

TAIWAN CEMENT CORPORATION YEAR 2023 ANNUAL GENERAL MEETING OF SHAREHOLDERS MEETING HANDBOOK



TIME : 9:00 A.M., WEDNESDAY, MAY 31, 2023

PLACE : CEMENT HALL, 3F, NO. 113, SEC. 2, CHUNG SHAN N. ROAD, TAIPEI, TAIWAN, R.O.C.

TAIWAN CEMENT CORPORATION WEBSITE : [HTTP://WWW.TAIWANCEMENT.COM](http://www.taiwancement.com) MARKET OBSERVATION POST SYSTEM WEBSITE : [HTTP://MOPS.TWSE.COM.TW](http://mops.twse.com.tw)

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Rules of Procedure for Taiwan Cement Corporation Shareholders Meeting

Amended and adopted by the regular shareholders meeting on 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 2023 Annual General Meeting of Shareholders

Time & Date: 9 a.m., Wednesday, May 31, 2023

Location: Cement Hall, 3F, No. 113, Sec. 2, Chung Shan N. Road, Taipei,
Taiwan, R.O.C.

Meeting type : physical shareholders' meeting

Notes : TCC's 2023 AGM will be a physical shareholders' meeting with
live broadcasting.

1. Chairperson's Statement
2. Matters to Report
 - (1) Employees' and directors' compensation from 2022 profits.
 - (2) Business Report of 2022.
 - (3) The Audit Committee's Review Report.
 - (4) Domestic Corporate Bonds Issuance Report.
 - (5) Stock Buyback Execution Report.
 - (6) 2023 AGM Souvenir Distribution Report.
3. Matters for Approval
 - (1) Business Report and Financial Statements of 2022.
 - (2) Proposal for Distribution of Profits of 2022.
4. Matters for Discussion
 - (1) Proposal for long-term capital raising plan.
 - (2) Amendments on part of Articles of Incorporation.
5. Extemporary Motions
6. Meeting Adjourned

Matters to Report

1. Employees' and directors' compensation from 2022 profits.

Descriptions:

- I. 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.
- II. The proposal was approved by the 18th meeting of the 24th term Board of Directors. For 2022, the Company distributed of NT\$79,122,866 in cash as employees' compensation and NT\$61,621,868 in cash as directors' compensation.

2. Business Report of 2022.

Business Report

In 2022, TCC's consolidated revenue was NT\$113.93 billion, an increase of 6.4% over the previous year. However, the company's net profit after tax decreased to NT\$5.4 billion, a 73% reduction compared to the previous year. This was due to the sharp rise in the cost of coal purchases. The annual budget achievement rate was 36%, and earnings per share was NT\$0.74.

The Russia-Ukraine War and rising inflation worsened the global situation. The shortage in the supply of raw materials and the increase in production and transportation costs have had a major impact on the global economy and on TCC's profits.

The United States in a bid to curb inflation, raised interest rates and many countries' central banks followed suit. Concerns about high interest rates and economic recession may still exist for a period of time.

On the other hand, the pandemic and its political and economic conflicts with the United States have affected mainland China, its overall economy in a downward trend. These had a severe impact on TCC's cement business in mainland China. Fortunately, the pandemic has gradually eased and the cement market in mainland China could gradually recover. Based on the market demand and factory production plans, the 2023 consolidated budget has set a sales target of 44.1 million tons of cement and clinker and 5 million cubic meters of ready-mixed concrete.

Cross-industry circular economy, waste reduction, and carbon reduction

TCC helps make industrial waste and household waste harmless and resource-efficient, transforming them into alternative raw materials for cement manufacturing and thus reduce the consumption of natural resources such as limestone, clay, silicon, and iron slag. Industrial and household waste could also be used as alternative fuels to reduce the use of coal and reduce carbon emissions.

In this way, the company supports semiconductors, steel, building materials, and other enterprises, as well as power plants, water purification plants, and the government.

The use of alternative fuels really started in 2020, and the replacement rate in terms of heating value increased from 0.21% to 4.08%.

According to statistics, from 2019 to 2022, in TCC's two factories in Taiwan,

the utilization rate of alternative raw materials per ton of cement increased from 19.07% to 22.04%.

In mainland China, in all factories, from 2019 to 2022, the utilization rate of alternative raw materials per ton of cement increased from 17.0% to 26.8%. In 2022, the replacement rate in terms of heating value increased from 1.25% to 8.25%.

TCC's Ultra-High Performance Concrete (UHPC)

UHPC developed by TCC, compared to traditional concrete, has ultra-high mechanical properties, high compressive strength, and superior durability.

The life cycle of most concrete buildings is 50-70 years, while the life cycle of UHPC buildings can reach more than 100-120 years. UHPC buildings also reduce building reconstruction and construction waste generation; in other words, they implement carbon reduction.

Taiwan Cement has set up the Hoping Plant, a UHPC production base in Hualien.

The UHPC produced is not only used to build the curtain wall of TCC's DAKA Renewable Resource Utilization Center in the Hoping Plant; it is also used to design and manufacture energy storage cabinets. It has obtained an invention patent.

Compared with today's standard metal containers, UHPC energy storage cabinets have the following advantages: lower thermal conductivity, weather resistance and high compressive strength, fire resistance and flame retardancy. It has passed the CNS 12514 two-hour flame-shielding and heat-resistance test, and can withstand water pressure of 2 tons/square meter. It is completely disaster-proof and can reduce carbon by about 50% under the same volume capacity.

TCC Green Energy Corporation is friendly to the environment and to the local community

TCC Green Energy continues to uphold the spirit of "full use of clean air, wind, water, and land" to expand the layout of renewable energy. In 2022, it was connected to the grid in Yizhu Township and Budai Township, Chiayi County. The fishery and electricity symbiosis sites' capacity was 43.4 MW, and the cumulative grid-connected renewable energy reached 79.3 MW.

In addition to its original layout of solar and wind power generation, TCC Green Energy Corporation is also exploring the possibility of diversified

renewable energy. In 2022, the company cooperated with CPC to drill three geothermal production wells in Yanping Township, Taitung County. On February 12, 2023, the drilling of two production wells was completed, and the third production well is expected to be completed before the end of March 2023. Geothermal well cleaning and productivity testing will begin at the end of April.

While developing renewable energy, and upholding the spirit of creating employment opportunities and assisting local creativity, TCC Green Energy and FDC International Hotels Corporation jointly planned the Vakangan Hot Spring Park and began operations on August 27, 2022. Twenty-six local Taitung enterprises were invited to set up their facilities and support the creation of a new base for sustainable tourism, and to co-prosper with the local area.

TCC Energy Storage starting from DAKA, creates new energy and new life

On March 3, 2022, at the DAKA Renewable Resource Utilization Center, TCC Energy Storage planted the first seed for a pure green electric vehicle charging pile. 2022 was also the year of the successful completion of various facilities such as those in Yawan, Tainan and Lequn and Zhishan in Taipei. Close cooperation with enterprises from different industries brought about the creation of a low-carbon and high-quality energy charging culture.

Taiwan Cement has developed a diversity of applications in the energy storage business. In April 2021, it used the first large-scale AFC energy storage system in Taiwan. In April 2022, the company completed E-One Moli Energy Corp.'s 1MW energy storage system that formed part of Taipower's energy trading platform for ancillary service and electricity reserve capacity.

In September 2022, at the Hoping Factory in Hualien, TCC provided a 30MW backup service in the form of a composite model combining energy storage with factory load reduction systems in response to increased demand.

In March 2023, the Hoping Factory passed Taipower's performance tests on its newly built 10MW E-dReg energy storage system and became the largest enhanced dynamic frequency modulation standby energy storage system that also joined Taipower's energy trading platform.

E-One Moli Energy develops new businesses and successfully creates electric vertical take-off and landing aircraft market

The next generation of high-end, high-power products will continue to use batteries. TCC benefited from the growth of the high-end market and

deepened its niche markets such as those of imported high-end supercar models, and high-end heavy-duty and off-road electric two-wheeler vehicles. The company also increased its share of the electric vertical take-off and landing (eVTOL) aircraft market. It has successfully shaped its brand image as a leading provider of safe, high-energy, and high-power lithium batteries.

Faced with the adverse effects of climate change, upheavals in the international political and economic situation, and high inflation, TCC is still working hard to map out a blueprint for future development. We aspire to open up a difficult yet bright future for a world-class road of renewable energy and energy storage.

We will be highly proactive in this and respond to the cry of nature, uphold the ideal of serving life, abide by the law of sustainable existence that enterprises and life are inseparable. They coexist, prosper and benefit society, and together strive to make eternity possible.

Chairperson: An-Ping Chang

President: Yao-Hui Cheng

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 2022 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

2023 Annual General Shareholders' Meeting

Taiwan Cement Corporation

Audit Committee Convener: Victor Wang



March 24, 2023

4. Domestic Corporate Bonds Issuance Report.

Descriptions:

The Company issued the domestic unsecured corporate bonds for debt repayment, of which the issuance status is as follows:

1. 2022 First Unsecured Corporate Bond

Unit: NT\$ (thousands)

Phase / Type	2022 First Unsecured Corporate Bond
Date of Resolution	May 27, 2022
Date of Issuance	June 8, 2022
Total Issuance Amount	7,750,000 4,950,000 for Bond A / 2,800,000 for Bond B
Face Value	1,000
Issue Price	NT\$100 (Issued at full face value of the bond)
Issue Period	Bond A: Six-year Maturity Date: June 8, 2028 Bond B: Ten-year Maturity Date: June 8, 2032
Coupon Rate	Fixed Annual Rate Bond A 1.90% / Bond B 2.15%
Interest Payment Method	Upon the date of issuance, simple interest accrues at the coupon rate once per annum, paid once a year
Repayment Method	Lump-sum repayment of principal at maturity
Trustee	CTBC Bank Co., Ltd.
Agency for Principal and Interest Payment	Agency Department of CTBC Bank Co., Ltd.
Implementation of Capital Utilization Plan	For debt repayment, the proceeds from the issuance have been used in full in the second quarter of 2022.

2. 2022 Second Unsecured Corporate Bond

Unit: NT\$ (thousands)

Phase / Type	2022 Second Unsecured Corporate Bond
Date of Resolution	November 16, 2022
Date of Issuance	November 25, 2022
Total Issuance Amount	3,300,000 2,100,000 for Bond A / 1,200,000 for Bond B
Face Value	1,000
Issue Price	NT\$100 (issued at full face value of the bond)
Issue Period	Bond A: Five-year Maturity Date: November 25, 2027 Bond B: Ten-year Maturity Date: November 25, 2032
Coupon Rate	Fixed Annual Rate Bond A 2.10% / Bond B 2.65%
Interest Payment Method	Upon the date of issuance, simple interest accrues at the coupon rate once per annum, paid once a year
Repayment Method	Lump-sum repayment of principal at maturity
Trustee	CTBC Bank Co., Ltd.
Agency for Principal and Interest Payment	Agency Department of CTBC Bank Co., Ltd.
Implementation of Capital Utilization Plan	For debt repayment, the proceeds from the issuance have been used in full in the fourth quarter of 2022.

3. 2022 Third Unsecured Corporate Bond

Unit: NT\$ (thousands)

Phase / Type	2022 Third Unsecured Corporate Bond
Date of Resolution	January 4, 2023
Date of Issuance	January 13, 2023
Total Issuance Amount	9,300,000 6,100,000 for Bond A / 3,200,000 for Bond B
Face Value	1,000
Issue Price	NT\$100 (issued at full face value of the bond)
Issue Period	Bond A: Seven-year Maturity Date: January 13, 2030 Bond B: Ten-year Maturity Date: January 13, 2033
Coupon Rate	Fixed Annual Rate Bond A 2.40% / Bond B 2.65%
Interest Payment Method	Upon the date of issuance, simple interest accrues at the coupon rate once per annum, paid once a year
Repayment Method	Lump-sum repayment of principal at maturity
Trustee	CTBC Bank Co., Ltd.
Agency for Principal and Interest Payment	Agency Department of CTBC Bank Co., Ltd.
Implementation of Capital Utilization Plan	For debt repayment, the proceeds from the issuance have been used in full in the first quarter of 2023.

5. Stock Buyback Execution Report.

Descriptions:

I. Update on the Company's buyback of shares, of which the implementation status is as follows:

Unit: NT\$

Buyback Phase No.	First of 2023
Board Resolution Date	January 4, 2023
Purpose of Buyback	Transfer the shares to employees
Types of Shares Buyback	Common shares
Scheduled Period for Buyback of Shares	January 5, 2023 to March 3, 2023
Estimated Number of Shares Buyback	20,000 certificates of shares
Price Range of Shares Buyback	23.45 ~ 50.99
Actual Buyback Period	January 11, 2023 to February 15, 2023
Actual Number of Shares Bought-Back	20,000 certificates of shares
Actual Number of Shares Bought-Back as a Percentage of the Total Number of Shares Issued (%)	0.27%
Actual Value of Shares Bought-Back	NT\$732,458,798
Average Buyback Price per Share	NT\$36.62
Number of Already Bought-Back Shares as a Percentage of the Total Number of Shares Planned to be Bought-Back	100%
Number of Transfers Processed	None
Number of Shares Cancelled	None
Cumulative Number of the Company's Shares Held	24,000 certificates of shares
Cumulative Number of the Company's Shares Held as a Percentage of Total Number of Shares Issued (%)	0.33%

Reasons for Non-Implementation	N/A
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II. The buyback has been implemented in accordance with the *Regulations Governing Share Buyback by Exchange-Listed and OTC-Listed Companies and the Plan of Fifth Share Buyback and Transfer to Employee* approved by the resolution of the 16th Meeting of the 24th Board of Directors of the Company, please refer to Annex I of this handbook (pages 48~49) for the relevant provisions.

6. 2023 AGM Souvenir Distribution Report.

Descriptions:

- I. In the 2018 Annual General Meeting of Shareholders, the Company has approved the Proposal for the Distribution of Souvenirs for the Shareholders' Meeting of the Company, which, based on the principle of fairness among shareholders, intends to stipulate that the souvenirs for the Company's Shareholders Meeting's will only be distributed to shareholders holding more than 1,000 shares, of which the resolution contents have been agreed by the majority of shareholders and reached consensus thereby. Yet, due to the relevant laws and regulations, it is not yet feasible to implement this resolution. However, in order to adhere to the principle of fairness among shareholders, the Company will again propose and implement the resolution at the Board of Directors' Meeting and Shareholders' Meeting in the future if there is any adjustment to the relevant laws and regulations.
- II. This proposal has been approved by the resolution of the 18th Meeting of the 24th Board of Directors of the Company.

Matters for Approval

1. Business Report and Financial Statements of 2022. (Proposed by the Board of Directors)

Descriptions:

- I. It was conducted according to Article 228 of the Company Act.
- II. The 2022 Annual Business Report, Individual Financial Statements and Consolidated Financial Statements have been approved by the 17th and 18th 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.
- III. The above Annual Business Report and Financial Statements were audited by the Auditor Committee. Please refer to page 6~9&18~39.
- IV. Please review and ratify.

Resolution:

Financial statement



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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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 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, 2022. 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,243,295	1	\$ 26,919,655	8
Financial assets at fair value through profit or loss (Notes 4, 7 and 27)	259,919	-	306,075	-
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 27)	3,607,819	1	3,832,706	1
Notes and accounts receivable (Notes 4 and 9)	5,319,368	1	5,165,862	1
Notes and accounts receivable from related parties (Notes 4 and 28)	681,793	-	646,808	-
Inventories (Notes 4 and 11)	2,321,850	1	1,640,537	1
Other current assets (Notes 22 and 28)	248,683	-	218,871	-
Total current assets	16,682,727	4	38,730,514	11
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 27)	7,633,603	2	8,459,255	2
Investments accounted for using the equity method (Notes 4, 5 and 12)	307,101,709	82	267,535,378	75
Property, plant and equipment (Notes 4, 13, 21, 28 and 29)	35,583,596	10	33,820,654	9
Right-of-use assets (Notes 4, 14, 21 and 28)	1,788,972	1	2,092,105	1
Investment properties (Notes 4, 15 and 21)	2,436,675	1	2,495,151	1
Intangible assets (Notes 4 and 21)	10,709	-	10,709	-
Prepayments for property, plant and equipment (Note 13)	682,765	-	374,127	-
Net defined benefit assets (Notes 4 and 19)	1,526,546	-	1,823,268	1
Other non-current assets (Notes 4, 6, 22 and 29)	894,935	-	937,185	-
Total non-current assets	357,659,510	96	317,547,832	89
TOTAL	\$ 374,342,237	100	\$ 356,278,346	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 16 and 25)	\$ 6,026,632	2	\$ 25,426,775	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)	641,522	-	213,062	-
Accounts payable	1,857,952	-	1,162,329	-
Accounts payable to related parties (Note 28)	1,164,459	-	1,326,965	-
Other payables (Notes 13 and 18)	2,311,009	1	2,553,645	1
Current income tax liabilities (Notes 4 and 22)	411,503	-	423,152	-
Lease liabilities (Notes 4, 14 and 28)	275,841	-	314,565	-
Long-term loans and bonds payable - current portion (Notes 16, 17 and 25)	20,785,447	6	6,450,000	2
Other current liabilities (Note 28)	337,328	-	196,598	-
Total current liabilities	33,811,693	9	39,964,799	11
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	72,136,574	19	81,526,445	23
Long-term loans (Notes 16 and 25)	29,825,090	8	10,724,917	3
Lease liabilities (Notes 4, 14 and 28)	1,551,162	-	1,806,283	1
Notes payable (Note 16)	13,397,747	4	11,982,079	3
Deferred income tax liabilities (Notes 4 and 22)	5,370,199	2	5,434,006	2
Other non-current liabilities (Note 12)	355,006	-	362,484	-
Total non-current liabilities	122,635,778	33	111,836,214	32
Total liabilities	156,447,471	42	151,801,013	43
EQUITY (Notes 4, 20 and 23)				
Ordinary shares	71,561,817	19	61,252,340	17
Preference shares	2,000,000	-	2,000,000	-
Capital surplus	65,985,865	18	56,757,470	16
Retained earnings	66,527,594	18	73,939,852	21
Other equity	11,991,090	3	10,920,014	3
Treasury shares	(171,600)	-	(392,343)	-
Total equity	217,894,766	58	204,477,333	57
TOTAL	\$ 374,342,237	100	\$ 356,278,346	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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)	\$ 25,428,507	100	\$ 23,878,294	100
LESS: SALES RETURNS AND ALLOWANCES	<u>67,609</u>	<u>-</u>	<u>78,789</u>	<u>-</u>
OPERATING REVENUE, NET	25,360,898	100	23,799,505	100
OPERATING COSTS (Notes 11, 21 and 28)	<u>19,866,302</u>	<u>78</u>	<u>18,867,285</u>	<u>79</u>
GROSS PROFIT	5,494,596	22	4,932,220	21
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>5,495,824</u>	<u>22</u>	<u>4,933,448</u>	<u>21</u>
OPERATING EXPENSES (Notes 21 and 28)				
Marketing	277,792	1	273,441	1
General and administrative	<u>1,245,097</u>	<u>5</u>	<u>1,734,425</u>	<u>7</u>
Total operating expenses	<u>1,522,889</u>	<u>6</u>	<u>2,007,866</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>3,972,935</u>	<u>16</u>	<u>2,925,582</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 12)	3,493,766	14	17,819,863	75
Interest income	114,030	-	36,258	-
Dividend income (Note 4)	559,116	2	418,689	2
Other income (Note 21)	125,159	1	107,581	-
Net gain (loss) on disposal of property, plant and equipment	13,938	-	(11,670)	-
Net gain (loss) on disposal of investment properties (Note 15)	502,346	2	(4,298)	-
Finance costs (Notes 4, 21 and 28)	(1,936,156)	(8)	(1,351,009)	(6)
Other expenses (Note 21)	(138,725)	-	(247,378)	(1)
Foreign exchange losses, net	(210,323)	(1)	(64,293)	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	<u>(474,616)</u>	<u>(2)</u>	<u>24,637</u>	<u>-</u>
Total non-operating income and expenses	<u>2,048,535</u>	<u>8</u>	<u>16,728,380</u>	<u>70</u>

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 6,021,470	24	\$ 19,653,962	83
INCOME TAX EXPENSE (Notes 4 and 22)	<u>616,486</u>	<u>3</u>	<u>471,535</u>	<u>2</u>
NET INCOME FROM CONTINUING OPERATIONS	5,404,984	21	19,182,427	81
PROFIT FROM DISCONTINUED OPERATIONS (Notes 10 and 28)	<u>-</u>	<u>-</u>	<u>1,073,939</u>	<u>4</u>
NET INCOME	<u>5,404,984</u>	<u>21</u>	<u>20,256,366</u>	<u>85</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 19)	(304,887)	(1)	270,496	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	(1,050,539)	(4)	1,723,801	7
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method (Note 20)	(5,631,676)	(22)	(4,369,926)	(18)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>60,977</u>	<u>-</u>	<u>(54,099)</u>	<u>-</u>
	<u>(6,926,125)</u>	<u>(27)</u>	<u>(2,429,728)</u>	<u>(10)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 20)	<u>7,774,720</u>	<u>31</u>	<u>(6,545,319)</u>	<u>(28)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>848,595</u>	<u>4</u>	<u>(8,975,047)</u>	<u>(38)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,253,579</u>	<u>25</u>	<u>\$ 11,281,319</u>	<u>47</u>

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 23)				
From continuing and discontinued operations				
Basic earnings per share	<u>\$ 0.74</u>		<u>\$ 3.30</u>	
Diluted earnings per share	<u>\$ 0.73</u>		<u>\$ 2.97</u>	
From continuing operations				
Basic earnings per share	<u>\$ 0.74</u>		<u>\$ 2.84</u>	
Diluted earnings per share	<u>\$ 0.73</u>		<u>\$ 2.81</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital				Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Preference Shares	Certificate of Entitlement to New Shares from Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedges Instruments		
BALANCE AT JANUARY 1, 2021	\$ 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
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	9,304	-	-	-	-	-	-	-	-	9,304
Difference between consideration received 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)
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
Appropriation of 2021 earnings													
Legal reserve	-	-	-	-	2,068,477	-	(2,068,477)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(6,116,173)	(6,116,173)	-	-	-	-	(6,116,173)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)
Share dividends distributed by the Corporation	6,116,173	-	-	-	-	-	(6,116,173)	(6,116,173)	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	5,404,984	5,404,984	-	-	-	-	5,404,984
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	(222,481)	(222,481)	7,774,720	(6,701,993)	(1,651)	-	848,595
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,182,503	5,182,503	7,774,720	(6,701,993)	(1,651)	-	6,253,579
Issuance of global depositary receipt	4,200,000	-	-	9,193,957	-	-	-	-	-	-	-	-	13,393,957
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity metho	-	-	-	(42,912)	-	-	-	-	-	-	-	-	(42,912)
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	-	-	(12,415)	(12,415)	-	-	-	-	(12,415)
Changes in ownership interests of subsidiaries	-	-	-	64,744	-	-	-	-	-	-	-	-	64,744
Compensation costs of treasury shares transferred to employees	-	-	-	66,820	-	-	-	-	-	-	-	-	66,820
Treasury shares transfer to employees	-	-	-	(31,702)	-	-	-	-	-	-	-	191,535	159,833
Cancelation of treasury shares	(6,696)	-	-	(22,512)	-	-	-	-	-	-	-	29,208	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	(35,459)	35,459	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	<u>\$ 71,561,817</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 65,985,865</u>	<u>\$ 23,950,392</u>	<u>\$ 13,004,401</u>	<u>\$ 29,572,801</u>	<u>\$ 66,527,594</u>	<u>\$ (8,294,175)</u>	<u>\$ 20,286,916</u>	<u>\$ (1,651)</u>	<u>\$ (171,600)</u>	<u>\$ 217,894,766</u>

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

TAIWAN CEMENT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 6,021,470	\$ 19,653,962
Profit before income tax from discontinued operations	-	1,073,939
Income before income tax	6,021,470	20,727,901
Adjustments for:		
Depreciation expense	1,011,625	989,349
Amortization expense	-	1
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	474,616	(24,637)
Finance costs	1,936,156	1,351,009
Interest income	(114,030)	(36,258)
Dividend income	(559,116)	(418,689)
Share-based compensation	66,820	24,325
Share of profit of subsidiaries and associates	(3,493,766)	(17,757,136)
Loss (gain) on disposal of property, plant and equipment, net	(13,938)	11,670
Loss (gain) on disposal of investment properties, net	(502,346)	4,298
Loss (gain) on disposal of investments, net	16	(1,092,894)
Write-down (reversal) of inventories	19,604	(26,213)
Unrealized loss on foreign exchange, net	3,357	3,425
Changes in operating assets and liabilities:		
Notes and accounts receivable	(153,506)	(381,956)
Notes and accounts receivable from related parties	(35,211)	(141,088)
Inventories	(700,917)	(384,580)
Other current assets	(28,069)	(65,073)
Net defined benefit assets	(8,165)	(3,724)
Accounts payable	698,009	389,241
Accounts payable to related parties	(162,503)	533,757
Other payables	(252,225)	116,511
Other current liabilities	46,919	74,965
Cash generated from operations	4,254,800	3,894,204
Income tax paid	(629,366)	(228,906)
Net cash generated from operating activities	3,625,434	3,665,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,510,555)
Disposal of financial assets at fair value through other comprehensive income	-	-
Acquisition of financial assets at amortized cost	-	-
Disposal of financial assets at amortized cost	15,470	4,892,170
Net cash out flow on acquisition of subsidiaries	(36,844,773)	(17,628,894)
Disposal of subsidiary	-	2,400,208
Payments for property, plant and equipment	(2,815,142)	(3,368,582)
Proceeds from disposal of property, plant and equipment	14,142	12,128

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of investment properties	\$ 560,763	\$ -
Decrease (increase) in other non-current assets	25,181	(194,235)
Interest received	111,485	62,311
Dividends received	<u>3,484,193</u>	<u>4,355,448</u>
Net cash used in investing activities	<u>(35,448,681)</u>	<u>(10,980,001)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	2,071,411
Decrease in short-term loans	(19,404,870)	-
Increase in short-term bills payable	-	1,897,708
Decrease in short-term bills payable	(1,897,708)	-
Issuance of bonds	11,050,000	38,567,539
Increase in long-term loans	29,809,000	-
Repayment of long-term loans	(17,200,000)	(4,300,000)
Increase in long-term bills payable	38,734,624	33,905,553
Decrease in long-term bills payable	(37,318,956)	(26,914,800)
Repayment of the principal portion of lease liabilities	(368,022)	(363,467)
Increase (decrease) in other non-current liabilities	(7,886)	36,741
Cash dividends paid	(6,466,173)	(20,944,434)
Proceeds from issuance of ordinary shares	13,393,957	-
Treasury shares transferred to employees	159,833	93,025
Acquisitions of subsidiaries	-	(685,985)
Interest paid	<u>(1,336,912)</u>	<u>(1,137,347)</u>
Net cash generated from financing activities	<u>9,146,887</u>	<u>22,225,944</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(22,676,360)</u>	<u>14,911,241</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>26,919,655</u>	<u>12,008,414</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,243,295</u>	<u>\$ 26,919,655</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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 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, 2022. 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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 88,842,494	19	\$ 91,121,942	21
Financial assets at fair value through profit or loss (Notes 4, 7 and 34)	611,802	-	363,813	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 34 and 36)	5,934,753	1	6,387,543	1
Financial assets at amortized cost (Notes 4, 6 and 36)	20,954,299	5	15,508,688	4
Notes receivable (Notes 4, 9 and 24)	19,450,723	4	25,639,724	6
Accounts receivable (Notes 4, 9, 10 and 24)	15,148,760	3	9,844,002	2
Notes and accounts receivable from related parties (Notes 4 and 35)	513,975	-	457,203	-
Other receivables (Notes 4 and 26)	2,309,268	1	1,499,322	-
Other receivables from related parties (Notes 4, 13 and 35)	415,606	-	388,968	-
Inventories (Notes 4 and 12)	16,089,980	4	13,412,511	3
Prepayments	4,268,024	1	3,935,575	1
Other current assets (Notes 4 and 24)	<u>1,084,374</u>	<u>-</u>	<u>794,144</u>	<u>-</u>
Total current assets	<u>175,624,058</u>	<u>38</u>	<u>169,353,435</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4, 7, 34 and 36)	284,876	-	-	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 34 and 36)	22,751,646	5	27,835,864	6
Financial assets at amortized cost (Notes 4, 6 and 36)	9,577,103	2	15,468,807	4
Investments accounted for using the equity method (Notes 4, 14 and 36)	53,586,673	12	46,781,575	11
Property, plant and equipment (Notes 4, 15, 25, 35 and 36)	114,739,983	25	98,196,032	22
Right-of-use assets (Notes 4, 16, 25 and 35)	15,503,775	3	14,992,784	3
Investment properties (Notes 4, 17, 25 and 36)	5,323,016	1	5,425,680	1
Intangible assets (Notes 4, 18 and 25)	27,880,416	6	27,650,861	6
Prepayments for property, plant and equipment (Notes 15 and 35)	9,658,047	2	7,762,010	2
Long-term finance lease receivables (Notes 4 and 10)	21,372,402	5	24,334,423	6
Net defined benefit assets (Notes 4 and 22)	1,567,531	-	1,850,315	-
Other non-current assets (Notes 4, 26, 35 and 36)	<u>2,939,435</u>	<u>1</u>	<u>2,032,773</u>	<u>1</u>
Total non-current assets	<u>285,184,903</u>	<u>62</u>	<u>272,331,124</u>	<u>62</u>
TOTAL	<u>\$ 460,808,961</u>	<u>100</u>	<u>\$ 441,684,559</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 19, 32 and 36)	\$ 22,416,812	5	\$ 48,440,514	11
Short-term bills payable (Note 19)	3,065,961	1	6,769,046	2
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 34)	641,522	-	213,062	-
Contract liabilities (Note 24)	1,774,714	-	1,439,222	-
Notes and accounts payable (Note 35)	13,691,411	3	10,023,071	2
Other payables (Note 21)	9,771,591	2	10,238,196	2
Other payables to related parties (Note 35)	750,236	-	1,391,057	-
Current income tax liabilities (Notes 4 and 26)	1,063,356	-	2,490,823	1
Lease liabilities (Notes 4, 16 and 35)	400,136	-	407,652	-
Long-term loans and bonds payable - current portion (Notes 19, 20, 32 and 36)	21,511,839	5	7,091,417	2
Other current liabilities	<u>121,833</u>	<u>-</u>	<u>183,908</u>	<u>-</u>
Total current liabilities	<u>75,209,411</u>	<u>16</u>	<u>88,687,968</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	72,136,574	16	81,526,445	18
Long-term loans (Notes 19, 32 and 36)	42,864,736	9	16,695,836	4
Lease liabilities (Notes 4, 16 and 35)	3,550,048	1	3,261,791	1
Deferred income tax liabilities (Notes 4 and 26)	12,359,419	3	11,922,865	3
Long-term bills payable (Note 19)	14,990,589	3	12,680,086	3
Net defined benefit liabilities (Notes 4 and 22)	119,623	-	143,201	-
Other non-current liabilities (Notes 14 and 15)	<u>1,302,781</u>	<u>-</u>	<u>1,111,694</u>	<u>-</u>
Total non-current liabilities	<u>147,323,770</u>	<u>32</u>	<u>127,341,918</u>	<u>29</u>
Total liabilities	<u>222,533,181</u>	<u>48</u>	<u>216,029,886</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 23 and 31)				
Ordinary shares	71,561,817	16	61,252,340	14
Preference shares	2,000,000	-	2,000,000	-
Capital surplus	65,985,865	14	56,757,470	13
Retained earnings	66,527,594	14	73,939,852	17
Other equity	11,991,090	3	10,920,014	2
Treasury shares	<u>(171,600)</u>	<u>-</u>	<u>(392,343)</u>	<u>-</u>
Equity attributable to shareholders of the Corporation	217,894,766	47	204,477,333	46
NON-CONTROLLING INTERESTS (Notes 23 and 31)	<u>20,381,014</u>	<u>5</u>	<u>21,177,340</u>	<u>5</u>
Total equity	<u>238,275,780</u>	<u>52</u>	<u>225,654,673</u>	<u>51</u>
TOTAL	<u>\$ 460,808,961</u>	<u>100</u>	<u>\$ 441,684,559</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 35)	\$ 113,929,706	100	\$ 107,041,452	100
OPERATING COSTS (Notes 4, 12, 22, 25 and 35)	<u>104,345,739</u>	<u>92</u>	<u>80,391,353</u>	<u>75</u>
GROSS PROFIT	<u>9,583,967</u>	<u>8</u>	<u>26,650,099</u>	<u>25</u>
OPERATING EXPENSES (Notes 22, 25 and 35)				
Marketing	820,576	1	709,024	1
General and administrative	6,925,430	6	5,797,048	6
Research and development	<u>675,823</u>	<u>-</u>	<u>357,552</u>	<u>-</u>
Total operating expenses	<u>8,421,829</u>	<u>7</u>	<u>6,863,624</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>1,162,138</u>	<u>1</u>	<u>19,786,475</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 14)	3,919,856	3	4,149,749	4
Interest income (Note 25)	2,102,495	2	1,535,980	1
Dividend income (Note 4)	2,498,353	2	1,747,166	2
Other income (Note 25)	583,112	1	1,067,849	1
Net gain (loss) on disposal of investment properties (Note 17)	502,346	-	(4,298)	-
Foreign exchange gains (losses), net	201,611	-	(87,583)	-
Finance costs (Notes 4 and 25)	(2,869,888)	(2)	(1,670,463)	(1)
Other expenses (Note 25)	(829,313)	(1)	(786,719)	(1)
Net gain (loss) on disposal of property, plant and equipment (Note 15)	(20,296)	-	327,659	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	(514,394)	-	19,025	-
Non-financial assets impairment loss (Notes 15 and 18)	<u>(89,923)</u>	<u>-</u>	<u>(6,756)</u>	<u>-</u>
Total non-operating income and expenses	<u>5,483,959</u>	<u>5</u>	<u>6,291,609</u>	<u>6</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 6,646,097	6	\$ 26,078,084	24
INCOME TAX EXPENSE (Notes 4 and 26)	<u>2,489,012</u>	<u>2</u>	<u>5,930,387</u>	<u>5</u>
NET INCOME FROM CONTINUING OPERATIONS	4,157,085	4	20,147,697	19
PROFIT FROM DISCONTINUED OPERATIONS (Note 11)	<u>-</u>	<u>-</u>	<u>1,053,559</u>	<u>1</u>
NET INCOME	<u>4,157,085</u>	<u>4</u>	<u>21,201,256</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	(282,252)	-	266,289	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Note 23)	(6,366,804)	(6)	(2,810,397)	(3)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 23)	(352,936)	-	177,820	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>57,170</u>	<u>-</u>	<u>(53,780)</u>	<u>-</u>
	<u>(6,944,822)</u>	<u>(6)</u>	<u>(2,420,068)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	4,288,246	4	(1,414,314)	(1)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 23)	<u>3,801,499</u>	<u>3</u>	<u>(5,231,751)</u>	<u>(5)</u>
	<u>8,089,745</u>	<u>7</u>	<u>(6,646,065)</u>	<u>(6)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,144,923</u>	<u>1</u>	<u>(9,066,133)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,302,008</u>	<u>5</u>	<u>\$ 12,135,123</u>	<u>11</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 5,404,984	5	\$ 20,256,366	19
Non-controlling interests	<u>(1,247,899)</u>	<u>(1)</u>	<u>944,890</u>	<u>1</u>
	<u>\$ 4,157,085</u>	<u>4</u>	<u>\$ 21,201,256</u>	<u>20</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 6,253,579	6	\$ 11,281,319	10
Non-controlling interests	<u>(951,571)</u>	<u>(1)</u>	<u>853,804</u>	<u>1</u>
	<u>\$ 5,302,008</u>	<u>5</u>	<u>\$ 12,135,123</u>	<u>11</u>
EARNINGS PER SHARE (Note 27)				
From continuing and discontinued operations				
Basic earnings per share	<u>\$ 0.74</u>		<u>\$ 3.00</u>	
Diluted earnings per share	<u>\$ 0.73</u>		<u>\$ 2.97</u>	
From continuing operations				
Basic earnings per share	<u>\$ 0.74</u>		<u>\$ 2.84</u>	
Diluted earnings per share	<u>\$ 0.73</u>		<u>\$ 2.81</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation														
	Share Capital				Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Preference Shares	Certificate of Entitlement to New Shares from Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments				
BALANCE AT JANUARY 1, 2021	\$ 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
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	9,304	-	-	-	-	-	-	-	-	9,304	-	9,304
Difference between consideration received 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
Compensation costs of treasury shares transferred to employees	-	-	-	24,325	-	-	-	-	-	-	-	-	24,325	-	24,325
Treasury shares transferred 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
Appropriation of 2021 earnings															
Legal reserve	-	-	-	-	2,068,477	-	(2,068,477)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(6,116,173)	(6,116,173)	-	-	-	-	(6,116,173)	-	(6,116,173)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)	-	(350,000)
Share dividends distributed by the Corporation	6,116,173	-	-	-	-	-	(6,116,173)	(6,116,173)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,161,092)	(1,161,092)
Net income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,404,984	5,404,984	-	-	-	-	5,404,984	(1,247,899)	4,157,085
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	(222,481)	(222,481)	7,774,720	(6,701,993)	(1,651)	-	848,595	296,328	1,144,923
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,182,503	5,182,503	7,774,720	(6,701,993)	(1,651)	-	6,253,579	(951,571)	5,302,008
Issuance of global depositary receipts	4,200,000	-	-	9,193,957	-	-	-	-	-	-	-	-	13,393,957	-	13,393,957
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(42,912)	-	-	-	-	-	-	-	-	(42,912)	-	(42,912)
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	-	-	(12,415)	(12,415)	-	-	-	-	(12,415)	1,529,061	1,516,646
Changes in ownership interests of subsidiaries	-	-	-	64,744	-	-	-	-	-	-	-	-	64,744	(212,724)	(147,980)
Compensation costs of treasury shares transferred to employees	-	-	-	66,820	-	-	-	-	-	-	-	191,535	258,355	-	258,355
Treasury shares transferred to employees	-	-	-	(31,702)	-	-	-	-	-	-	-	29,208	(2,494)	-	(2,494)
Cancellation of treasury shares	(6,696)	-	-	(22,512)	-	-	-	-	-	-	-	-	(29,208)	-	(29,208)
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	(35,459)	35,459	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 71,561,817	\$ 2,000,000	\$ -	\$ 65,985,865	\$ 23,950,392	\$ 13,004,401	\$ 29,572,801	\$ 66,527,594	\$ (8,294,175)	\$ 20,286,916	\$ (1,651)	\$ (171,600)	\$ 217,894,766	\$ 20,381,014	\$ 238,275,780

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 6,646,097	\$ 26,078,084
Profit before income tax from discontinued operations	-	1,051,097
Income before income tax	<u>6,646,097</u>	<u>27,129,181</u>
Adjustments for:		
Depreciation expense	7,473,531	6,603,392
Amortization expense	1,042,504	460,289
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	514,394	(19,025)
Finance costs	2,869,888	1,732,162
Interest income	(2,102,495)	(1,539,799)
Dividend income	(2,498,353)	(1,747,166)
Share-based compensation	103,396	24,325
Share of profit of associates and joint ventures	(3,919,856)	(4,149,749)
Loss (gain) on disposal of property, plant and equipment, net	20,296	(327,659)
Loss (gain) on disposal of investment properties, net	(502,346)	4,298
Loss on disposal of intangible assets	-	46
Loss (gain) on disposal of investments, net	16	(755,170)
Non-financial asset impairment loss	89,923	6,756
Write-down (reversal) of inventories	259,108	(11,949)
Unrealized loss (gain) on foreign exchange, net	(18,198)	51,499
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(618,799)	-
Notes receivable	6,742,899	3,688,015
Accounts receivable	(5,325,704)	(1,842,995)
Notes and accounts receivable from related parties	(44,065)	(244,940)
Other receivables	(138,781)	(833,954)
Other receivables from related parties	(52,768)	(3,668)
Inventories	(2,774,387)	(4,996,513)
Prepayments	(19,124)	(1,735,035)
Other current assets	(286,894)	(31,241)
Contract liabilities	352,425	(387,900)
Notes and accounts payable	3,565,856	3,785,009
Other payables	(293,088)	(194,313)
Other payables to related parties	(640,789)	1,843,557
Other current liabilities	(62,315)	(312,001)
Net defined benefit liabilities	<u>(45,669)</u>	<u>285,985</u>
Cash generated from operations	10,336,702	26,481,437
Income tax paid	<u>(4,156,197)</u>	<u>(7,509,067)</u>
Net cash generated from operating activities	<u>6,180,505</u>	<u>18,972,370</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (286,227)	\$ (1,510,555)
Disposal of financial assets at fair value through other comprehensive income	-	2,182,067
Disposal of financial assets at amortized cost	390,801	969,204
Acquisition of long-term equity investments accounted for using the equity method	(65,443)	(762,498)
Acquisition of subsidiaries	-	(1,645,144)
Disposal of subsidiary	-	(126,538)
Payments for property, plant and equipment	(23,458,453)	(16,552,788)
Proceeds from disposal of property, plant and equipment	98,435	173,692
Payments for intangible assets	(900,999)	(2,178,073)
Payments for right-of-use assets	-	(669,869)
Payments for investment property	(1,255)	(3,334)
Proceeds from disposal of investment properties	560,763	-
Decrease in finance lease receivables	2,962,021	1,782,651
Decrease in other non-current assets	(696,023)	(71,547)
Interest received	1,732,229	1,973,325
Dividends received	<u>3,074,114</u>	<u>3,148,657</u>
Net cash used in investing activities	<u>(16,590,037)</u>	<u>(13,290,750)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(27,377,773)	17,043,656
Increase (decrease) in short-term bills payable	(3,703,085)	522,017
Issuance of bonds	11,050,000	38,567,539
Increase in long-term loans	48,396,400	8,934,525
Repayment of long-term loans	(28,834,975)	(13,301,379)
Increase in long-term bills payable	39,900,000	34,700,000
Decrease in long-term bills payable	(37,500,000)	(27,000,000)
Repayment of the principal portion of lease liabilities	(442,617)	(399,972)
Increase (decrease) in other non-current liabilities	155,205	(129,667)
Cash dividends paid	(7,627,265)	(23,014,042)
Proceeds from issuance of ordinary shares	13,393,957	-
Treasury shares transferred to employees	159,833	93,025
Acquisition of subsidiaries	(18,966)	(957,841)
Interest paid	(3,044,895)	(2,054,380)
Changes in non-controlling interests	1,535,612	1,392,274
Payments for buy-back of ordinary shares	<u>-</u>	<u>(900)</u>
Net cash generated from financing activities	<u>6,041,431</u>	<u>34,394,855</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,088,653</u>	<u>(388,055)</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,279,448)	\$ 39,688,420
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>91,121,942</u>	<u>51,433,522</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 88,842,494</u>	<u>\$ 91,121,942</u>

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

(Concluded)

2. Proposal for Distribution of Profits of 2022. (Proposed by the Board of Directors)

Descriptions:

- I. The proposed distribution of surplus earnings for 2022 was made in accordance with Article 228 of the *Company Act* and Article 26 of the Articles of Incorporation of the Company.
- II. The Company's unappropriated surplus earnings at the beginning of 2022 was NT\$24,367,253,917, plus the net profit after tax of NT\$5,404,983,869 for 2022 and the reversal of the special reserve of NT\$35,459,344 due to the adoption of TIFRS for the first time, less the retained earnings of NT\$12,414,478 due to the investment adjustment under the equity method, the defined benefit plan re-measurement recognized in retained earnings of NT\$222,481,634, and the legal reserve of NT\$520,554,710, the total amount available for distribution is NT\$29,052,246,308, and the proposed distribution of preferred-share dividends is NT\$350,000,000 and the cash dividends per share is NT\$0.5, which amount to NT\$3,566,090,871. After the distribution of the dividends, the unappropriated surplus earnings at the end of 2022 will be NT\$25,136,155,437.
- III. The Chairperson of the Board of Directors is authorized with full authority in the event of any subsequent changes needed in the dividend distribution rate if the number of outstanding shares is affected due to the conversion of overseas unsecured convertible bonds into common shares, the transfer or cancellation of treasury shares, etc.
- IV. Following the approval of this proposal by the resolution of the Annual Shareholders' Meeting, the Chairperson is authorized to determine the ex-dividend date and distribute the cash dividends to the shareholders as of that date in proportion to their shareholdings, as registered in the shareholder registry, with the total amount of cash dividends distributed to each shareholder rounded down to the nearest whole number (NT\$), and the aggregate of the fractional amount less than NT\$1 shall be recorded as "Other Income" of the Company.

- V. Please refer to Annex II of this handbook (page 50) for the Company's 2022 surplus earnings distribution schedule.
- VI. This proposal has been approved by the resolution of the 18th Meeting of the 24th Board of Directors of the Company and has been submitted to and reviewed by the Audit Committee.
- VII. This proposal is hereby submitted for ratification.

Resolution:

Matters for Discussion

1. To approve the Proposal for long-term capital raising plan. (Proposed by the Board of Directors)

Descriptions:

- I. In view of the Company's future long-term strategic development and operational growth capital needs (including but not limited to working capital, overseas procurement of materials, repayment of bank loans or procurement of machinery and equipment, reinvestment or other capital needs for the Company's future development), and in consideration of the internationalization and diversification of capital raising methods, it is proposed that the Shareholders' Meeting authorizes the Board of Directors to choose one or a combination of the following methods at an appropriate time in accordance with the Company's Articles of Incorporation or relevant laws and regulations to raise long-term capital: issuing common shares for cash capital increase in one or several batches to participate in the issuance of overseas depositary receipts and/or domestic unsecured convertible bonds and/or overseas unsecured convertible bonds.
- II. The amount of the long-term capital raised under this proposal shall, in principle, not exceed NT\$30 billion for the issuance of overseas depositary receipts and/or domestic unsecured convertible bonds and/or overseas unsecured convertible bonds, and the number of common shares issued (including common shares represented by overseas depositary receipts and/or domestic unsecured convertible bonds and/or overseas unsecured convertible bonds) shall, in principle, not exceed 1,000,000 thousand shares in total.
- III. The principles and methods of raising capital for the issuance of overseas depositary receipts, domestic unsecured convertible bonds, and overseas unsecured convertible bonds by issuing common shares for cash capital increase are as follows:
 - (I) Participation in the issuance of overseas depositary receipts by issuing common shares for cash capital increase

1. In accordance with the Taiwan Securities Association's *Self-Discipline Rules on Securities Underwriter Members Assisting Issuing Companies in Offering and Issuance of Marketable Securities* (the "**Self-Discipline Rules**"), the issue price of the new shares issued for the cash capital increase to participate in the issuance of the overseas depositary receipts shall be no less than 90% of the average of the closing price of the Company's common shares on the Taiwan Stock Exchange on the date of the subscription price, the simple arithmetic average of the closing prices of the common shares calculated on the first, third or fifth business days prior to the pricing date, less the average share price after the ex-rights (or ex-rights for capital reduction) and ex-dividend for the gratis allotment. However, if the relevant domestic laws and regulations are changed, the pricing method may be adjusted in accordance with the amended laws and regulations. In view of the frequent short-term fluctuations in domestic stock prices, it is proposed that the Shareholders Meeting's authorizes the Chairperson of the Board of Directors and/or his/her designee to negotiate with the lead underwriter to determine the actual issuance price within the aforementioned range, in line with international practice, taking into account the international capital market, domestic market prices and the overall book-building status, in order to boost the acceptability by the overseas investors. The price of the offering was determined in accordance with the Self-Discipline Rules and other relevant laws and regulations and issuance market practices, and therefore the price of the offering should be determined in a reasonable manner.
2. Within the limit of 1,000,000 thousand shares of common shares, the Company will issue new shares for cash capital increase to participate in the issuance of overseas depositary receipts (ODRs), and authorizes the Board of Directors to adjust the issuance amount within the limit and issue the shares at one time depending on

market conditions, with a maximum dilution rate of 12.3% to the original shareholders; however, upon the benefits of this cash capital increase show, the Company could enhance its competitiveness and the shareholders would be benefited therefrom. The issuance price of the ODRs is determined based on the market price of the common shares in the domestic centralized trading market in accordance with the relevant regulations, and the original shareholders can still purchase the common shares in the domestic stock market close to the issuance price of the ODRs without bearing the exchange risk and liquidity risk, so it should not have a significant impact on the original shareholders' equity.

3. For this cash capital increase, other than the 10% to 15% of the total number of shares to be reserved for subscription by the Company's employees in accordance with the law, for the remaining 85% to 90% of the shares to be issued, the Shareholders' Meeting will be requested, in accordance with Article 28-1 of the *Securities and Exchange Act*, to approve the waiver of the pre-emptive rights by the original shareholders for such shares to be fully allocated to the public offering by way of participation in the issuance of the ODRs. Where the subscription by employees is insufficient or the shares cannot be fully subscribed, it is proposed that the Shareholders' Meeting authorizes the Chairperson of the Board of Directors to approach specific persons to subscribe the shares at the issue price, or to include the original marketable securities in the participation in the issuance of the ODRs, depending on market needs.
4. The proceeds from this cash capital increase are expected to be used up within [three years] after the completion of the capital increase. The implementation of the capital raising plan is expected to have the effect of [strengthening the Company's competitiveness, expanding the scale of operations and enhancing operational efficiency] and will also have positive benefits on shareholders' equity.

(II) Issuance of domestic unsecured convertible bonds and/or overseas unsecured convertible bonds

With respect to the issuance of domestic/overseas unsecured convertible bonds, essential matters including the actual issuance price, denomination, terms and conditions of issuance, total amount of actual issuance, planned projects, progress of capital utilization, estimated potential benefits, issuance and conversion plans of domestic/overseas unsecured convertible bonds, conversion prices, listing locations and all other matters related to the issuance, the Company intends to authorize the Chairperson and/or his/her designee to make joint decisions with the lead underwriter, depending on market conditions, and to issue the shares after submitting the decision to the competent securities authorities for approval. In the future, if there is any need to make changes due to amendments directed by the competent authorities or based on operational evaluation, or due to regulations or objective circumstances, the Company intends to authorize the Chairperson and/or his/her designee in full to act on behalf of the Company at its sole discretion, depending on market conditions and actual needs.

IV. With respect to the issuance of common shares for cash capital increase to participate in the issuance of the ODRs, domestic unsecured convertible bonds and overseas unsecured convertible bonds, the main contents of the issuance plan, including the actual issuance price, number of shares, terms and conditions of issuance, amount of proceeds, record date of capital increase, planned projects, estimated progress and estimated possible benefits, and all other matters related to the issuance plan, the Company intends to request the Shareholders' Meeting to authorize the Board of Directors to adjust, formulate and handle the plan in accordance with market conditions, and to authorize the Board of Directors and/or the Chairperson of the Board of Directors to handle the plan in accordance with the full authority of the law in the event of any future amendments as directed by the competent authorities or changes based on operational evaluations or objective circumstances.

V. The rights and obligations of the new shares issued will be the same as those of

the existing shares issued.

- VI. In addition to the above or to the extent authorized by law, it is proposed that the Chairperson and/or his/her designee be authorized to act on behalf of the Company in all matters relating to the issuance of common shares for cash capital increase to participate in the issuance of the ODRs, domestic unsecured convertible bonds and overseas unsecured convertible bonds and to execute relevant contracts and documents.
- VII. This proposal has been approved by the resolution of the 18th Meeting of the 24th Board of Directors of the Company.
- VIII. This proposal is hereby submitted for approval.

Resolution:

3. To approve the amendments on part of Articles of Incorporation. (Proposed by the Board of Directors)

Descriptions:

- I. To meet the operational needs and strengthen corporate governance, the Company intends to increase its total capital and adjust the seat number of the directors.
- II. This proposal has been approved by the resolution of the 18th Meeting of the 24th Board of Directors of the Company and the proposed amendments are presented in Annex III (page 52) of this handbook.
- III. This proposal is hereby submitted for approval.

Resolution:

Extemporaneous Matters

Meeting Adjourned

Annex1: Plan of the Fifth Share Buyback and Transfer to Employees

TAIWAN CEMENT CORPORATION

Plan of the Fifth Share Buyback and Transfer to Employees

- Article 1 In order to boost employee morale and team spirits, Taiwan Cement Corporation (“**the Company**”) has established this Plan for Share Buyback and Transfer to Employees (the “**Plan**”) in accordance with Subparagraph 1, Paragraph 1, Article 28-2 of the *Securities and Exchange Act* and the *Regulations Governing Share Buyback by Exchange-Listed and OTC-Listed Companies* promulgated by the Financial Supervisory Commission. The Company’s share buyback and transfer to employees shall be subject to the laws and regulations as well as this Plan.
- Article 2 The shares transferred to employees are common shares with the same rights and obligations as other outstanding common shares, except as otherwise provided in the relevant laws and this Plan.
- Article 3 In accordance with the provisions of this Plan, the shares bought back may be transferred to employees in one or several batches within five (5) years from the date of buyback of shares by setting a record date for employee subscription. The portion failing to be transferred within the time limit shall be considered as unissued shares of the Company and shall be cancelled and registered as such.
- Article 4 All full-time employees of the Company and full-time employees of the Company’s subsidiaries (including overseas subsidiaries) where the Company directly or indirectly holds more than 50% of the voting shares of the same investee company who are in employment on the record date of the subscription shall be eligible to subscribe at the subscription amount stipulated in Article 5 of this Plan. If the employee’s employment is terminated between the record date of the employee’s subscription and the payment deadline thereof, he/she will no longer be eligible for the subscription.
- Article 5 The Company shall determine the number of shares to be transferred to employees based on the criteria pertaining to employee’s rank, years of service and performance, and shall take into account the total number of bought-back shares held by the Company and the maximum number of shares to be subscribed by a single employee as of the record date of the subscription, etc. The actual specific qualifications and the number of shares to be subscribed shall be resolved by the Board of Directors, and the Chairperson shall not be authorized to decide on such matters. However, if the subscribing employee is a managerial officer, the consent of the Compensation Committee shall be obtained before

submitting to the Board of Directors for resolution; if the subscribing employee is a non-managerial officer, the consent of the Audit Committee shall be obtained before submitting to the Board of Directors for resolution. If an employee does not subscribe by the end of the subscription period, he or she shall be deemed to have forfeited his/her subscription rights. The Chairperson of the Board of Directors shall approach other employees to subscribe for the remaining shares.

- Article 6 Procedures for the transfer of shares to employees under this buyback:
1. In accordance with the resolution of the Board of Directors, the Company's shares will be announced, reported and bought back during the implementation period.
 2. The Board of Directors authorizes the Chairperson to set and announce the record date of employee's share subscription in accordance with this Plan, the standard for determining the number of shares to be subscribed, the payment period of subscription, the content of rights and restrictions, and other handling matters, etc.
 3. The actual number of shares subscribed and paid for will be counted and the transfer of shares will be registered.
- Article 7 The transfer price for transferring the bought-back shares to employees is based on the average price of the actual buyback (rounded to the nearest first decimal place), except that if there is any increase in the number of shares of common shares issued by the Company prior to the transfer, the transfer price may be adjusted in proportion to the increase in the number of shares issued.
- Article 8 After the transfer of the bought-back shares to the employees and the registration of the transfer, the rights and obligations thereto are the same as the existing shares unless otherwise specified.
- Article 9 This Plan shall take effect upon adoption thereof by resolution of the Board of Directors and may be amended by resolution of the Board of Directors.
- Article 10 This Plan was established on January 4, 2023.

Annex2: 2022 Surplus Earnings Distribution Schedule

TAIWAN CEMENT CORPORATION

2022 Surplus Earnings Distribution Schedule

Unit: New Taiwan
Dollars

Unappropriated surplus earnings at the beginning of the period	24,367,253,917
Plus: Net profit after tax for the period	5,404,983,869
Reversal of special reserve due to first-time adoption of TIFRS	35,459,344
Less: Retained earnings due to investment adjustment under the equity method	(12,414,478)
Defined benefit plan re-measurement recognized in retained earnings	(222,481,634)
Net profit after tax for the period plus the amount of items other than net profit for the period included in undistributed earnings for the year	5,205,547,101
Less: 10% set aside as legal reserve	(520,554,710)
Surplus earnings available for distribution for the period	29,052,246,308
Less: Allocated items	
Special share dividends (NT\$1.75/share)	(350,000,000)
Dividends on common shares - cash (approximately NT\$0.5/share)	(3,566,090,871)
Unappropriated surplus earnings at the end of the period	25,136,155,437

Notes.

1. The calculation of dividends is based on the number of shares issued less the number of shares excluded from shareholders' rights under the *Company Act*.
2. After the distribution of earnings, the Chairperson of the Board of Directors is authorized to exercise his/her full authority in any subsequent change needed

in the dividend distribution rate to shareholders if the number of outstanding shares is affected due to the conversion of overseas unsecured convertible bonds into common shares and the transfer or cancellation of treasury shares, etc.

3. The amount of cash dividends payable to each shareholder shall be rounded to whole numbers (NT\$).
4. In accordance with the Ministry of Finance's Interpretation No. Tai-Tsai-Sui-871941343 dated April 30, 1998, the distribution of surplus earnings shall be individually recognized; the distribution of surplus earnings for the current year shall be a priority distribution for the most recent year.
5. The Company issued 200,000,000 preferred shares on December 13, 2018, based on an issue price of NT\$50 and a preferred share dividend of 3.50% *per annum*, with a total proceeds of NT\$350,000,000.

Chairperson: An-Ping Chang

President: Yao-Hui Cheng

Accounting Supervisor: Kuo-Hung Yeh

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

TAIWAN CEMENT CORPORATION

Comparison Table for the Amended Provisions Articles of Incorporation

Proposed Amendments	Existing Provisions	Remarks
<p>Article 5</p> <p>The Corporation's total capital is established at <u>NT\$100 billion</u>, which has been divided into <u>10 billion shares</u>. 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 <u>NT\$85 billion</u>, which has been divided into <u>8.5 billion shares</u>. 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>Increase of total capital to meet the Corporation's operating requirements.</p>

<p>Article 14</p> <p>The Corporation shall have <u>eleven (11) to fifteen (15)</u> Directors (including Independent Directors), elected by a shareholders' meeting from a list of director candidates through the candidate nomination system.</p> <p><i>[Omitted]</i></p>	<p>Article 14</p> <p>The Corporation shall have <u>fifteen (15) to nineteen (19)</u> Directors (including Independent Directors), elected by a shareholders' meeting from a list of director candidates through the candidate nomination system.</p> <p><i>[Omitted]</i></p>	<p>Adjustment of the seat number of directors to strengthen corporate governance.</p>
<p>Article 31</p> <p>These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, <i>[Omitted]</i> and <u>the 57th amendment was made on May 31, 2023.</u></p>	<p>Article 31</p> <p>These Articles of Incorporation were established on November 1, 1950. The 1st amendment was made on September 30, 1951, <i>[Omitted]</i> and the 56th amendment was made on May 26, 2022.</p>	<p>Addition of the date for the 57th amendment.</p>

Appendix 1 : Articles of Incorporation for Taiwan Cement Corporation

[English Translation, for reference only]

Taiwan Cement Corporation

Articles of Incorporation

Amended on May 26, 2022

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\$85 billion, which has been divided into 8.5 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.

The Corporation's Shareholders' meeting may be held by video conference or other methods announced by central competent authorities.

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.

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", 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.

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, and the 56th amendment was made on May 26, 2022.

Appendix 2 : Shareholdings of All Directors

Base date: April 2, 2023

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	3,335,997 0	0.05 0.00
Director	C. F. Koo Foundation Representative: Eric Chen, Sun Te	2021.7.5	3,168,803 0	0.05 0.00	3,485,455 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	239,629,776 0	3.35 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	113,896,285 2,000,000	1.59 1.00
Director	Fu Pin Investment Co., Ltd. Representative: Wang, Por-Yuan	2021.7.5	77,482,477 0	1.27 0.00	85,225,165 0	1.19 0.00
Director	Tai Ho Farming Co., Ltd. Representative: Koo, Kung-Yi	2021.7.5	6,043,126 0	0.10 0.00	6,647,005 0	0.09 0.00
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh, Chi-Chia	2021.7.5	77,482,477 0	1.27 0.00	85,225,165 0	1.19 0.00
Director	Chia Hsin Cement Corp. Representative: Chen, Chi-Te	2021.7.5	217,859,506 0	3.56 0.00	239,629,776 0	3.35 0.00
Director	Heng Qiang Investment Co., Ltd. Representative: Wen, Chien	2021.7.5	102,240,983 0	1.67 0.00	112,457,746 0	1.57 0.00
Director	Heng Qiang Investment Co., Ltd. Representative: Liu, Chun-Ying	2021.7.5	102,240,983 0	1.67 0.00	112,457,746 0	1.57 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		564,677,430 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 April 2, 2023: 7,156,181,742 shares.

Number of total issued preferred shares on April 2, 2023: 200,000,000 shares

Note: 1. The minimum shares required to be held by the entire body of directors of the Corporation is 120,000,000 shares. As of April 2, 2023, the numbers of shares held by the entire body of directors were 566,677,429 shares.

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

MEMO



THE FUTURE IS WORTH IT

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