to perform their respective duties as ballot scrutineers and recorders.
- Article 6 The ballot box shall be prepared by the Board of Directors and inspected before the public by scrutineers before voting commences.
- Article 7 If the candidate is a shareholder, voters shall fill the account name and the shareholder account number of the candidate in the "candidate" column of the ballot. If the candidate is not a shareholder, voters shall fill the name and the identification number of the candidate in the "candidate" column of the ballot. Provided, however, if the candidate is a government agency or juristic-person shareholder, the name of the government agency or juristic-person shall be filled in the "account name of candidate" column of the ballot, or both the name of such the government agency or juristic-person and its representative may be filled in such column.
- Article 8 A ballot is void under any of the following circumstances:
1. A ballot which was not prepared pursuant to this Rule.
  2. A blank ballot which was cast into the ballot box.
  3. Illegible or altered handwriting.
  4. If the candidate filled in is a shareholder, the account name or shareholder account number of the candidate filled in is inconsistent with the shareholder register; if the candidate filled in is not a shareholder, the name or the identification number of the candidate filled in is incorrect.
  5. Two or more candidates are filled in the ballot.
  6. A ballot with other written characters in addition to the account name (name) or the account number (identification number) of the candidate.
  7. The account name (name) or the account number (identification number) of the candidate is left blank.
- Article 9 The ballot boxes shall be prepared for election of the directors. After the end of the poll, ballot scrutineers and recorders shall jointly monitor and count the votes.
- The ballots for the said election shall be properly retained after they are sealed and signed-off by ballot scrutineers for at least one year.

However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

- Article 10 The results of ballot counting should be declared by the Chairman on-site and duly recorded.
- Article 11 The Board of Directors shall issue notification to the directors elected.
- Article 12 Matters not prescribed in the Rules shall be conducted in accordance with the Company Act and related laws and regulation.
- Article 13 The Rules and any amendments hereto shall be implemented after being approved by the shareholders' meeting.

### Appendix 3. Directors' Stockholding Status

Base date: April 13, 2021

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	3,032,923 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	3,168,803 0	0.05 0.00
Director	Tai Ho Farming Co., Ltd. Representative: Koo, Kung-Yi	2018.6.22	4,889,281 0	0.12 0.00	6,043,126 0	0.10 0.00
Director	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan	2018.6.22	62,688,346 0	1.48 0.00	77,482,477 0	1.28 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	103,548,831 2,000,000	1.71 1.00
Director	Chia Hsin Cement Corp. Representative: Chang Kang-Lung, Jason	2018.6.22	176,262,460 0	4.15 0.00	217,859,456 0	3.60 0.00
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia	2018.6.22	62,688,346 0	1.48 0.00	77,482,477 0	1.28 0.00
Director	Xin Hope Investment Co., Ltd. Representative: CHI-WEN CHANG	2018.6.22	10,701,572 0	0.25 0.00	16,943,108 0	0.28 0.00
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	2018.6.22	125,098,870 0	2.95 0.00	242,054,137 0	4.00 0.00
Director	Chung Cheng Development Investment Corporation Representative: Yu Tzun-Yen	2018.6.22	22,699,527 0	0.53 0.00	28,056,499 782,130	0.46 0.39
Director	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen	2018.6.22	82,719,582 0	1.95 0.00	102,240,983 0	1.69 0.00
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	2018.6.22	9,554,654 0	0.23 0.00	11,809,503 0	0.19 0.00
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	2018.6.22	7,525,603 0	0.18 0.00	9,301,606 259,300	0.15 0.13
Director	Chia Hsin Cement Corp. Representative: Chen Chi-Te	2018.6.22	176,262,460 0	4.15 0.00	217,859,456 0	3.60 0.00
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai	2018.6.22	82,719,582 0	1.95 0.00	102,240,983 0	1.69 0.00
Independent Director	Yu-Cheng Chiao	2018.6.22	0 0	0.00 0.00	0.00 0.00	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	2,100 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		821,543,553 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 13, 2021: 6,058,110,532 shares.

Number of total issued preferred shares on April 13, 2021: 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 13, 2021, the numbers of shares held by the entire body of directors were 824,582,882 shares.

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

# **MEMO**





THE FUTURE IS WORTH IT

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