

Time and date: 9:00 M., Wednesday, May 3 2023

Place: Cement Hall, 3 No. 113, Sed. 2. Chung an N. Road, Taipei,

Taiwan, R.O.C.

Meeting type:

Physical shareholders meeting. The precess of the shareholders' meeting is available via live streaming.

#### Total outstanding shares of the Company:

7,132,181,742 shares (deducting nonvoting stock 24,000,000 shares)

Total shares represented by shareholders present in person or by proxy: 5,368,691,126 shares

Percentage of shareholding of the shareholders present in person or by proxy: 75.27%

#### **Present Directors:**

Chang An-Ping, Chang Kang- Lung, Jason, Wang Por-Yuan, Koo Kung-Yi, Chen Chi-Te, Wen Chien, Victor Wang (Chair of Audit Committee & Independent Director), Chou Ling-Tai, Lynette (Independent Director), Lin, Mei-Hwa (Independent Director), Lin Shiou-Ling (Independent Director)

# Present Directors(Video participation):

Chiao Yu-Cheng(Independent Director)

#### Attendance:

Chen Min-Chiang, Attorneys-at-Law, Lee and Li Kuo Cheng-Hung, CPA, Deloitte Taiwan

Chairman: Chang An Ping, Chairman of the Board of Directors

Recorder: Tsai Kuo Yu

#### **Commencement:**

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

#### I. Chairman's Address (Omitted)

#### **II.** Reported Items

(I) Employees' and directors' compensation from 2022 profits.

Descriptions:

- 1. According to Article 25 of the Company's Article of Incorporation, if the Company has surplus, it shall (i) set aside 0.01-3% for employees' compensation; and (ii) set aside no more than 1% as directors' compensation.
- 2. The proposal was approved by the 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.
- (II) Business Report of 2022. (see Attachment I)
- (III) Audit Committee's Review Report (see Attachment II)
- (IV) 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	M 27, 2022	
Resolution	May 27, 2022	
Date of	L 0 2022	
Issuance	June 8, 2022	

Total Issuance	7,750,000	
Amount	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)	
	Bond A: Six-year	
T D : 1	Maturity Date: June 8, 2028	
Issue Period	Bond B: Ten-year	
	Maturity Date: June 8, 2032	
	Fixed Annual Rate	
Coupon Rate	Bond A 1.90% / Bond B 2.15%	
Interest	Upon the date of issuance, simple interest	
Payment	accrues at the coupon rate once per annum, paid	
Method	once a year	
Repayment		
Method	Lump-sum repayment of principal at maturity	
Trustee	CTBC Bank Co., Ltd.	
Agency for		
Principal and		
Interest	Agency Department of CTBC Bank Co., Ltd.	
Payment		
Implementation	For debt repayment, the proceeds from the	
of Capital	issuance have been used in full in the second	
Utilization Plan	quarter of 2022.	

# 2. 2022 Second Unsecured Corporate Bond

Unit: NT\$ (thousands)

Phase / Type	2022 Second Unsecured Corporate Bond	
Date of	N 1 16 2022	
Resolution	November 16, 2022	
Date of	N. 1 25 2022	
Issuance	November 25, 2022	

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

# 3. 2022 Third Unsecured Corporate Bond

Unit: NT\$ (thousands)

Phase / Type	2022 Third Unsecured Corporate Bond	
Date of	T 4 2022	
Resolution	January 4, 2023	
Date of		
Issuance	January 13, 2023	

Total Issuance	9,300,000	
Amount	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)	
	Bond A: Seven-year	
Issue Period	Maturity Date: January 13, 2030	
Issue Period	Bond B: Ten-year	
	Maturity Date: January 13, 2033	
Carran Data	Fixed Annual Rate	
Coupon Rate	Bond A 2.40% / Bond B 2.65%	
Interest	Upon the date of issuance, simple interest	
Payment	accrues at the coupon rate once per annum, paid	
Method	once a year	
Repayment	I 1 .ttit	
Method	Lump-sum repayment of principal at maturity	
Trustee	CTBC Bank Co., Ltd.	
Agency for		
Principal and	A D CTDC D 1 - C -   I + 1	
Interest	Agency Department of CTBC Bank Co., Ltd.	
Payment		
Implementation	For debt repayment, the proceeds from the	
of Capital	issuance have been used in full in the first	
Utilization Plan	quarter of 2023.	

# (V) Stock Buyback Execution Report.

# Descriptions:

1. 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	Common shares	
Buyback		
Scheduled Period for	January 5, 2023 to March 3, 2023	
Buyback of Shares		
Estimated Number of	20.000	
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	20,000 (15) ( 1	
Shares Bought-Back	20,000 certificates of shares	
Actual Number of		
Shares Bought-Back as		
a Percentage of the Total	0.27%	
Number of Shares		
Issued (%)		
Actual Value of Shares	NTT0700 450 700	
Bought-Back	NT\$732,458,798	
Average Buyback Price	NT\$36.62	
per Share		
Number of Already		
Bought-Back Shares as		
a Percentage of the Total	100%	
Number of Shares		
Planned to be Bought-		
Back		
Number of Transfers		
Processed	None	
Number of Shares		
Cancelled	None	
Cumulative Number of	24,000 certificates of shares	

the Company's Shares	
Held	
Cumulative Number of	
the Company's Shares	
Held as a Percentage of	0.33%
Total Number of Shares	
Issued (%)	
Reasons for Non-	
Implementation	N/A

2. 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 for the relevant provisions.

# (VI) 2023 AGM Souvenir Distribution Report.

## **Descriptions:**

1. 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.
- 2. This proposal has been approved by the resolution of the 18th Meeting of the 24th Board of Directors of the Company.

#### III. Approval Items

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

#### Descriptions:

- 1. It was conducted according to Article 228 of the Company Act.
- 2. 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.
- 3. The above Annual Business Report and Financial Statements were audited by the Auditor Committee. Please refer to Please refer to Attachments I and III.
- 4. Please review and ratify.

# **Voting Results:**

**Shares represented at the time of voting: 5,009,905,578 Votes** 

Voting Results including votes casted electronically (numbers in brackets)	% of the total represented share present
Votes in favor: 4,592,969,477 Votes	91.67%
Votes against: 4,903,390 Votes	0.09%
Votes invalid: 0 Votes	0.00%
Votes abstained: 412,032,711 Votes	8.22%

<sup>\*</sup>including votes casted electronically (numbers in brackets)
RESOLVED, that the 2022 Business Report and Financial

# Statements be and hereby were accepted as submitted.

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

# Descriptions:

- 1. 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.
- 2. 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 remeasurement 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.
- 3. 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.
- 4. 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.

- 5. Please refer to Annex II for the Company's 2022 surplus earnings distribution schedule.
- 6. 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.
- 7. This proposal is hereby submitted for ratification.

## **Voting Results:**

Shares represented at the time of voting: 5,009,905,578 Votes

Voting Results including votes casted electronically (numbers in brackets)	% of the total represented share present
Votes in favor: 4,603,073,909 Votes	91.87%
Votes against: 2,473,354 Votes	0.04%
Votes invalid: 0 Votes	0.00%
Votes abstained: 404,358,315 Votes	8.07%

<sup>\*</sup>including votes casted electronically (numbers in brackets)
RESOLVED, that the above proposal be and hereby was approved as proposed.

#### **IV. Discussion Items**

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

#### Descriptions:

1. 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.

- 2. 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.
- 3. 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:
  - (1) Participation in the issuance of overseas depositary receipts by issuing common shares for cash capital increase
    - i. 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 bookbuilding 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.

ii.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.

- iii. 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.
- iv. 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.
- (2) 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.
- 4. 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.

- 5. The rights and obligations of the new shares issued will be the same as those of the existing shares issued.
- 6. 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.
- 7. This proposal has been approved by the resolution of the 18th Meeting of the 24th Board of Directors of the Company.
- 8. This proposal is hereby submitted for approval.

# <Proceedings>

From Shareholder no. 20665182:

**Question 1:** Will the engaged CPA make a report?

Answer from the Chair:

CPAs are not required to make a report at the shareholders' meeting.

**Question 2:** Does this company's intangible assets include patents in the energy sector?

#### Answer from the Chair:

TCC holds shares in NH $\Omega$ A Energy, a listed company in France, and NH $\Omega$ A's patents have not been transferred. For detailed information about

NH $\Omega$ A's intangible assets, please refer to NH $\Omega$ A's financial reports.

#### From Shareholder no. 20980400:

**Question:** If the company's capital increase was meant to attract strategic partners, we could understand why the shareholders waived their stock options. However, this time why did we not reach 85% of shareholders agreeing to contact a specific person or seek overseas funds in order to increase working capital?

#### **Answer from the Chair:**

We sought to find strategic foreign investors for this capital increase, so we issued overseas depositary receipts. There was no need for original shareholders to subscribe since it was not a domestic cash capital increase.

Voting Results: Shares represented at the time of voting: 5,009,905,578 Votes

Voting Results including votes casted electronically (numbers in brackets)	% of the total represented share present
Votes in favor: 4,496,658,301 Votes	89.75%
Votes against: 10,133,970 Votes	0.20%
Votes invalid: 0 Votes	0.00%
Votes abstained: 503,113,307 Votes	10.04%

<sup>\*</sup>including votes casted electronically (numbers in brackets)
RESOLVED, that the above proposal be and hereby was approved as proposed.

# (II) To approve the amendments on part of Articles of Incorporation. (Proposed by the Board of Directors) Descriptions:

1. 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.
- 2. 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.
- 3. This proposal is hereby submitted for approval.

## <Proceedings>

#### From Shareholder no. 20929487

**Question :**In the future, will TCC be positioned as an energy company? Will it cease to be a cement company with stocks? Within 3 to 5 years, what is the expected production ratio between energy and cement? What is the revenue/earnings forecast in 3 to 5 years? Can you give an overview of Taiwan Cement's future energy business layout?

#### **Answer from the Chair:**

- 1. At this stage, we cannot predict that TCC would transform into an energy company.
- 2. In 2025, our non-cement business will make up 50%.
- 3. TCC does not do financial forecasting.
- 4. The layout for an energy business is based on its technology; we cannot provide a blueprint because the competition is closely watching. We will provide it when we get there. Building charging stations is not on the horizon because the utilization rate of EVs is still low.

# **Voting Results:**

Shares represented at the time of voting: 5,009,905,578 Votes

Voting Results including votes casted electronically (numbers in brackets)	% of the total represented share present		
Votes in favor: 4,499,909,263 Votes	89.82%		
Votes against: 6,066,340 Votes	0.12%		
Votes invalid: 0 Votes	0.00%		

Votes abstained: 503,929,975 Votes 10.05%

\*including votes casted electronically (numbers in brackets)
RESOLVED, that the above proposal be and hereby was approved as proposed.

#### V. Ad Hoc Motions: None.

## <Proceedings>

Questions from shareholders prior to the meeting: From Shareholder nos. 20980256, 20881797, 21185207, 21090944, 20488551, 20620981, 20621000, 20904359, 20911763, 21175674, 20877053.

**First Question:** Carbon fees and taxes penalize even companies with good carbon reduction performance. However, carbon trading does not, and Taiwan has been promoting this. What is this company's view regarding this?

#### **Answer from the Chair:**

TCC supports the carbon pricing system to encourage enterprises to commit to carbon reduction but believes that the promotion of the carbon trading system could likewise motivate enterprises to reduce carbon. We, therefore, encourage enterprises with good carbon reduction performance to accelerate their pace of carbon reduction.

**Second Question:** Does high-priced coal go through a process of decomposition?

#### **Answer from the Chair:**

The coal market is presently on a downward trend, and our procurement strategy is to purchase small amounts in the spot market. We focus on one-time purchases and reduce hoarding expenses and production costs in line with market trends.

Third Question: Have we provided substantial assistance to Turkey in their

post-disaster reconstruction efforts?

#### **Answer from the Chair:**

After the earthquake in Türkiye, our company immediately sent emergency supplies to assist employees affected by the earthquake. Fortunately, none of them were harmed, but their families suffered some injuries.

We opened the factory as a temporary shelter for local residents whose houses collapsed and became homeless. We provided food, water, and other necessities. We regarded Türkiye as one of us and needing help. There was a massive power outage in the local area but it was fully restored 24 hours after the earthquake. The company's factory was not damaged and had no major impact on the company.

Regarding reconstruction efforts, OYAK has generously donated 50,000 tons of cement to the Turkish government for the reconstruction process. This clearly demonstrates our significant contribution to the reconstruction efforts.

Furthermore, our investment in Türkiye last year yielded the best performance ever. We anticipate even better results this year, expecting to report substantial profits. However, as OYAK Company is a publicly listed entity, I am unable to provide specific performance details here. You can refer to their official website for impressive figures. TCC holds a 40% ownership stake in OYAK.

**Fourth Question:** Both E-One Moli Energy Corp. and TCC Green Energy turned profitable last year. Do you foresee future profit growth year by year? E-One Moli has been in operation for decades. Which key factor enabled it to make profits? When will its Xiaogang super battery factory be completed? When will it be put into operation?

#### **Answer from the Chair:**

#### <E-One Moli>

We are still in the process of transformation. The overall environment last year was good, so there were some profits. However, whether this transformation could truly succeed depends on the development of core battery technology and the innovation and improvement of key production processes. These are still in progress. This is why we look forward to the Kaohsiung plant so much.

The Moli-produced battery we could say, may be the battery with the most number of flying hours in the world. In the near future, we will assist some customers in their plan of having electric aircraft fly across the sea.

On the other hand, some customers have already experimented hundreds of times with manned test flights over land. We estimate that such experiments will enter the final stage at the beginning of the third quarter. From June onwards, certification and trial mass production of lithium battery factories have been prepared, and formal production will definitely be carried out in the third quarter.

# <Green Energy>

Every company has recently been discussing issues such as net-zero carbon emissions and green power supply. In 2023, the EU will implement a carbon border adjustment mechanism and the Taiwan government also plans to start imposing a carbon tax next year. This will drive many companies to rush to buy green electricity certificates. The rise in demand for such certificates will increase TCC Green Energy's profit from green power sales.

To help enterprises cope with the possible problem of not being able to purchase green electricity, TCC, guided by our corporate social responsibility, will utilize its green energy retail business "Energy Helper TCC" to help small and medium-sized enterprises in their need.

**Fifth Question:** Does TCC still have overseas investments in the cement industry?

#### Answer from the Chair:

Basically, we do not anticipate significant overseas investments but will continue with smaller ones. Our investments in Africa, for instance, are focused on developing a new type of cement using calcined clay. By utilizing calcined clay instead of conventional clinker, we employ a carbon-reducing manufacturing method. This specific investment is currently underway in our

Cameroon project, where we are constructing a plant and conducting trial operations. It represents a groundbreaking low-carbon building material.

**Sixth Question:** When will the cement industry recover?

#### Answer from the management team:

Demand in Taiwan's cement market has slightly declined. Coal prices may have dropped, but the rise in domestic electricity prices has made it difficult to reduce costs. After the pandemic, the demand in the Mainland Chinese cement market has rebounded slightly, but the recovery of China's real estate market is still not clear. We still adopt a conservative attitude towards the future supply and demand conditions of the mainland cement market.

**Seventh Question:** Can smart zero-carbon mines be promoted in Europe and Taiwan?

#### Answer from the management team:

- 1. It is technically feasible to replace diesel mining vehicles with electric mining vehicles in "zero-carbon mines". However, Taiwan has no domestically produced electric mining vehicles because cross-strait trade regulations prohibit the import of complete vehicles. The government needs to find a solution.
- 2. As for using "unmanned driving" in smart mines, the mine site needs to have 5G connectivity, and this is not currently available in Taiwan.

**Eighth Question:** Please explain the difference between oxygen-enriched combustion vs. pure oxygen combustion carbon capture. Besides the present ones, are there other applications of carbon capture? Methanol? When will the 10MW level be completed?

#### **Answer from the management team:**

1. "Oxygen-enriched combustion" carbon capture means that the oxygen concentration of the combustion air exceeds 21%. This technology increases the oxygen concentration of the combustion-supporting air and reduces the proportion of nitrogen. As a result, the CO2 concentration of

- the flue gas after combustion is directly increased, a big help for back-end carbon capture. This also improves combustion efficiency and reduces energy consumption and carbon emissions.
- 2. "Pure oxygen combustion" carbon capture means that the air required for combustion has a high oxygen concentration, such as more than 93%. After the combustion reaction, water and high-concentration CO2 are generated, and then CO2 is purified to achieve an efficient carbon capture effect; the flame temperature of this method is high, and the energy-saving effect is excellent.
- 3. This carbon capture technology, besides having value-added utilization and storage, will in the future, be in accordance with regulatory measures for carbon rights. It will have important profit potential for enterprises; at the same time, capturing carbon can lead to high-value industries such as plant/algae factories, and CO2 conversion into chemicals or energy production technologies.

The company is currently planning to build a "pure oxygen combustion" production line testing with an annual capture of 100,000 tons of CO2 on the existing cement production line of Hoping Factory. This involves capturing high-concentration CO2 during the "combustion process" and purifying it for reuse. We expect it to be completed by the end of 2026 and will fulfill the need for testing, especially for the start-up of construction projects. By 2030, we will cultivate this key technology for our commercial operations.

**Ninth Question:** The number of applications for the power trading platform has far exceeded the foreseen demand of Taipower. Could the energy storage system under construction by TCC be used to assist large power consumers?

# Answer from the management team:

- 1. TCC currently plans to participate in the energy storage projects of the power trading platform, and has obtained the grid connection approval letter issued by Taipower.
- 2. In addition to the Zhangbin 5MW AFC that is now in operation, plus the

backup power service and energy storage for large industrial users, TCC's first enhanced dynamic frequency regulation (E-dReg) energy storage system has begun to earn income in the first quarter of this year. Before the end of this year, several large-scale energy storage projects will be completed and put into operation.

3. Energy storage systems can be used to fulfill the needs of large electricity consumers. But their use still depends on the considerations of different enterprises and government policies.

**Tenth Question:** If an energy storage system is used to assist large electricity consumers with their needs, could it also assist geographically distant enterprises? How?

#### Answer from the management team:

At present, the government does not allow the use of energy storage systems to help meet the needs of geographically distant enterprises that are large electricity consumers.

**Eleventh Question:** Among the many energy storage investors in the market, what are the business model and the advantages of TCC's energy storage business?

#### **Answer from the management team:**

- 1. TCC is an enterprise group with the most complete new energy layout. Compared with general energy storage companies, we have developed diversified energy storage application solutions and business models from green electricity and energy storage to charging stations. We have also established the Energy Helper TCC that provides customers with a complete plan for medium and long-term green power usage and energy storage application scenarios. These include charging services, deployment of in-factory loads, and integrated services.
- 2. The UHPC energy storage cabinet developed by TCC has 1000°C fire resistance and heat resistance for 2 hours. Its fire extinguishing function can prevent the cabinet from burning and thus prevents risks. It also has

good weather resistance, so you don't have to worry about placing it in a corrosive environment; its service life is longer than that of metal cabinets, and its carbon emission is about 50% lower than other similar equipment with the same application volume. It is a competitive product that meets sustainable energy development.

3. TCC's unique products combined with its integrated services will create a new market in the new energy industry.

**Twelfth Question:** What was the objective of the management team when it declared a share transfer as trust assets?

#### Answer from the management team:

When treasury stock is set up as a trust asset in stock transferring to specific employees, the usual first step is the formulation of "detailed rules for shareholding agreement" and a "trust mechanism" that can make the procedure more honest, transparent, and fair.

Employees hand over their subscribed treasury stocks to trust custody, and they can recover the stocks yearly, thus enabling the company's reward system to really play a role. After their stock subscriptions, employees stay on in the company and work hard. This is a reward system to retain talents.

Outstanding employees fully integrate into the company, and they grow and develop together.

# Thirteenth Question: Has TCC's transformation run into a bottleneck? Answer from the management team:

TCC maintains its transformation. In addition to active energy conservation and carbon reduction, we continue to invest in green energy, such as solar, wind power, geothermal, and ocean temperature. We have a diversified green energy layout. Energy storage projects have been completed one after another, and new projects are being implemented. The new battery factory of Molicel is expected to be completed by the end of June, to be followed by trial production.

Fourteenth Question: How do you plan to achieve the stock price target of

the overseas convertible bonds due at the end of the year?

**Answer from the management team:** 

There is a difference between the current stock price and the conversion price,

and there is a high probability that those bonds would be redeemed by

convertible bond investors. As for reaching the price target, we cannot make a

prediction.

For the redemption of 22.2 billion of convertible bonds at the end of the year,

we can either utilize available cash reserves for full repayment, issue global

depository receipts in overseas capital markets, issue ECB green convertible

bonds or utilize bank facilities to fulfill our finance needs. The final measure

has not yet been determined.

**Fifteenth Question:** In recent years, profits could not match a situation of

capital expansion. The problem of share capital dilution needs to be carefully

considered.

Answer from the Chair:

As the company develops new industries and takes on new directions, share

capital will indeed expand.

Sixteenth Question: Can TCC's official website regularly announce the

status of business transfers as monthly updates.

**Answer from the Chair:** 

Our company is currently working on several projects, but their status is

confidential and cannot be disclosed on the Internet.

VI. Meeting Adjourned: 11:20 AM, May 31, 2023

#### **Attachment I: 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

# Attachment II: 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

P. to Way

March 24, 2023

#### Attachment III: Financial statement



# 勤業眾信

動業聚信聯合會計師事務所 11073 台北市信義區松仁路100號20樓

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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)

	2022 2021			
ASSETS	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
	\$ 6,026,632	2	1,897,708	7 1
Short-term bills payable (Note 16)  Financial liabilities at fair value through profit or loss (Notes 4, 7 and 27)	641 522	-		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	1,326,965	1
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	<u>11</u>
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	<u>\$ 374,342,237</u>	100	\$ 356,278,346	100
	<del></del>			

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	67,609		78,789		
OPERATING REVENUE, NET	25,360,898	100	23,799,505	100	
OPERATING COSTS (Notes 11, 21 and 28)	19,866,302	<u>78</u>	18,867,285	<u>79</u>	
GROSS PROFIT	5,494,596	22	4,932,220	21	
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	1,228	<del>-</del>	1,228	<del>-</del>	
REALIZED GROSS PROFIT	5,495,824	22	4,933,448	21	
OPERATING EXPENSES (Notes 21 and 28) Marketing General and administrative	277,792 1,245,097	1 5	273,441 1,734,425	1 	
Total operating expenses	1,522,889	6	2,007,866	8	
INCOME FROM OPERATIONS	3,972,935	<u>16</u>	2,925,582	13	
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	12 029		(11,670)		
Net gain (loss) on disposal of investment properties	13,938	-	(11,070)	-	
(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	(474,616)	<u>(2</u> )	24,637		
Total non-operating income and expenses	2,048,535	8	<u>16,728,380</u> (Con	<u>70</u> atinued)	

# 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)	616,486	3	471,535	2	
NET INCOME FROM CONTINUING OPERATIONS	5,404,984	21	19,182,427	81	
PROFIT FROM DISCONTINUED OPERATIONS (Notes 10 and 28)		<del>_</del>	1,073,939	4	
NET INCOME	5,404,984	21	20,256,366	<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) Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	(304,887) (1,050,539)	(1)	270,496 1,723,801	1	
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method (Note 20)  Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	(5,631,676) (5,631,676) <u>60,977</u> (6,926,125)	(22) 	(4,369,926) (54,099) (2,429,728)	(18)	
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>(0,920,123)</u> <u>7,774,720</u>		(6,545,319)	<u>(10)</u>	
Other comprehensive income (loss) for the year, net of income tax	848,595	4	(8,975,047)	(38)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 6,253,579	<u>25</u>	<u>\$ 11,281,319</u> (Con	<u>47</u> atinued)	

# 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	%
EARNINGS PER SHARE (Note 23)				
From continuing and discontinued operations				
Basic earnings per share	\$ 0.74		\$ 3.30	
Diluted earnings per share	\$ 0.73		\$ 2.97	
From continuing operations	<del></del>			
Basic earnings per share	\$ 0.74		\$ 2.84	
Diluted earnings per share	\$ 0.73		\$ 2.81	

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

(Concluded)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

										Other Equity Unrealized			
										Gain/Loss on			
		Share Capital	Certificate of						Exchange	Financial Assets at Fair Value			
			Entitlement to New Shares from			Retained	Earnings Unappropriated		_ Differences on Translating	Through Other Comprehensive	Gain (Loss) on Hedges		
	<b>Ordinary Shares</b>	Preference Shares	Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Earnings	Total	Foreign Operations	Income	Instruments	Treasury Shares	<b>Total Equity</b>
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	-	-	-	-	2,330,334	- -	(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	<del></del>	<del>-</del>	<del>-</del>	<del>_</del>	<u> </u>	<del>-</del>	222,050	222,050	(6,545,319)	(2,652,028)	250	<del>-</del>	(8,975,047)
Total comprehensive income (loss) for the year ended December 31,							20 470 416	20.470.416	(6.545.210)	(2.652.020)	250		11 201 210
2021	<del>_</del>	<del>-</del>		<del></del>		<del></del>	20,478,416	20,478,416	(6,545,319)	(2,652,028)	250	<del>_</del>	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	<del>_</del>			1,337,823		<del>-</del>	<u>-</u>	<u>-</u>		<del>_</del>	<del>_</del>	<u>-</u>	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  Cash dividends distributed by the Corporation	-	-	-	-	2,068,477	-	(2,068,477) (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	<del></del>	<del>-</del>	<del>-</del>	<del>_</del>	<u> </u>	<del>-</del>	(222,481)	(222,481)	7,774,720	(6,701,993)	(1,651)	<del>-</del>	848,595
Total comprehensive income (loss) for the year ended December 31, 2022	<del>_</del>	<del>_</del>	<del>_</del>	<del>_</del>	<del>-</del>	<del>_</del>	5,182,503	5,182,503	7,774,720	(6,701,993)	(1,651)	<del>_</del>	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		=	<u>=</u>		<del>_</del>	(35,459)	35,459		<del>_</del>	<u>-</u>	<del>-</del>	<del>_</del>	=
BALANCE AT DECEMBER 31, 2022	<u>\$ 71,561,817</u>	\$ 2,000,000	<u>s -</u>	<u>\$ 65,985,865</u>	\$ 23,950,392	<u>\$ 13,004,401</u>	\$ 29,572,801	<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>
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The accompanying notes are an integral part of the financial statements.

#### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES		2022	2021
Income before income tax from discontinued operations	CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax from discontinued operations		\$ 6,021,470	\$ 19,653,962
Income before income tax		-	
Depreciation expense Amortization expense         1,011,625         989,349           Amortization expense 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         6,820         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 investments, net         16         (1,092,894)           Write-down (reversal) of inventories         19,604         (26,213)           Urrealized loss on foreign exchange, net         3,357         3,425           Changes in operating assets and liabilities:         (153,506)         (381,956)           Notes and accounts receivable from related parties         (35,211)         (141,088)           Inventories         (200,917)         (384,580)           Other current assets         (8,165)         (3,724)           Accounts payable         698,009         389,241 <td< td=""><td></td><td>6,021,470</td><td></td></td<>		6,021,470	
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         (10,92,894)           Write-down (reversal) of inventments, net         16         (26,213)           Unrealized loss on foreign exchange, net         3,357         3,425           Changes in operating assets and liabilities:         (153,506)         (381,956)           Notes and accounts receivable from related parties         (153,506)         (381,956)           Note sand accounts receivable from related parties         (3,5211)         (141,088)           Inventories         (28,069)         (65,073)           Net	Adjustments for:		
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         (10,92,894)           Write-down (reversal) of inventments, net         16         (26,213)           Unrealized loss on foreign exchange, net         3,357         3,425           Changes in operating assets and liabilities:         (153,506)         (381,956)           Notes and accounts receivable from related parties         (153,506)         (381,956)           Note sand accounts receivable from related parties         (3,5211)         (141,088)           Inventories         (28,069)         (65,073)           Net	Depreciation expense	1,011,625	989,349
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	Amortization expense	-	1
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 investments, net         16         (1,922,894)           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:         (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 to related parties         (162,503)         533,757           Other current liabilities         46,919         74,965           Cash generated from operating activities         3,625,434         3,665,298			
Interest income	liabilities at fair value through profit or loss	474,616	(24,637)
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 investments, net         (502,346)         4,298           Loss (gain) on disposal of investments, net         16         (1092,894)           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:         (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         (3,165)         (3,724)           Accounts payable to related parties         (162,503)         533,757           Other current liabilities         (46,919)         74,965           Cash generated from operations         (45,94,800)         3,894,204           Income tax paid         (629,366)	Finance costs	1,936,156	1,351,009
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:         (153,506)         (381,956)           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         (98,009)         389,241           Accounts payable to related parties         (162,503)         533,757           Other current liabilities         (252,225)         116,511           Other current liabilities         (4,59	Interest income	(114,030)	(36,258)
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         (1,992,894)           Write-down (reversal) of investments, net         19,604         (26,213)           Unrealized loss on foreign exchange, net         3,357         3,425           Changes in operating assets and liabilities:         19,604         (26,213)           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 to related parties         (162,503)         533,757           Other payables         (252,225)         116,511           Other current liabilities         46,919         74,965           Cash generated from operating activities         3,625,434         3,665,298           CASH FLOWS FROM INVESTING ACTI			
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:         (153,506)         (381,956)           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 current liabilities         (252,225)         116,511           Other current liabilities         46,919         74,965           Cash generated from operating activities         3,625,434         3,665,298           CASH FLOWS FROM INVESTING ACTIVITIES         (1,51		· ·	
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:         (153,506)         (381,956)           Notes and accounts receivable         (153,506)         (381,956)           Notes and accounts receivable from related parties         (700,917)         (384,580)           Other current assets         (28,069)         (65,073)           Net defined benefit assets         (8,165)         (3,724)           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)	•		
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:			
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:         3,357         3,425           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         4254,800         3,894,204           Income tax paid         (629,366)         (228,906)           CASH FLOWS FROM INVESTING ACTIVITIES         Acquisition of financial assets at fair value through other comprehensive income         -         (1,510,555)           Disposal of financial assets at amortized cost         -         -         -           Disposal of financial assets at amortized			
Unrealized loss on foreign exchange, net         3,357         3,425           Changes in operating assets and liabilities:         (153,506)         (381,956)           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 amortized cost         -         -         -           Disposal of financia			
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 payables 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 amortized cost         -         -         -           Acquisition of financial assets at amortized cost         15,470         4,892,170           Net cash out flow on acquisition of subsidiarie		•	
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 amortized cost         - (1,510,555)           Disposal of financial assets at amortized cost         - (1,510,555)           Net cash out flow on acquisition of subsidiaries         (36,844,773)         (17,628,894)           Disposal of subsidiary         - (2,400,208)		3,357	3,425
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 payables 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         -         -         -           Net cash out flow on acquisition of subsidiaries         (36,844,773)			
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 payables 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         -         -         -           Net cash out flow on acquisition of subsidiaries         (36,844,773)         (17,628,894)           Disposal of subsidiary         -         2,400,208			
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         15,470         4,892,170         4,892,170           Net cash out flow on acquisition of subsidiaries         (36,844,773)         (17,628,894)         0 isposal of subsidiary         -         2,400,208         2,400,208         2,400,208         2,400,208         2,400,208         2,400,208         2,400,208         2,400,208         2,400,208         2,400,208	•	· · · · ·	
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 equipmen		, , ,	
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         4,254,800         3,665,298           CASH FLOWS FROM INVESTING ACTIVITIES         4,254,800         4,254,800           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         -         -         -           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)         (3,368,58		* ' '	
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         4,254,800         3,665,298           CASH FLOWS FROM INVESTING ACTIVITIES         4,254,344         3,665,298           Cash of financial assets at fair value through other comprehensive income         -         (1,510,555)           Disposal of financial assets at amortized cost         -         -         -           Disposal of financial assets at amortized cost         15,470         4,892,170         4,892,170         4,892,170         4,892,170         4,892,170         4,692,170			
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		·	
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	· ·		
Cash generated from operations Income tax paid  A 254,800 (629,366)  Net cash generated from operating activities  Acquisition of financial assets at fair value through other comprehensive income  Acquisition of financial assets at fair value through other comprehensive income  Acquisition of financial assets at amortized cost Disposal of financial assets at amortized cost Disposal of financial assets at amortized cost Disposal of subsidiary  Net cash out flow on acquisition of subsidiaries Disposal of subsidiary  Payments for property, plant and equipment  (2,815,142)  (3,368,582)  Proceeds from disposal of property, plant and equipment  14,142  12,128	* •		· · · · · · · · · · · · · · · · · · ·
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			
Net cash generated from operating activities  CASH FLOWS FROM INVESTING ACTIVITIES  Acquisition of financial assets at fair value through other comprehensive income  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  Disposal of financial assets at amortized cost  Disposal of financial assets at amortized cost  Other cash out flow on acquisition of subsidiaries  Disposal of subsidiary  Disposal of subsidiary  Payments for property, plant and equipment  (2,815,142)  (3,368,582)  Proceeds from disposal of property, plant and equipment			· · ·
CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of financial assets at fair value through other comprehensive income 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 Disposal of financial assets at amortized cost Disposal of subsidiary Net cash out flow on acquisition of subsidiaries Disposal of subsidiary Disposal of subsidiary Payments for property, plant and equipment (2,815,142) Proceeds from disposal of property, plant and equipment 14,142 12,128	Income tax paid	(629,366)	<u>(228,906)</u>
Acquisition of financial assets at fair value through other comprehensive income  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  Disposal of financial assets at amortized cost  Net cash out flow on acquisition of subsidiaries  Disposal of subsidiary  Payments for property, plant and equipment  (2,815,142)  Proceeds from disposal of property, plant and equipment  14,142  12,128	Net cash generated from operating activities	3,625,434	3,665,298
comprehensive income  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  Net cash out flow on acquisition of subsidiaries  Disposal of subsidiary  Disposal of subsidiary  Payments for property, plant and equipment  Proceeds from disposal of property, plant and equipment  Control of (1,510,555)  (1,510,555)  (1,510,555)  (1,510,555)  (1,510,555)  (2,892,170)  (17,628,894)  (17,	CASH FLOWS FROM INVESTING ACTIVITIES		
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  Net cash out flow on acquisition of subsidiaries  Disposal of subsidiary  Payments for property, plant and equipment  Proceeds from disposal of property, plant and equipment  14,142  Disposal of financial assets at amortized cost  15,470  (17,628,894)  (17,628,894)  (2,815,142)  (3,368,582)  12,128	Acquisition of financial assets at fair value through other		
income  Acquisition of financial assets at amortized cost  Disposal of financial assets at amortized cost  Net cash out flow on acquisition of subsidiaries  Disposal of subsidiary  Payments for property, plant and equipment  Proceeds from disposal of property, plant and equipment  14,142	•	-	(1,510,555)
Acquisition of financial assets at amortized cost Disposal of financial assets at amortized cost Net cash out flow on acquisition of subsidiaries Disposal of subsidiary Payments for property, plant and equipment Proceeds from disposal of property, plant and equipment 14,142	· · · · · · · · · · · · · · · · · · ·	_	_
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		_	_
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		15 470	4 892 170
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	-		
Payments for property, plant and equipment (2,815,142) (3,368,582) Proceeds from disposal of property, plant and equipment 14,142 12,128		(50,044,775)	
Proceeds from disposal of property, plant and equipment 14,142 12,128		(2.815.142)	
	FF, France and E-quipment	- ·, - · <b>-</b>	(Continued)

#### 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	3,484,193	4,355,448
Net cash used in investing activities	(35,448,681)	(10,980,001)
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	(1,336,912)	(1,137,347)
Net cash generated from financing activities	9,146,887	22,225,944
NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS	(22,676,360)	14,911,241
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26,919,655	12,008,414
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 4,243,295	<u>\$ 26,919,655</u>

(Concluded)

# Deloitte.

# 勤業眾信

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#### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Taiwan Cement Corporation

#### **Opinion**

We have audited the accompanying 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:

- 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.

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
ADDETO	Amount	70	Amount	70
CURRENT ASSETS	ф. 00.04 <b>2</b> .404	10	ф. 01.101.04 <b>2</b>	21
Cash and cash equivalents (Notes 4 and 6) Financial assets at fair value through profit or loss (Notes 4, 7 and 34)	\$ 88,842,494 611,802	19	\$ 91,121,942 363,813	21
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) Other receivables from related parties (Notes 4, 13 and 35)	2,309,268 415,606	1	1,499,322 388,968	-
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)	1,084,374		794,144	
Total current assets	175,624,058	38	169,353,435	38
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) Investments accounted for using the equity method (Notes 4, 14 and 36)	9,577,103 53,586,673	2 12	15,468,807 46,781,575	4 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) Net defined benefit assets (Notes 4 and 22)	21,372,402 1,567,531	5	24,334,423 1,850,315	6
Other non-current assets (Notes 4, 26, 35 and 36)	2,939,435	1	2,032,773	1
Total non-current assets	285,184,903	<u>62</u>	272,331,124	<u>62</u>
TOTAL	\$ 460,808,961	_100	\$ 441,684,559	<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	3	1,439,222	- 2
Notes and accounts payable (Note 35) Other payables (Note 21)	13,691,411 9,771,591	2	10,023,071 10,238,196	2 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	121,833		183,908	
Total current liabilities	75,209,411	<u>16</u>	88,687,968	
NON-CURRENT LIABILITIES  Banda payable (Notes 4 and 20)	72 126 574	16	91 596 445	10
Bonds payable (Notes 4 and 20) Long-term loans (Notes 19, 32 and 36)	72,136,574 42,864,736	16 9	81,526,445 16,695,836	18 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)	1,302,781		1,111,694	
Total non-current liabilities	147,323,770	32	127,341,918	29
Total liabilities	222,533,181	<u>48</u>	216,029,886	<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	1.4	2,000,000	12
Capital surplus Retained earnings	65,985,865 66,527,594	14 14	56,757,470 73,939,852	13 17
Other equity	11,991,090	3	10,920,014	2
Treasury shares	(171,600)		(392,343)	
Equity attributable to shareholders of the Corporation	217,894,766	47	204,477,333	46
NON-CONTROLLING INTERESTS (Notes 23 and 31)	20,381,014	5	21,177,340	5
Total equity	238,275,780	52	225,654,673	51
TOTAL	\$ 460,808,961		\$ 441,684,559	
IVIAL	<u>\$ 400,000,701</u>	<u>100</u>	<u>\$\psi\$ 441,004,339</u>	<u>100</u>

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

# 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)	104,345,739	92	80,391,353	<u>75</u>
GROSS PROFIT	9,583,967	8	26,650,099	<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	675,823		357,552	
Total operating expenses	8,421,829		6,863,624	7
INCOME FROM OPERATIONS	1,162,138	1	19,786,475	<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)	(89,923)		(6,756)	
Total non-operating income and expenses	5,483,959	5	<u>6,291,609</u> (Cor	6 (attinued)
			(201	itiliaca)

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

# 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 Non-controlling interests	\$ 5,404,984 (1,247,899)	5 <u>(1</u> )	\$ 20,256,366 944,890	19 <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 Non-controlling interests	\$ 6,253,579 (951,571) \$ 5,302,008	6 (1) 5	\$ 11,281,319 <u>853,804</u> \$ 12,135,123	10 1 11
EARNINGS PER SHARE (Note 27) From continuing and discontinued operations Basic earnings per share Diluted earnings per share From continuing operations Basic earnings per share Diluted earnings per share	\$ 0.74 \$ 0.73 \$ 0.74 \$ 0.73		\$ 3.00 \$ 2.97 \$ 2.84 \$ 2.81	

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

(Concluded)

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

						Equity Attribu	table to Shareholders of	the Corporation							
								-		Other Equity Unrealized					
										Gain/Loss on					
		Share Capital	Certificate of						Exchange	Financial Assets at Fair Value Through					
			Entitlement to New Shares from			Retained	Earnings		Differences on Translating	Other	Gain (Loss) on			Non-controlling	
	Ordinary Shares	Preference Shares	Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Operations	Comprehensive Income	Hedging Instruments	Treasury Shares	Total	Interests	<b>Total Equity</b>
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					2.520.554		(2.520.554)								
Legal reserve Cash dividends distributed by the Corporation	<del>-</del>	<del>-</del> -	- -	<del>-</del> -	2,530,554	<del>-</del>	(2,530,554) (20,594,434)	(20,594,434)	-	<del>-</del> -	-	<del>-</del>	(20,594,434)	<del>-</del> -	(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			<u>-</u> _	<del>_</del>			222,050	222,050	(6,545,319)	(2,652,028)	250	<u>-</u>	(8,975,047)	(91,086)	(9,066,133)
Total comprehensive income (loss) for the year ended December 31, 2021	=	<u>-</u> _		<u>=</u>	=		20,478,416	20,478,416	(6,545,319)	(2,652,028)	250	<del>_</del>	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	<del>_</del>	<del>_</del>		1,337,823	<del>_</del>				<u>-</u> _			<u>=</u>	1,337,823	<u>=</u>	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							(2.040.455)								
Legal reserve  Cash dividends distributed by the Corporation	-	- -	-	-	2,068,477	- -	(2,068,477) (6,116,173)	(6,116,173)	-	- -	-	-	(6,116,173)	-	(6,116,173)
Preferred share dividends distributed by the Corporation Share dividends distributed by the Corporation	6,116,173	-	-	-	-	- -	(350,000) (6,116,173)	(350,000) (6,116,173)	-	-	-	-	(350,000)	-	(350,000)
Cash dividends distributed by subsidiaries	0,110,173							(0,110,173)							
•	=	-	-	-	=	=	5 404 004	5 404 004	-	-	-	=	-	(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		<u>-</u> _	<del>_</del>	<u>-</u> _			(222,481)	(222,481)	7,774,720	(6,701,993)	(1,651)	<u>-</u> _	848,595	296,328	1,144,923
Total comprehensive income (loss) for the year ended December 31, 2022	<u>=</u>		<del>_</del>	<del></del>	<u>-</u>		5,182,503	5,182,503	7,774,720	(6,701,993)	(1,651)	<del></del>	6,253,579	<u>(951,571</u> )	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)
Cancelation of treasury shares	(6,696)	-	-	(22,512)	-	-	-	-	-	-	-	-	(29,208)	-	(29,208)
Reversal of special reserve recognized from asset disposals						(35,459)	35,459				<u>=</u>	<u> </u>			
BALANCE AT DECEMBER 31, 2022	<u>\$ 71,561,817</u>	\$ 2,000,000	<u>\$</u>	\$ 65,985,865	\$ 23,950,392	<u>\$ 13,004,401</u>	\$ 29,572,801	\$ 66,527,594	<u>\$ (8,294,175)</u>	<u>\$ 20,286,916</u>	<u>\$ (1,651)</u>	<u>\$ (171,600)</u>	\$ 217,894,766	\$ 20,381,014	\$ 238,275,780

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

# 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		6,646,097		27,129,181
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		(45,669)		285,985
Cash generated from operations		10,336,702		26,481,437
Income tax paid		(4,156,197)	_	(7,509,067)
•			_	,
Net cash generated from operating activities		6,180,505	_	18,972,370
			(Cor	itinued)

# 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)	
Acquisition of subsidiaries	-	(1,645,144)
Disposal of subsidiary	-	(126,538)
Payments for property, plant and equipment	(23,458,453)	
Proceeds from disposal of property, plant and equipment	98,435	173,692
Payments for intangible assets	(900,999)	
Payments for right-of-use assets	- (1.055)	(669,869)
Payments for investment property	(1,255)	(3,334)
Proceeds from disposal of investment properties	560,763	1.702.651
Decrease in finance lease receivables	2,962,021	1,782,651
Decrease in other non-current assets	(696,023)	
Interest received Dividends received	1,732,229	1,973,325 3,148,657
Dividends received	3,074,114	<u>3,148,037</u>
Net cash used in investing activities	(16,590,037)	(13,290,750)
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)	
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)	
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)	
Interest paid	(3,044,895)	
Changes in non-controlling interests	1,535,612	1,392,274
Payments for buy-back of ordinary shares		(900)
Net cash generated from financing activities	6,041,431	34,394,855
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH		
EQUIVALENTS	2,088,653	(388,055)
	_,000,000	(Continued)
		`/

#### 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	91,121,942	51,433,522
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 88,842,494	<u>\$ 91,121,942</u>

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

# 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
Article 5	Article 5	Increase of total
The Corporation's total capital is established at NT\$100 billion, which has been divided into 10 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.	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	Increase of total capital to meet the Corporation's operating requirements.

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