

Stock Code: 1101

Market Observation Post System

Website:

<http://mops.twse.com.tw/mops/web/index>

Taiwan Cement Corporation

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

# **Taiwan Cement Corporation**

## **Year 2022 Annual General Meeting of Shareholders**

### **Meeting Handbook**



Meeting type: physical shareholders meeting

Time: 9:00 a.m., Thursday, May 26, 2022

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

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# Rules of Procedure for Taiwan Cement Corporation Shareholders Meeting

Amended and adopted by the regular shareholders meeting on July 5, 2021

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 location of the meeting shall be the location 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 chairperson. If the chairperson takes leave or fails to exercise his/her power for any reason, the deputy chairperson shall act as the agent. If the vice chairperson also requests leave or fails to exercise his/her power for any reason, the chairperson shall appoint one of the directors to represent him/her. If the chairperson 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 chairperson.
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 chairperson announces to start the meeting. and disclose the information about the number of the shareholders with no voting rights and the number of shares in attendance. However, when no shareholders representing more than half of the total number of issued shares are present, the chairperson 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 subparagraph 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 chairperson 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 chairperson would not be allowed to announce the adjournment without a resolution.
10. After the meeting is adjourned, the shareholders must not elect another chairperson to continue the meeting at the original site or another site.  
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 chairperson should set the order of his/her 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 chairperson and the speaking shareholders, and the chairperson shall stop the violators.

11. In the same motion, each shareholder's speech may not exceed two times without the consent of the chairperson and shall not exceed five minutes at a time.

If the shareholder makes a speech that violates the provisions of the preceding subparagraph or exceeds the scope of the topic, the chairperson may stop his/her 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 chairperson may reply in person or by designating the relevant person.

14. In the discussion of the motion, when the chairperson thinks that the degree of voting has been reached, he/she may announce that he/she 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 chairperson. 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 chairperson may declare a rest at a time of his/her 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 chairperson'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 chairperson 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 chairperson 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 Chairperson, 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, 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, and the names of those who were not elected as directors and the numbers of votes with which they were not elected. As long as the Company exists, the minutes shall be kept eternally.

20. The chairperson 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 2022 Annual General Meeting of Shareholders**

Meeting type: physical shareholders meeting

Time & Date: 9 a.m., Thursday, May 26, 2022

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

1. Chairperson's Statement

2. Matters to Report

- (1) Employees' and directors' compensation from 2021 profits.
- (2) Business Report of 2021.
- (3) The Audit Committee's Review Report.
- (4) The Company's issuance status of domestic and overseas corporate bonds report.

3. Matters for Approval

- (1) Business Report and Financial Statements of 2021.
- (2) To approve the distribution proposal for 2021 profits.

4. Matters for Discussion

- (1) To approve the proposal for the issuance of new shares through capitalization of 2021 earnings.
- (2) To approve the Company's proposed offering of global depositary shares by issuing common shares for cash.
- (3) To approve the amendments of certain provisions of the Company's Articles of Incorporation.
- (4) To approve the amendments of certain provisions of the Company's Procedures for the Acquisition and Disposal of Assets.

5. Extemporaneous Motions

6. Meeting Adjourned

## **Matters to Report**

### **1. Employees' and directors' compensation from 2021 profits.**

#### 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 9th meeting of the 24th term Board of Directors. For 2021, the Company distributed of NT\$106,914,137 in cash as employees' compensation and NT\$210,452,677 in cash as directors' compensation.

## **2. Business Report of 2021.**

### **Business Report**

TCC's consolidated net revenue totaled NT\$107.0 billion in 2021, up 1.1% on 2020, while consolidated net profit was NT\$20.26 billion for the year, down 19.3% on the previous year. The budget achievement rate was 108%, and the basic earnings per share (EPS) was NT\$3.30.

Total production of cement and clinkers in Taiwan and Mainland China decreased by 11.9% from 57.32 million tonnes in 2020 to 50.48 million tonnes in 2021. Sales of cement and clinkers in Taiwan grew by 9% from 4.69 million tonnes in 2020 to 5.11 million tonnes in 2021, while sales of cement and clinkers in Mainland China fell by 12.6% from 50.95 million tonnes in 2020 to 44.55 million tonnes in 2021. The overall sales of cement products in Taiwan and Mainland China declined by 2.9% from 5.55 million cubic meters in 2020 to 5.39 million cubic meters in 2021.

In response to the circular economy, TCC developed technologies for energy saving, carbon reduction and various resource reuse, successfully completing the utilization of recycled pellets, incinerated waste and coal ash from power plants, and industrial waste, as well as the application of biofuel and solid recovered fuel. Based on the carbon footprint rules for cement products, the Suao and Ho-Ping plants both received the Type I Carbon Reduction Label for Cement. Also, TCC collaborated with research institutions to develop new generation calcium looping carbon capture techniques, a microalgae carbon fixation system, low carbon emission 3D printing techniques and materials, UHPC(Ultra High Pressure Concrete), and production techniques for cladding panels.

In summary, the COVID-19 pandemic, inflation, and the global geopolitical and economic situation will be the key variables for subsequent economic development. With the circular economy as its mission, TCC will continue to face and conquer all types of challenges, strive to achieve a sales target of 46.14 million tonnes of cement and clinkers and 5.28 million cubic meters of ready-mixed concrete, and continue to transition to a green enterprise.

Chairperson: An-Ping Chang

President: Jong-Peir Li

Accounting Supervisor: Kuo-Hung Yeh



### 3. 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

2022 Annual General Shareholders' Meeting

Taiwan Cement Corporation

Audit Committee convener: Victor Wang



April 11, 2022

#### 4. The Company's issuance status of domestic and overseas corporate bonds report.

Descriptions:

(1) The Company issued the domestic unsecured corporate bonds for loan repayment, of which the issuance status is as follows:

Unit: NT\$ (thousands)

Phase / Type	2021 First Unsecured Corporate Bond
Date of Resolution	August 20, 2021
Date of Issuance	August 31, 2021
Total Issuance Amount	16,600,000 Bond A: 5,800,000 / Bond B: 3,100,000 / Bond C: 1,200,000 / Bond D: 6,500,000
Face Value	1,000
Issue Price	NT\$100 (Issued at full face value of the bond)
Issue Period	Bond A: 5-year term Maturity Date: August 31, 2026 Bond B: 7-year term Maturity Date: August 31, 2028 Bond C: 10-year term Maturity Date: August 31, 2031 Bond D: 15-year term Maturity Date: August 31, 2036
Issue Interest Rate	Fixed interest rate per annum Bond A 0.59% / Bond B 0.68% / Bond C 0.78% / Bond D 0.95%
Interest Payment Method	Upon the date of issuance, based on the coupon rate, interest accrued and paid once per annum.
Redemption	On maturity date, the bonds will be redeemed in whole.
Trustee	CTBC Bank Co., Ltd.
Principal Paying Agent and Transfer Agent	CTBC Bank Co., Ltd., Transfer Agency Department
Use of Proceeds	The funds raised have been used to repay the loan in the third quarter of 2021.

- (2) The Company issued the overseas unsecured convertible bonds for business needs, including reinvesting overseas subsidiaries, repaying the bank loan borrowed by overseas subsidiaries, and/or purchasing materials in the local currency, of which the issuance status is as follows:

Unit: USD

<b>Phase / Type</b>	<b>First Overseas Unsecured Convertible Bond for 2021</b>
Date of Resolution	November 26, 2021
Date of Issuance	December 7, 2021
Maturity Date	December 7, 2026
Total Issuance Amount	800,000,000
Face Value	200,000
Issue Price	100
Listing/Issuing Place	Singapore Exchange Limited
Conversion Price Upon Issuance	NT\$59.80
Issue Interest Rate	0%
Redemption	On maturity date, the bonds will be redeemed in whole.
Trustee	Citicorp International Limited
Paying Agent and Conversion Agent	Citibank, N.A., London Branch
Use of Proceeds	(1) Before February 8, the Company has reinvested all 740 million in its overseas subsidiary. (2) As of February 11, the Company has paid \$10,796,170 out of 60 million for purchasing materials in the local currency, and the remaining \$49,203,830 out of 60 million is deposited in the financial institution.

## **Matters for Approval**

### **1. Business Report and Financial Statements of 2021. (Proposed by the Board of Directors)**

#### **Descriptions:**

- (1) It was conducted according to Article 228 of the Company Act.
- (2) The 2021 Annual Business Report, Individual Financial Statements and Consolidated Financial Statements have been approved by the 8th meeting of the 24th term Board of Directors. The Individual Financial Statements and Consolidated Financial Statements were audited by independent auditors, Hui-Min Huang and Cheng-Hung Kuo of Deloitte & Touche.
- (3) The above Annual Business Report and Financial Statements were audited by the Auditor Committee. Please refer to page 6&11~31.
- (4) Please review and ratify.

#### **Resolution:**

# Financial statement

**Deloitte.**

**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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 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, 2021. 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, 2021 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 Hui-Min Huang and Cheng-Hung Kuo.

Hui-Min Huang  
Deloitte & Touche  
Taipei, Taiwan  
Republic of China

Cheng-Hung Kuo

February 25, 2022

#### 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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 26,919,655	8	\$ 12,008,414	4
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	306,075	-	290,636	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 27 and 28)	3,832,706	1	3,404,597	1
Financial assets at amortized cost (Notes 4 and 6)	-	-	4,900,000	2
Accounts and notes receivable (Notes 4 and 9)	5,165,862	1	4,784,095	2
Accounts and notes receivable from related parties (Notes 4 and 28)	646,808	-	506,081	-
Inventories (Notes 4 and 11)	1,640,537	1	1,229,744	-
Other current assets (Notes 22 and 28)	218,871	-	179,653	-
Total current assets	38,730,514	11	27,303,220	9
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 27 and 28)	8,459,255	2	5,653,008	2
Investments accounted for using the equity method (Notes 4, 5 and 12)	267,535,378	75	248,463,221	78
Property, plant and equipment (Notes 4, 13, 21, 28 and 29)	33,820,654	9	30,590,559	10
Right-of-use assets (Notes 4, 14, 21 and 28)	2,092,105	1	1,314,191	-
Investment properties (Notes 4, 15 and 21)	2,495,151	1	2,503,349	1
Intangible assets (Notes 4 and 21)	10,709	-	10,710	-
Prepayments for property, plant and equipment (Note 13)	374,127	-	738,580	-
Net defined benefit asset (Notes 4 and 19)	1,823,268	1	1,549,048	-
Other non-current assets (Notes 4, 6, 22 and 29)	937,185	-	768,947	-
Total non-current assets	317,547,832	89	291,591,613	91
TOTAL	\$ 356,278,346	100	\$ 318,894,833	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 16 and 25)	\$ 25,426,775	7	\$ 23,351,729	7
Short-term bills payable (Note 16)	1,897,708	1	-	-
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 27)	213,062	-	-	-
Accounts payable	1,162,329	-	773,399	-
Accounts payable to related parties (Note 28)	1,326,965	-	793,211	-
Other payables (Notes 13 and 18)	2,553,645	1	2,199,950	1
Current income tax liabilities (Notes 4 and 22)	423,152	-	197,468	-
Lease liabilities (Notes 4, 14 and 28)	314,565	-	259,111	-
Long-term loans - current portion (Notes 16 and 25)	6,450,000	2	4,300,000	2
Other current liabilities (Note 28)	196,598	-	138,189	-
Total current liabilities	39,964,799	11	32,013,057	10
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	81,526,445	23	53,897,370	17
Long-term loans (Notes 16 and 25)	10,724,917	3	17,153,417	5
Lease liabilities (Notes 4, 14 and 28)	1,806,283	1	1,071,273	-
Notes payable (Note 16)	11,982,079	3	4,991,327	2
Deferred income tax liabilities (Notes 4 and 22)	5,434,006	2	5,368,524	2
Other non-current liabilities (Note 12)	362,484	-	328,048	-
Total non-current liabilities	111,836,214	32	82,809,959	26
Total liabilities	151,801,013	43	114,823,016	36
EQUITY (Notes 4, 20 and 23)				
Share capital	63,252,340	18	59,414,007	19
Certificate of entitlement to new shares from convertible bonds	-	-	688,542	-
Capital surplus	56,757,470	16	49,122,450	15
Retained earnings	73,939,852	20	74,199,518	23
Other equity	10,920,014	3	21,146,991	7
Treasury shares	(392,343)	-	(499,691)	-
Total equity	204,477,333	57	204,071,817	64
TOTAL	\$ 356,278,346	100	\$ 318,894,833	100

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



# TAIWAN CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)	\$ 23,878,294	100	\$ 21,578,428	100
LESS: SALES RETURNS AND ALLOWANCES	<u>78,789</u>	<u>-</u>	<u>82,998</u>	<u>-</u>
OPERATING REVENUE, NET	23,799,505	100	21,495,430	100
OPERATING COSTS (Notes 11, 21 and 28)	<u>18,867,285</u>	<u>79</u>	<u>17,671,017</u>	<u>82</u>
GROSS PROFIT	4,932,220	21	3,824,413	18
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>4,933,448</u>	<u>21</u>	<u>3,825,641</u>	<u>18</u>
OPERATING EXPENSES (Notes 21 and 28)				
Marketing	273,441	1	282,027	1
General and administrative	<u>1,734,425</u>	<u>7</u>	<u>1,367,403</u>	<u>7</u>
Total operating expenses	<u>2,007,866</u>	<u>8</u>	<u>1,649,430</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>2,925,582</u>	<u>13</u>	<u>2,176,211</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 12)	17,819,863	75	24,468,349	114
Dividend income (Note 4)	418,689	2	348,138	2
Other income (Note 21)	168,476	1	190,283	1
Finance costs (Notes 4, 21 and 28)	(1,351,009)	(6)	(1,508,446)	(7)
Other expenses (Note 21)	<u>(327,639)</u>	<u>(2)</u>	<u>(162,495)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>16,728,380</u>	<u>70</u>	<u>23,335,829</u>	<u>109</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	19,653,962	83	25,512,040	119
INCOME TAX EXPENSE (Notes 4 and 22)	<u>471,535</u>	<u>2</u>	<u>232,244</u>	<u>1</u>
NET INCOME FROM CONTINUING OPERATIONS	19,182,427	81	25,279,796	118
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Notes 10 and 28)	<u>1,073,939</u>	<u>4</u>	<u>(180,487)</u>	<u>(1)</u>
NET INCOME	<u>20,256,366</u>	<u>85</u>	<u>25,099,309</u>	<u>117</u>

(Continued)

# TAIWAN CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	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 19)	\$ 270,496	1	\$ 123,920	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 20)	1,723,801	7	111,999	-
Share of other comprehensive loss of subsidiaries and associates (Note 20)	(4,369,926)	(18)	(4,738,521)	(22)
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 22)	(54,099)	-	(24,784)	-
	<u>(2,429,728)</u>	<u>(10)</u>	<u>(4,527,386)</u>	<u>(21)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates (Note 20)	(6,545,319)	(28)	2,136,685	10
	<u>(6,545,319)</u>	<u>(28)</u>	<u>2,136,685</u>	<u>10</u>
Other comprehensive loss for the year, net of income tax	<u>(8,975,047)</u>	<u>(38)</u>	<u>(2,390,701)</u>	<u>(11)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 11,281,319</u>	<u>47</u>	<u>\$ 22,708,608</u>	<u>106</u>
EARNINGS PER SHARE (Note 23)				
From continuing and discontinued operations				
Basic earnings per share	<u>\$ 3.30</u>		<u>\$ 4.32</u>	
Diluted earnings per share	<u>\$ 3.27</u>		<u>\$ 4.09</u>	
From continuing operations				
Basic earnings per share	<u>\$ 3.12</u>		<u>\$ 4.35</u>	
Diluted earnings per share	<u>\$ 3.09</u>		<u>\$ 4.12</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, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Share Capital				Retained Earnings				Exchange Difference on Translating Foreign Operations	Others Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedges Instruments	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					
BALANCE AT JANUARY 1, 2020	\$ 54,656,192	\$ 2,000,000	\$ -	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,674,355	\$ 65,626,033	\$ (11,660,261)	\$ 35,395,116	\$ -	\$ (348,959)	\$ 193,684,068
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 share 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	2,136,685	(4,623,001)	(121)	-	(2,390,701)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	25,195,045	25,195,045	2,136,685	(4,623,001)	(121)	-	22,708,608
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	(444,384)	-	-	-	-	-	-	-	-	(444,384)
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
Basis 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)
Disposals 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	57,414,007	2,000,000	688,542	49,122,450	19,351,361	13,039,860	41,808,297	74,199,518	(9,523,576)	30,670,817	(250)	(499,691)	204,071,817
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	2,530,554	-	(2,530,554)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(20,594,434)	(20,594,434)	-	-	-	-	(20,594,434)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)
Net income for the year ended December 31, 2021	-	-	-	-	-	-	20,256,366	20,256,366	-	-	-	-	20,256,366
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	222,050	222,050	(6,545,319)	(2,652,028)	250	-	(8,975,047)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	20,478,416	20,478,416	(6,545,319)	(2,652,028)	250	-	11,281,319
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	(22,400)	-	-	(732,293)	(732,293)	-	-	-	-	(754,693)
Changes in ownership interests of subsidiaries	-	-	-	(1,404)	-	-	(91,235)	(91,235)	-	-	-	-	(92,639)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	9,304	-	-	-	-	-	-	-	-	9,304
Compensation costs of treasury shares transferred to employees	-	-	-	24,325	-	-	-	-	-	-	-	-	24,325
Treasury shares transfer to employees	-	-	-	(14,323)	-	-	-	-	-	-	-	107,348	93,025
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	1,029,880	1,029,880	-	(1,029,880)	-	-	-
Convertible bonds converted to ordinary shares	3,838,333	-	(688,542)	6,301,695	-	-	-	-	-	-	-	-	9,451,486
Equity component of issuance of convertible bonds	-	-	-	1,337,823	-	-	-	-	-	-	-	-	1,337,823
BALANCE AT DECEMBER 31, 2021	\$ 61,252,340	\$ 2,000,000	\$ -	\$ 56,757,470	\$ 21,881,915	\$ 13,039,860	\$ 39,018,077	\$ 73,939,852	\$ (16,068,895)	\$ 26,988,909	\$ -	\$ (392,343)	\$ 204,477,333

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

# TAIWAN CEMENT CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	\$ 19,653,962	\$ 25,512,040
Profit (loss) before income tax from discontinued operations	<u>1,073,939</u>	<u>(180,487)</u>
Income before income tax	20,727,901	25,331,553
Adjustments for:		
Depreciation expense	989,349	927,476
Amortization expense	1	1
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(24,637)	(35,879)
Finance costs	1,351,009	1,508,446
Interest income	(36,258)	(74,136)
Dividend income	(418,689)	(348,138)
Share-based compensation	24,325	4,808
Share of profit of subsidiaries and associates	(17,757,136)	(24,287,862)
Loss (gain) on disposal of property, plant and equipment, net	11,670	(1,656)
Loss on disposal of investment properties	4,298	-
Gain on disposal of investments, net	(1,092,894)	-
Reversal of write-downs of inventory	(26,213)	-
Unrealized loss (gain) on foreign exchange, net	3,425	(7,914)
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(381,956)	(189,192)
Notes receivable and accounts receivable from related parties	(141,088)	8,897
Inventories	(384,580)	185,478
Other current assets	(65,073)	387,933
Net defined benefit asset	(3,724)	(6,438)
Accounts payable	389,241	(51,448)
Accounts payable to related parties	533,757	83,740
Other payables	116,511	(205,753)
Other current liabilities	<u>74,965</u>	<u>1,710</u>
Cash generated from operations	3,894,204	3,231,626
Income tax received (paid)	<u>(228,906)</u>	<u>31,639</u>
Net cash generated from operating activities	<u>3,665,298</u>	<u>3,263,265</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(1,510,555)	(19,621)
Disposal of financial assets at fair value through other comprehensive income	-	53,969
Purchase of financial assets at amortized cost	-	(5,078,712)
Disposal of financial assets at amortized cost	4,892,170	-
Net cash out flow on acquisition of subsidiaries	(17,628,894)	(966,648)
Disposal of subsidiary	2,400,208	-
Payments for property, plant and equipment	(3,368,582)	(3,044,906)
Proceeds from disposal of property, plant and equipment	12,128	21,304

(Continued)

# TAIWAN CEMENT CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
Increase in other non-current assets	\$ (194,235)	\$ (19,808)
Interest received	62,311	59,806
Dividends received	<u>4,355,448</u>	<u>5,285,226</u>
Net cash used in investing activities	<u>(10,980,001)</u>	<u>(3,709,390)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	2,071,411	7,025,551
Increase in short-term bills payable	1,897,708	-
Issuance of bonds	38,567,539	19,960,000
Repayment of long-term loans	(4,300,000)	-
Increase in long-term bills payable	33,905,553	35,828,000
Decrease in long-term bills payable	(26,914,800)	(41,656,000)
Repayment of the principal portion of lease liabilities	(363,467)	(328,713)
Increase in other non-current liabilities	36,741	55,717
Cash dividends paid	(20,944,434)	(13,994,048)
Treasury shares transferred to employees	93,025	19,471
Payment for buy-back of treasury shares	-	(171,600)
Acquisitions of subsidiaries	(685,985)	-
Interest paid	<u>(1,137,347)</u>	<u>(950,086)</u>
Net cash generated from financing activities	<u>22,225,944</u>	<u>5,788,292</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,911,241	5,342,167
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,008,414</u>	<u>6,666,247</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 26,919,655</u>	<u>\$ 12,008,414</u>

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Taiwan Cement Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Taiwan Cement Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 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, 2021. 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, 2021 and 2020 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, 2021 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 Hui-Min Huang and Cheng-Hung Kuo.

Hui-Min Huang

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

Cheng-Hung Kuo

February 25, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 91,121,942	21	\$ 51,433,522	13
Financial assets at fair value through profit or loss (Notes 4, 7 and 32)	363,813	-	353,986	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 32, 33 and 34)	6,387,543	1	5,596,471	1
Financial assets at amortized cost (Notes 4, 6, 32 and 34)	15,508,688	4	15,769,277	4
Notes receivable (Notes 4 and 9)	25,639,724	6	29,518,807	8
Accounts receivable (Notes 4, 9 and 10)	9,844,002	2	9,522,642	3
Notes and accounts receivable from related parties (Notes 4 and 33)	457,203	-	273,866	-
Other receivables (Notes 4 and 25)	1,499,322	-	1,073,289	-
Other receivables from related parties (Notes 4 and 33)	388,968	-	3,785	-
Inventories (Notes 4 and 12)	13,412,511	3	7,941,755	2
Prepayments	3,935,575	1	2,135,702	1
Other current assets	794,144	-	686,069	-
Total current assets	<u>169,353,435</u>	<u>38</u>	<u>124,309,171</u>	<u>32</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 32, 33 and 34)	27,835,864	6	31,903,287	8
Financial assets at amortized cost (Notes 4, 6, 32 and 34)	15,468,807	4	16,475,021	4
Investments accounted for using the equity method (Notes 4, 14 and 34)	46,781,575	11	50,133,844	13
Property, plant and equipment (Notes 4, 15, 24 and 34)	98,196,032	22	92,108,972	24
Right-of-use assets (Notes 4, 16, 24 and 33)	14,992,784	3	13,451,125	4
Investment properties (Notes 4, 17, 24 and 34)	5,425,680	1	5,451,434	1
Intangible assets (Notes 4, 18 and 24)	27,650,861	6	19,563,960	5
Prepayments for property, plant and equipment (Notes 15 and 33)	7,762,010	2	5,426,869	1
Long-term finance lease receivables (Notes 4 and 10)	24,334,423	6	26,975,117	7
Net defined benefit asset (Notes 4 and 22)	1,850,315	-	1,572,025	-
Other non-current assets (Notes 4, 25, 33 and 34)	2,032,773	1	2,135,411	1
Total non-current assets	<u>272,331,124</u>	<u>62</u>	<u>265,197,065</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 441,684,559</u>	<u>100</u>	<u>\$ 389,506,236</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 19, 30 and 34)	\$ 48,440,514	11	\$ 34,675,454	9
Short-term bills payable (Note 19)	6,769,046	2	6,247,029	2
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 32)	213,062	-	-	-
Contract liabilities	1,439,222	-	5,226,637	1
Notes and accounts payable (Note 33)	10,023,071	2	6,137,904	2
Other payables (Note 21)	10,238,196	2	10,661,629	3
Other payables to related parties (Note 33)	1,391,057	-	8,284	-
Current income tax liabilities (Notes 4 and 25)	2,490,823	1	3,914,955	1
Lease liabilities (Notes 4, 16 and 33)	407,652	-	315,451	-
Long-term loans - current portion (Notes 19, 30 and 34)	7,091,417	2	4,805,000	1
Other current liabilities	183,908	-	111,365	-
Total current liabilities	<u>88,687,968</u>	<u>20</u>	<u>72,103,708</u>	<u>19</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 20)	81,526,445	18	53,897,370	14
Long-term loans (Notes 19, 30 and 34)	16,695,836	4	24,998,481	6
Lease liabilities (Notes 4 and 16)	3,261,791	1	1,978,361	1
Deferred income tax liabilities (Notes 4 and 25)	11,922,865	3	11,754,270	3
Long-term bills payable (Note 19)	12,680,086	3	4,991,327	1
Net defined benefit liabilities (Notes 4 and 22)	143,201	-	72,845	-
Other non-current liabilities (Notes 14 and 15)	1,111,694	-	879,821	-
Total non-current liabilities	<u>127,341,918</u>	<u>29</u>	<u>98,572,475</u>	<u>25</u>
Total liabilities	<u>216,029,886</u>	<u>49</u>	<u>170,676,183</u>	<u>44</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 23 and 29)</b>				
Share capital	63,252,340	14	59,414,007	15
Certificate of entitlement to new shares from convertible bonds	-	-	688,542	-
Capital surplus	56,757,470	13	49,122,450	13
Retained earnings	73,939,852	17	74,199,518	19
Other equity	10,920,014	2	21,146,991	5
Treasury shares	(392,343)	-	(499,691)	-
Equity attributable to shareholders of the Corporation	204,477,333	46	204,071,817	52
<b>NON-CONTROLLING INTERESTS (Notes 23 and 29)</b>	<u>21,177,340</u>	<u>5</u>	<u>14,758,236</u>	<u>4</u>
Total equity	<u>225,654,673</u>	<u>51</u>	<u>218,830,053</u>	<u>56</u>
<b>TOTAL</b>	<u>\$ 441,684,559</u>	<u>100</u>	<u>\$ 389,506,236</u>	<u>100</u>

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 33)	\$ 107,041,452	100	\$ 105,911,223	100
OPERATING COSTS (Notes 4, 12, 24 and 33)	<u>80,391,353</u>	<u>75</u>	<u>68,507,746</u>	<u>65</u>
GROSS PROFIT	<u>26,650,099</u>	<u>25</u>	<u>37,403,477</u>	<u>35</u>
OPERATING EXPENSES (Notes 24 and 33)				
Marketing	709,024	1	710,030	-
General and administrative	5,797,048	6	5,056,237	5
Research and development	<u>357,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>6,863,624</u>	<u>7</u>	<u>5,766,267</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>19,786,475</u>	<u>18</u>	<u>31,637,210</u>	<u>30</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 14)	4,149,749	4	3,200,243	3
Interest income (Note 24)	1,535,980	1	1,356,337	1
Dividend income (Note 4)	1,747,166	2	1,567,644	2
Other income (Note 24)	1,067,849	1	432,541	-
Net gain (loss) on disposal of property, plant and equipment	327,659	-	(100,296)	-
Finance costs (Notes 4 and 24)	(1,670,463)	(1)	(1,892,850)	(2)
Other expenses (Note 24)	(791,017)	(1)	(379,562)	-
Foreign exchange gains (losses), net	(87,583)	-	15,289	-
Net gain on financial assets and liabilities at fair value through profit or loss	19,025	-	32,170	-
Non-financial assets impairment loss (Note 15)	<u>(6,756)</u>	<u>-</u>	<u>(49,643)</u>	<u>-</u>
Total non-operating income and expenses	<u>6,291,609</u>	<u>6</u>	<u>4,181,873</u>	<u>4</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	26,078,084	24	35,819,083	34
INCOME TAX EXPENSE (Notes 4 and 25)	<u>5,930,387</u>	<u>5</u>	<u>7,344,231</u>	<u>7</u>
NET INCOME FROM CONTINUING OPERATIONS	20,147,697	19	28,474,852	27
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Notes 11 and 28)	<u>1,053,559</u>	<u>1</u>	<u>(483,459)</u>	<u>(1)</u>
NET INCOME	<u>21,201,256</u>	<u>20</u>	<u>27,991,393</u>	<u>26</u>

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	\$ 266,289	-	\$ 125,997	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Note 23)	(2,810,397)	(3)	(4,703,206)	(4)
Gain on hedging instruments	-	-	216	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 23)	177,820	-	(11,998)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 25)	(53,780)	-	(25,212)	-
	<u>(2,420,068)</u>	<u>(3)</u>	<u>(4,614,203)</u>	<u>(4)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	(1,414,314)	(1)	2,219,191	2
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 23)	(5,231,751)	(5)	(100,486)	-
	<u>(6,646,065)</u>	<u>(6)</u>	<u>2,118,705</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(9,066,133)</u>	<u>(9)</u>	<u>(2,495,498)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 12,135,123</u>	<u>11</u>	<u>\$ 25,495,895</u>	<u>24</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 20,256,366	19	\$ 25,099,309	23
Non-controlling interests	<u>944,890</u>	<u>1</u>	<u>2,892,084</u>	<u>3</u>
	<u>\$ 21,201,256</u>	<u>20</u>	<u>\$ 27,991,393</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 11,281,319	10	\$ 22,708,608	21
Non-controlling interests	<u>853,804</u>	<u>1</u>	<u>2,787,287</u>	<u>3</u>
	<u>\$ 12,135,123</u>	<u>11</u>	<u>\$ 25,495,895</u>	<u>24</u>

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 26)				
From continuing and discontinued operations				
Basic earnings per share	<u>\$ 3.30</u>		<u>\$ 4.32</u>	
Diluted earnings per share	<u>\$ 3.27</u>		<u>\$ 4.09</u>	
From continuing operations				
Basic earnings per share	<u>\$ 3.12</u>		<u>\$ 4.35</u>	
Diluted earnings per share	<u>\$ 3.09</u>		<u>\$ 4.12</u>	

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation														
									Others						
									Exchange Difference on Translating Foreign Operations	Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (loss) on Hedging Instruments	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital		Certificate of Entitlement to New Shares from Convertible Bonds	Capital Surplus	Retained Earnings										
	Ordinary Shares	Preferred Shares			Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2020	\$ 54,656,192	\$ 2,000,000	\$ -	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,674,355	\$ 65,626,033	\$ (11,660,261)	\$ 35,395,116	\$ -	\$ (348,959)	\$ 193,684,068	\$ 14,777,799	\$ 208,461,867
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)	-	(13,644,048)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)	-	(350,000)
Share dividends distributed by the Corporation	2,728,810	-	-	-	-	-	(2,728,810)	(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	2,136,685	(4,623,001)	(121)	-	(2,390,701)	(104,797)	(2,495,498)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	25,195,045	25,195,045	2,136,685	(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
Basis 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 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	-	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	688,542	49,122,450	19,351,361	13,039,860	41,808,297	74,199,518	(9,523,576)	30,670,817	(250)	(499,691)	204,071,817	14,758,236	218,830,053
Appropriation of 2020 earnings															
Legal reserve	-	-	-	-	2,530,554	-	(2,530,554)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(20,594,434)	(20,594,434)	-	-	-	-	(20,594,434)	-	(20,594,434)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)	-	(350,000)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,069,608)	(2,069,608)
Net income for the year ended December 31, 2021	-	-	-	-	-	-	20,256,366	20,256,366	-	-	-	-	20,256,366	944,890	21,201,256
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	222,050	222,050	(6,545,319)	(2,652,028)	250	-	(8,975,047)	(91,086)	(9,066,133)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	20,478,416	20,478,416	(6,545,319)	(2,652,028)	250	-	11,281,319	853,804	12,135,123
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	(22,400)	-	-	(732,293)	(732,293)	-	-	-	-	(754,693)	6,182,760	5,428,067
Changes in ownership interests of subsidiaries	-	-	-	(1,404)	-	-	(91,235)	(91,235)	-	-	-	-	(92,639)	1,452,148	1,359,509
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	9,304	-	-	-	-	-	-	-	-	9,304	-	9,304
Compensation costs of treasury shares transferred to employees	-	-	-	24,325	-	-	-	-	-	-	-	-	24,325	-	24,325
Treasury shares transfer to employees	-	-	-	(14,323)	-	-	-	-	-	-	-	107,348	93,025	-	93,025
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	1,029,880	1,029,880	-	(1,029,880)	-	-	-	-	-
Convertible bonds converted to ordinary shares	3,838,333	-	(688,542)	6,301,695	-	-	-	-	-	-	-	-	9,451,486	-	9,451,486
Equity component of issuance of convertible bonds	-	-	-	1,337,823	-	-	-	-	-	-	-	-	1,337,823	-	1,337,823
BALANCE AT DECEMBER 31, 2021	\$ 61,252,340	\$ 2,000,000	\$ -	\$ 56,757,470	\$ 21,881,915	\$ 13,039,860	\$ 39,018,077	\$ 73,939,852	\$ (16,068,895)	\$ 26,988,909	\$ -	\$ (392,343)	\$ 204,477,333	\$ 21,177,340	\$ 225,654,673

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	\$ 26,078,084	\$ 35,819,083
Profit (loss) before income tax from discontinued operations	<u>1,051,097</u>	<u>(465,777)</u>
Income before income tax	<u>27,129,181</u>	<u>35,353,306</u>
Adjustments for:		
Depreciation expense	6,603,392	6,844,158
Amortization expense	460,289	420,925
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(19,025)	(32,170)
Finance costs	1,732,162	1,986,208
Interest income	(1,539,799)	(1,363,489)
Dividend income	(1,747,166)	(1,567,644)
Share-based compensation	24,325	4,808
Share of profit of associates and joint ventures	(4,149,749)	(3,200,243)
Loss (gain) on disposal of property, plant and equipment, net	(327,659)	101,742
Loss on disposal of investment properties	4,298	-
Loss on disposal of intangible assets	46	-
Gain on disposal of investments, net	(755,170)	-
Non-financial asset impairment loss	6,756	101,299
Reversal of write-downs of inventories	(11,949)	(72,989)
Unrealized loss (gain) on foreign exchange, net	51,499	(135,851)
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
Notes receivable	3,688,015	2,284,125
Accounts receivable	(1,842,995)	(679,413)
Notes and accounts receivable from related parties	(244,940)	21,721
Other receivables	(833,954)	(50,258)
Other receivables from related parties	(3,668)	385,021
Inventories	(4,996,513)	320,090
Prepayments	(1,735,035)	(418,327)
Other current assets	(31,241)	(186,551)
Contract liabilities	(387,900)	137,727
Notes and accounts payable	3,785,009	(1,308,160)
Other payables	(194,313)	258,701
Other payables to related parties	1,843,557	(389,063)
Other current liabilities	(312,001)	76,969
Net defined benefit liabilities	<u>285,985</u>	<u>(36,242)</u>
Cash generated from operations	<u>26,481,437</u>	<u>39,038,183</u>
Income tax paid	<u>(7,509,067)</u>	<u>(7,758,907)</u>
Net cash generated from operating activities	<u>18,972,370</u>	<u>31,279,276</u>

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (1,510,555)	\$ (34,101)
Disposal of financial assets at fair value through other comprehensive income	2,182,067	1,057,782
Purchase of financial assets at amortized cost	-	(26,198,078)
Disposal of financial assets at amortized cost	969,204	-
Acquisition of long-term equity investments accounted for using the equity method	(762,498)	(233,942)
Acquisition of subsidiaries	(1,645,144)	-
Disposal of subsidiary	(126,538)	-
Payments for property, plant and equipment	(16,552,788)	(9,572,441)
Proceeds from disposal of property, plant and equipment	173,692	64,452
Payments for intangible assets	(2,178,073)	(46,651)
Payments for right-of-use assets	(669,869)	(1,085,531)
Payments for investment properties	(3,334)	-
Decrease in finance lease receivables	1,782,651	2,278,219
Decrease (increase) in other non-current assets	(71,547)	181,983
Interest received	1,973,325	1,174,062
Dividends received	<u>3,148,657</u>	<u>2,466,331</u>
Net cash used in investing activities	<u>(13,290,750)</u>	<u>(29,947,915)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	17,043,656	4,533,158
Increase in short-term bills payable	522,017	371,631
Issuance of bonds	38,567,539	19,960,000
Increase in long-term loans	8,934,525	4,351,860
Repayments of long-term loans	(13,301,379)	(6,533,621)
Increase in long-term bills payable	34,700,000	35,828,000
Decrease in long-term bills payable	(27,000,000)	(42,656,000)
Repayment of the principal portion of lease liabilities	(399,972)	(417,687)
Increase (decrease) in other non-current liabilities	(129,667)	48,249
Cash dividends paid	(23,014,042)	(16,479,137)
Issuance of subsidiary's ordinary shares for cash	1,392,274	-
Treasury shares transferred to employees	93,025	19,471
Payment for buy-back of treasury shares	-	(171,600)
Acquisitions of subsidiaries	(957,841)	(739,890)
Interest paid	(2,054,380)	(1,896,447)
Payments for buy-back of ordinary shares	<u>(900)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>34,394,855</u>	<u>(3,782,013)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(388,055)</u>	<u>311,554</u>

(Continued)



# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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	2021	2020
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 39,688,420	\$ (2,139,098)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>51,433,522</u>	<u>53,572,620</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 91,121,942</u>	<u>\$ 51,433,522</u>

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

(Concluded)

## **2. To approve the distribution proposal for 2021 profits. (Proposed by the Board of Directors)**

### Descriptions:

- (1) The distribution proposal for 2021 profits is prepared pursuant to Article 228 of the Company Act and Article 26 of the Company's amended Articles of Incorporation.
- (2) The Company's unappropriated retained earnings as of the beginning of 2021 are NT\$18,333,309,248. After adding (i) the 2021 after-tax net profit of NT\$20,256,366,275, (ii) the disposal of investments in equity instruments measured at fair value through other comprehensive income of NT\$1,029,880,170, and (iii) the remeasurement of defined benefit plan recognized in retained earnings of NT\$222,050,116, and deducting the adjustment of investments accounted for using the equity method recognized in retained earnings of NT\$823,528,260, and setting aside the legal reserve of NT\$2,068,476,830, the total amount of earnings available for distribution is NT\$36,949,600,719. It is proposed that (i) NT\$350,000,000 be distributed as dividends on preferred shares; and (ii) cash dividends at approximately NT\$1 per share and share dividends at approximately NT\$1 per share be distributed on common shares, and the total sum distributed would be NT\$12,232,346,802. After the proposed distribution, the unappropriated earnings at the end of 2021 is NT\$24,367,253,917.
- (3) It is proposed that the Chairperson of 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 Chairperson of the Board of Directors 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 nearest whole number

(NT\$). Fractional dividend less than NT\$1 shall be recorded as other income of the Company.

- (5) For the Company's earnings distribution proposal for 2021, please refer to Annex 1 (Page 40~41).
- (6) This proposal has been adopted by the 9th meeting of the 24th term Board of Directors, and submitted to the Audit Committee for approval.
- (7) Please review and ratify.

**Resolution:**

## **Matters for Discussion**

### **1. To approve the proposal for the issuance of new shares through capitalization of 2021 earnings. (Proposed by the Board of Directors)**

#### Descriptions:

- (1) To replenish capital and further development of business, it is proposed that the Company issue new shares through capitalization of earnings, i.e., 611,617,340 new shares to be issued as stock dividends from distributable earnings of 2021 in amount of NT\$6,116,173,400 (par value at NT\$10 per share).
- (2) Terms of the issuance of new shares:
  - A. It is proposed that stock dividends be calculated on the basis of outstanding shares, i.e., 100 shares for each 1,000 shares held. Regarding any amount less than one share, the dividends will be distributed in cash with minimum calculation unit of one NT dollar. The Chairperson of the Board of Directors will be authorized to approach specific persons of the purchase of these shares based on the face value. Actual amounts of stock dividends shall be determined by the number of shares held by shareholders on the record date of dividends.
  - B. The rights and obligations of new shares issued through the capital increase are identical to those of the existing shares.
  - C. Upon the approval of 2022 Annual General Shareholders' Meeting and the effective filing with the competent authority, the Board of Directors is authorized to determine the distribution record date.
  - D. The Chairperson of the Board of Directors is 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.
- (3) This proposal has been approved by the 9th meeting of the 24th term Board of Directors.

(4) Please discuss and resolve.

**Resolution:**

## **2. To approve the Company's proposed offering of global depositary shares by issuing common shares for cash. (Proposed by the Board of Directors)**

### Descriptions:

- (1) For the purpose of meeting the Company's capital needs for the long-term strategic development and operational growth (including but not limited to the augmentation of working capital, procurement of raw materials from abroad, repayment of bank loans, acquisition of machinery and equipment, reinvestment or other capital needs in response to the Company's future development), as well as internationalizing and diversifying the funding channels, the Company proposes to request the shareholders' meeting to authorize the board of directors to raise long-term capital under appropriate timing by offering of global depositary shares ("GDSs") by issuing common shares for cash, in accordance with the Company's articles of incorporation and relevant laws or regulations.
- (2) The total number of common shares to be issued as underlying shares of GDSs shall not exceed 420,000,000 shares.
- (3) It is proposed that the shareholders' meeting authorize the board of directors to, based on market condition and in compliance with relevant law, modify, formulate and handle major matters regarding this project of GDS offering by issuing common shares for cash (including but not limited to the issue price, issuance conditions, project items, amount of the funds raised, scheduled progress and possible benefits, and other related matters) and other matters related to said issuance and offering. It is also proposed that, in the event of any need to modify the same due to any instruction by the competent authority or based on operational evaluations or objective circumstances, the shareholders' meeting authorize the chairperson of the board of directors to conduct the above matters at the sole discretion thereof pursuant to law.
- (4) In order to cooperate with this issuance and offering project, it is proposed that the shareholders' meeting authorize the chairperson of the board of directors and/or the person designated thereby to approve as well as execute and negotiate on behalf of the Company all relevant documentation regarding such project and handle all matters relating thereto.
- (5) The method and content of the issuance are set forth in Annex 2 (page 42~43).

- (6) The Proposal has been approved by the 9th meeting of the 24th term Board of Directors.
- (7) Please discuss and resolve.

**Resolution:**

**3. To approve the amendments of certain provisions of the Company's Articles of Incorporation. (Proposed by the Board of Directors)**

**Descriptions:**

- (1) In order to meet the Company's operation needs, address the amendments of regulations by competent authorities, and enhance corporate governance, it is proposed to amend the Company's Articles of Incorporation.
- (2) This proposal has been approved by the 8th and 9th meetings of 24th term Board of Directors. For the Comparison Table for the Amended Provisions of the Articles of Incorporation, please refer to Annex 3 (Pages 44~46).
- (3) Please discuss and resolve.

**Resolution:**



**4.To approve the amendments of certain provisions of the Company's Procedures for the Acquisition and Disposal of Assets. (Proposed by the Board of Directors)**

Descriptions:

- (1) In order to meet the Company's operation needs and address the amendments of regulations by competent authorities, it is proposed to amend the Company's Procedures for the Acquisition and Disposal of Assets.
- (2) This proposal has been approved by the 8th and 9th meetings of 24th term Board of Directors. For the Comparison Table for the Amended Provisions of the Procedures for the Acquisition and Disposal of Assets, please refer to Annex 4 (Pages 47~57).
- (3) Please discuss and resolve.

**Resolution:**

**Extemporaneous Matters**

**Meeting Adjourned**

## Annex1: 2021 Earnings Distribution Proposal

### TAIWAN CEMENT CORPORATION 2021 Earnings Distribution Proposal

Unite: NT\$

Unappropriated retained earnings for previous years	18,333,309,248
Plus: Net profit for 2021	20,256,366,275
disposals of investments in equity instruments measured at FVOCI	1,029,880,170
remeasurement of defined benefit plan recognized in the retained earnings	222,050,116
Less: The adjustment of investments accounted for using the equity method recognized in retained earnings	(823,528,260)
Adjusted unappropriated retained earnings after net profit plus other items calculated into	20,684,768,301
Less: 10% legal reserve	(2,068,476,830)
Earnings available for distribution for 2021	36,949,600,719
Less: Distribution Items	
Preferred share dividends (NT\$ 1.75 /per share)	(350,000,000)
Common share dividends— Cash (approx. NT\$1.0 /per share)	(6,116,173,402)
Common share dividends— Share (approx. NT\$1.0/per share)	(6,116,173,400)
Unappropriated retained earnings	24,367,253,917

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 : The Chairperson of the Board of Directors is 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.

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

Note 4 : According to an interpretation issued by the Ministry of Finance dated April 30, 1998, (Ref. No. Tai-Chai-Sui-Zi-871941343), the distribution of profits shall be separately identified, and the most recent year's profits shall be distributed with priority in the current year.

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.

Chairperson of the Board of Directors: Chang, An-Ping  
President: Li, Chung-Pei  
Accounting Supervisor: Yeh, Guo-Hung

## **Annex 2: Description of Proposed Offering of GDSs by Issuing Common Shares for Cash.**

1. The fund-raising manners and principles for the offering GDSs by issuance of common shares are as follow:

- (1) Except that 10% to 15% of the newly issued common shares shall be reserved for subscription by employees of this Company in accordance with Article 267 of the Company Act, the remaining part of the newly issued shares shall be offered to the public pursuant to Article 28-1 of the Securities and Exchange Act as underlying securities of the GDSs with the approval at the shareholders' meeting where original shareholders waive their pre-emptive right to subscribe the newly issued shares. In case any employees waive their rights to subscribe or any shares remain unsubscribed, it is further proposed that shareholders at the shareholders' meeting resolve to authorize the chairperson of the board of directors (the "Chairperson") to allot the remaining shares for subscription by designated person(s) at the issue price, or, based on market condition, to allot the remaining shares as the underlying shares of the GDSs.
- (2) The actual issue price of the commons shares represented by GDSs will be determined based on the Disciplinary Rules for Securities Underwriters Assisting Issuing Company in the Offering and Issuance of Securities (the "Disciplinary Rules"), which will not be lower than 90% of the closing price of the Company's common shares on the pricing day, or the simple arithmetic average of the closing prices of the common shares for one, three or five business days prior to the pricing date, after deducting bonus shares from dividends (or capital reduction) and cash dividends (in case of any change to the relevant laws or regulations, the pricing mechanism may be changed in line with any changes to such laws or regulations).

In view of severe fluctuations in domestic share prices and frequent short-term price swings, it is proposed to authorize the Chairperson or his/her designated person to coordinate with the lead underwriter(s) to determine

the actual issuance price according to the range of aforementioned pricing principle by reference to the international practice, international capital market conditions and book-building status within the aforementioned scope. The pricing mechanism is set in accordance with the Disciplinary Rules and relevant regulations and general market practice, and thus it shall be deemed reasonable.

- (3) The par value of the newly issued common shares will be NT\$10.00 per share. The rights and obligations of the new shares are the same as those of the existing outstanding shares. In respect of the rights and interests of the original shareholders, assuming that the maximum 420,000,000 new common shares are to be issued to sponsor the GDSs offering, the maximum dilution ratio of their shareholding would be 5.9%, which shall not be deemed material shareholding dilution. In addition, the Company's competitiveness will be enhanced to benefit the shareholders after the benefit of this capital increase emerges. Furthermore, the pricing of the GDSs will be determined by relevant regulations, and the original shareholders may acquire common shares in domestic securities market at a price close to the issue price at this GDSs offering without bearing the foreign exchange risk and liquidity risk. Therefore, the offering of GDSs will not have a material impact on the shareholders' rights and interests.

### **Annex 3: The Comparison Table for the Amended Provisions of the Articles of Incorporation**

#### **TAIWAN CEMENT CORPORATION Articles of Incorporation Comparison Table for the Amended Provisions**

<b>Proposed Amendments</b>	<b>Existing Provisions</b>	<b>Remarks</b>
<p>Article 5</p> <p>The Corporation's total capital is established at NT\$<b>85</b> billion, which has been divided into <b>8.5</b> billion shares. Each share is NT\$10, and shares are issued in installments; part of the shares may be preferred shares.</p> <p>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.</p>	<p>Article 5</p> <p>The Corporation's total capital is established at NT\$<b>70</b> billion, which has been divided into <b>7</b> billion shares. Each share is NT\$10, and shares are issued in installments; part of the shares may be preferred shares.</p> <p>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.</p>	<p>Increased the total capital amount in order to meet the Corporation's operation needs.</p>
<p>Article 10</p> <p>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.</p> <p>Unless otherwise provided for in the Company Act, the Shareholders' Meetings in the preceding paragraph shall be convened by the board of directors.</p> <p>Meeting of the preferred shareholders can be convened in accordance with applicable laws and regulations when</p>	<p>Article 10</p> <p>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.</p> <p>Unless otherwise provided for in the Company Act, the Shareholders' Meetings in the preceding paragraph shall be convened by the board of directors.</p> <p>Meeting of the preferred shareholders can be convened in accordance with applicable laws and regulations when</p>	<p>Amended in compliance with the amendment of the Company Act and to enhance corporate governance.</p>

<p>necessary.</p> <p><b><u>The Corporation's Shareholders' meeting may be held by video conference or other methods announced by central competent authorities.</u></b></p>	<p>necessary.</p>	
<p>Article 26</p> <p>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.</p> <p><b><u>When the Corporation sets aside special reserve according to applicable laws, for the insufficient amount set aside for the "cumulative amount of other equity net deductions in the preceding period",</u></b></p>	<p>Article 26</p> <p>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.</p> <p>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</p>	<p>Amended the provisions of setting aside special reserve in compliance with FSC Letter No. Financial-Supervisory-Securities-Corporate-1090150022</p>

<p><b><u>before distributing surplus profits, the Corporation shall set aside corresponding amount of special reserve from the past undistributed retained earnings; and if the amount still remains insufficient, the Corporation shall further set aside the special reserve from the current undistributed retained earnings, which should include the current net income after all taxes and items other than the current net income after all taxes.</u></b></p> <p>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.</p>	<p>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.</p>	
<p>Article 31 These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, (omitted), <b><u>and the 56<sup>th</sup> amendment was made on May 26, 2022.</u></b></p>	<p>Article 31 These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, (omitted), and the 55<sup>th</sup> amendment was made on June 9, 2020.</p>	<p>Added the date when the 56<sup>th</sup> amendment was made.</p>



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

### TAIWAN CEMENT CORPORATION Procedures for the Acquisition and Disposal of Assets Comparison Table for the Amended Provisions

Proposed Amendment	Existing Provisions	Remarks
<p>Article 4 Assessment and Operation Procedures for the Acquisition and Disposal of Assets:</p> <p>1. Investment and Disposal of Securities</p> <p>A. The general manager or the supervising vice general manager is authorized to approve any investment or disposal of securities classified as current assets on the financial statements as well as any investment or disposal reaching the value of NT\$50 million or less of securities and classified as non-current assets on the financial statements; the Chairperson of the board of directors is authorized to approve any investment or disposal of securities reaching the value of NT\$100 million or less of securities and classified as non-current assets on the financial statements; any investment or disposal of securities exceeding the above-mentioned thresholds shall be submitted to the board of directors for resolution.</p> <p>B. In acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (CPA), for reference in</p>	<p>Article 4 Assessment and Operation Procedures for the Acquisition and Disposal of Assets:</p> <p>1. Investment and Disposal of Securities</p> <p>A. The general manager or the supervising vice general manager is authorized to approve any investment or disposal of securities classified as current assets on the financial statements as well as any investment or disposal reaching the value of NT\$50 million or less of securities and classified as non-current assets on the financial statements; the Chairperson of the board of directors is authorized to approve any investment or disposal of securities reaching the value of NT\$100 million or less of securities and classified as non-current assets on the financial statements; any investment or disposal of securities exceeding the above-mentioned thresholds shall be submitted to the board of directors for resolution.</p> <p>B. In acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (CPA), for reference in</p>	<p>1. Amended in compliance with FSC Letter No. Financial-Supervisory-Securities-Corporate-1110380465.</p> <p>2. Part of existing Subparagraph B, Paragraph 9 was moved to subparagraph C.</p> <p>3. Part of existing Subparagraph C, Paragraph 9 was moved to Subparagraph B, and new provision was added.</p>

<p>appraising the transaction price, and if the monetary amount of the transaction reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; however, this requirement does not apply if such securities have a publicly quoted prices of securities from an active market, or if otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p> <p>2. Acquisition or disposal of real estate, equipment or right-of-use assets:</p> <p>A. Procedures relating to the preparation of the budget, purchase request, purchase, inspection/acceptance and disposal shall be subject to the Company's Property Management Guidelines.</p> <p>B. In acquiring or disposing of real property or equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to</p>	<p>appraising the transaction price, and if the monetary amount of the transaction reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <b><u>If the CPA needs to adopt a report of an expert as evidence, the CPA shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</u></b> However, this requirement does not apply if such securities have a publicly quoted prices of securities from an active market, or if otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p> <p>2. Acquisition or disposal of real estate, equipment or right-of-use assets:</p> <p>A. Procedures relating to the preparation of the budget, purchase request, purchase, inspection/acceptance and disposal shall be subject to the Company's Property Management Guidelines.</p> <p>B. In acquiring or disposing of real property or equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting</p>	
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<p>build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report, where the mandatory matters are subject to the provisions provided by the FSC, prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>a. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</li> <li>b. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>c. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction</li> </ol>	<p>with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report, where the mandatory matters are subject to the provisions provided by the FSC, prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> <li>a. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</li> <li>b. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</li> <li>c. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be</li> </ol>	
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<p>amount, a CPA shall be engaged to issue a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ul style="list-style-type: none"> <li>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ul> <p>d. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>In case of not obtaining the appraisal report immediately with the justifiable reasons, the Company shall obtain the appraisal report within 2 weeks counting inclusively from the date of occurrence of the event, <b><u>and obtain</u></b> a CPA's opinion in Subparagraph 3 of the preceding paragraph <b><u>within 2 weeks counting inclusively from the date of</u></b></p>	<p>disposed of are lower than the transaction amount, a CPA shall be engaged to <b><u>perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF</u></b> <b><u>and</u></b> issue a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ul style="list-style-type: none"> <li>i. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>ii. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ul> <p>d. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>In case of not obtaining the appraisal report immediately with the justifiable reasons, the Company shall obtain</p>	
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<p><b><u>obtaining of said appraisal report.</u></b></p> <p>3. Acquisition and Disposal of membership, intangible assets or the right-of-use thereof and other material assets: The general manager is authorized to approve any acquisition or disposal of membership, intangible assets or the right-of-use thereof and other material assets reaching the value of NT\$50 million or less; the Chairperson of the board of directors is authorized to approve such acquisition or disposal reaching the value of NT\$100 million or less; any acquisition or disposal exceeding the above-mentioned thresholds shall be submitted to the board of directors for approval. Such acquisition or disposal where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to issue an opinion on the reasonableness of the transaction price.</p> <p>4~5. (Omitted)</p> <p>6. Related Party Transactions: A. (Omitted) B. Where the types of transactions listed below are conducted between the Company and its</p>	<p>the appraisal report <b><u>and</u></b> a CPA's opinion in Subparagraph 3 of the preceding paragraph within 2 weeks counting inclusively from the date of occurrence of the event.</p> <p>3. Acquisition and Disposal of membership, intangible assets or the right-of-use thereof and other material assets: The general manager is authorized to approve any acquisition or disposal of membership, intangible assets or the right-of-use thereof and other material assets reaching the value of NT\$50 million or less; the Chairperson of the board of directors is authorized to approve such acquisition or disposal reaching the value of NT\$100 million or less; any acquisition or disposal exceeding the above-mentioned thresholds shall be submitted to the board of directors for approval. Such acquisition or disposal where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to issue an opinion on the reasonableness of the transaction price; <b><u>the CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.</u></b></p> <p>4~5. (Omitted)</p> <p>6. Related Party Transactions: A. (Omitted) B. <u>The calculation of the transaction amounts referred to in the preceding</u></p>	
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<p>subsidiaries, or between its subsidiaries whose issued shares or authorized capitals are 100 percent owned, directly or indirectly, by the Company, the Company's board of directors may, authorize the Chairperson of the board of directors to decide such matters when the transaction is within <b><u>1 percent of its paid-in capital</u></b> and have the decisions subsequently submitted to the board of directors for ratification in the upcoming meeting °</p> <ol style="list-style-type: none"> <li>a. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>b. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>Where the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to the preceding subparagraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the meeting of the board. Where the matters that require to be submitted and approval in accordance with Subparagraph A, such matters shall first be approved by more than half of all members of the audit committee and then submitted to the board of directors for a resolution. If approval of half of all</p>	<p><u>paragraph shall be made in accordance with paragraph 2 of Article 5 herein, and the term "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors pursuant to this Procedures need not be counted toward the transaction amount.</u> Where the types of transactions listed below are conducted between the Company and its subsidiaries, or between its subsidiaries whose issued shares or authorized capitals are 100 percent owned, directly or indirectly, by the Company, the Company's board of directors may, <b><u>pursuant to Subparagraph A, Paragraph 1 of Article 4,</u></b> authorize the Chairperson of the board of directors to decide such matters when the transaction is within <b><u>a certain amount</u></b> and have the decisions subsequently submitted to the board of directors for ratification in the upcoming meeting.</p> <ol style="list-style-type: none"> <li>a. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>b. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>C. Where the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to the preceding subparagraph, the board of directors shall take into full consideration each</p>	
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<p>members of the audit committee or more as required has not been obtained, such matters may still be implemented if approved by two-thirds of all directors or more, provided that the resolution of the audit committee shall be recorded in the minutes of the board of directors. The terms “all members of the audit committee” and “all directors” referred to in this Paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p><b><u>C. If the Company or any of its subsidiaries that is not a domestic public company engages in the transaction prescribed in Subparagraph A, and the amount of such transaction exceeds 10 percent or above of the Company’s total assets, the Company shall submit the documents which are listed in respective items of Paragraph A to the shareholders’ meeting and be approved thereby before entering into the transaction agreements and making the payment. However, the transactions between the Company and its subsidiaries, or the transactions between the subsidiaries are exempted.</u></b></p> <p><u>The calculation of transaction amounts referred to in Subparagraph A and this Subparagraph shall be handled in accordance with paragraph 2 of Article 5 herein, and said “within one year” as used herein refers</u></p>	<p>independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the meeting of the board. Where the matters that require to be submitted and approval in accordance with Subparagraph A, such matters shall first be approved by more than half of all members of the audit committee and then submitted to the board of directors for a resolution. If approval of half of all members of the audit committee or more as required has not been obtained, such matters may still be implemented if approved by two-thirds of all directors or more, provided that the resolution of the audit committee shall be recorded in the minutes of the board of directors. The terms “all members of the audit committee” and “all directors” referred to in this Paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
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<p><u>to a year calculated retrospectively based on the date of occurrence of the current transaction. The part of transaction which has been submitted and ratified by the audit committee, the board of directors and the shareholders' meeting in accordance with the Procedures need not be further counted toward the transaction amount.</u></p> <p>D~H. (Omitted)</p> <p>7.~8. (Omitted)</p> <p>9. Professional appraisers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>A. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>B. May not be a related party or de facto related party of</p>	<p>D~H. (Omitted)</p> <p>7.~8. (Omitted)</p> <p>9. Professional appraisers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>A. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p>	
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<p>any party to the transaction.</p> <p>C. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding Paragraph shall comply with <b><u>the self-regulatory rules of the respective industry associations and</u></b> the following:</p> <p>A. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>B. When <b><u>executing</u></b> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>C. They shall undertake an item-by-item evaluation of the <b><u>adequacy</u></b> and reasonableness of the sources of data, the parameters, and the information used as the basis for issuance of the appraisal report or the opinion.</p> <p>D. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that</p>	<p>B. May not be a related party or de facto related party of any party to the transaction.</p> <p>C. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding Paragraph shall comply with the following:</p> <p>A. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>B. When <b><u>examining</u></b> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>C. They shall undertake an item-by-item evaluation of <b><u>the comprehensiveness, accuracy,</u></b> and reasonableness of the sources of data, the parameters, and the information used as the basis for issuance of the appraisal report or the opinion.</p> <p>D. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the</p>	
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<p>they have evaluated and found that the information used is <b><u>adequate and</u></b> reasonable, and that they have complied with applicable laws and regulations.</p> <p>10. (Omitted)</p>	<p>report or opinion, and that they have evaluated and found that the information used is reasonable <b><u>and accurate</u></b>, and that they have complied with applicable laws and regulations.</p> <p>10. (Omitted)</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 the relevant regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A.~F. (Omitted)</p> <p>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 or more; provided that the foregoing requirements shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds <b><u>or foreign government bonds with credit rating not lower than sovereign rating of Taiwan.</u></b></p> <p>b. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <b><u>foreign corporate bonds or</u></b> ordinary corporate bonds or general bank</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 the relevant regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A.~F. (Omitted)</p> <p>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 or more; provided that the foregoing requirements 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, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription</p>	<p>Amended in compliance with FSC Letter No. Financial-Supervisory-Securities-Corporate-1110380465.</p>

<p>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, <u>or subscription or redemption of exchange traded notes (ETNs)</u>, 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.</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>(Omitted)</p>	<p>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..</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>(Omitted)</p>	
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## **Appendix 1. Articles of Incorporation for Taiwan Cement Corporation**

[English Translation, for reference only]

### **Taiwan Cement Corporation**

#### **Articles of Incorporation**

Amended on June 9, 2020

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 Chairperson 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. Directors' Stockholding Status

Base date: March 28, 2022

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
Chairperson	Chia Hsin R.M.C Corp. Representative: Chang An Ping	2021.7.5	3,032,923 0	0.05 0.00	3,032,923 0	0.05 0.00
Director	C. F. Koo Foundation Representative: Li, Jong-Peir	2021.7.5	3,168,803 0	0.05 0.00	3,168,803 0	0.05 0.00
Director	Chia Hsin Cement Corp. Representative: Chang, Kang-Lung, Jason	2021.7.5	217,859,506 0	3.56 0.00	217,859,506 0	3.56 0.00
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	2021.7.5	103,548,831 2,000,000	1.69 1.00	103,548,831 2,000,000	1.69 1.00
Director	Fu Pin Investment Co., Ltd. Representative: Wang, Por-Yuan	2021.7.5	77,482,477 0	1.27 0.00	77,482,477 0	1.26 0.00
Director	Tai Ho Farming Co., Ltd. Representative: Koo, Kung-Yi	2021.7.5	6,043,126 0	0.10 0.00	6,043,126 0	0.10 0.00
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh, Chi-Chia	2021.7.5	77,482,477 0	1.27 0.00	77,482,477 0	1.26 0.00
Director	Chia Hsin Cement Corp. Representative: Chen, Chi-Te	2021.7.5	217,859,506 0	3.56 0.00	217,859,506 0	3.56 0.00
Director	Heng Qiang Investment Co., Ltd. Representative: Wen, Chien	2021.7.5	102,240,983 0	1.67 0.00	102,240,983 0	1.67 0.00
Director	Heng Qiang Investment Co., Ltd. Representative: Liu, Chun-Ying	2021.7.5	102,240,983 0	1.67 0.00	102,240,983 0	1.67 0.00
Independent Director	Chiao, Yu-Cheng	2021.7.5	0 0	0.00 0.00	0 0	0.00 0.00
Independent Director	Victor Wang	2021.7.5	0 0	0.00 0.00	0 0	0.00 0.00
Independent Director	Chou, Ling-Tai , Lynette	2021.7.5	1 200,000	0.00 0.10	1 200,000	0.00 0.10
Independent Director	Lin, Mei-Hwa	2021.7.5	0 0	0.00 0.00	0 0	0.00 0.00
Independent Director	Lin, Shiou-Ling	2021.7.5	0 0	0.00 0.00	0 0	0.00 0.00
Total			513,376,650 2,200,000		513,376,650 2,200,000	

Number of total issued common shares on July 5, 2021: 6,123,580,010 shares.

Number of total issued preferred shares on July 5, 2021: 200,000,000 shares.

Number of total issued common shares on March 28, 2022 6,125,234,002 shares.

Number of total issued preferred shares on March 28, 2022: 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 March 28, 2022, the numbers of shares held by the entire body of directors were 515,376,649 shares.

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

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

Items		Year	2022(Pro-Forma)
Beginning paid-in capital (Include preferred share)			NTD 63,252,340,020
Stock dividend and cash dividend issued this year	Cash dividend per share		NTD 1
	Stock dividend per share appropriate from a capitalization of retained earnings		0.1 shares
	Stock dividend per shares appropriate from a capitalization of capital reserve		0 shares
Change in business performance	Operating income		Not applicable
	Ratio of increase (decrease) in operating income as compared to the previous year		
	Net income after tax		
	Ratio of increase (decrease) in net income after tax as compared to the previous year		
	Earnings per share		
	Ratio of increase (decrease) in EPS as compared to the previous year		
	Average annual ROE ratio (Average annual PE/ratio)		
Pro-forma EPS and P/E Ratio	In case that cash dividends would be paid in lieu of stock dividend by a Capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	
		Pro-forma EPS	

	In case that there would be no stock dividend appropriated from a capitalization of capita; reserve	Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capital reserve and cash dividends would be paid in lieu of stock dividends by a capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	

# **MEMO**