

CHIA HSIN CEMENT CORPORATION

Stock Code:1103

2020 Annual General Meeting of Shareholders Meeting Handbook

Meeting Date : 9:00 a.m., Monday, June 22, 2020

Meeting Venue : 6F., No.66, Wugong Rd., Xinzhuang Dist.

New Taipei City 242, Taiwan (Gala De Chine Xinzhuang, Jindeng Room)

Market Observation Post System
mops.twse.com.tw

Chia Hsin Cement Corporation
www.chcgroup.com.tw



CHC

嘉新企業團
CHIA HSIN CEMENT GROUP

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Chia Hsin Cement Corporation 2020 Annual General Shareholders’ Meeting

I、Meeting Agenda

- 1、Date：9:00 a.m., Monday, June 22, 2020
- 2、Venue：6F., No.66, Wugong Rd., Xinzhuang Dist. New Taipei City 242, Taiwan
(Gala De Chine Xinzhuang, Jindeng Room)
- 3、Commencement of the Meeting
- 4、Chairman’s Address
- 5、Matters to Report
 - (1) To report 2019 Employees' and Directors' Compensation
 - (2) To report 2019 Business and Financial Statements
 - (3) To report Audit Committee's Review of 2019 Business and
Financial Statements
 - (4) To report the status of implementation of Share Repurchase
 - (5) Other matters
- 6、Matters for Ratification
 - (1) To approve 2019 Business and Financial Statements
 - (2) To approve 2019 Earnings Distribution Proposal
- 7、Matters for Discussion
 - (1) To amend the “Rules of Procedure for Shareholders’ Meetings”
- 8、Special Motion
- 9、Meeting Adjourned

Matters to Report

1 、 2019 Employees' and Directors' Compensation

Pursuant to Paragraph 1 of Article 26 of the Company's Articles of Incorporation, if the Company shows a net profit for the year, the Company shall allocate 0.01% to 3% of the profit as employees' compensation and not higher than 3% of the profit as directors' compensation.

The Company showed a profit of NTD 1,410,462,478 in 2019. In accordance with the aforementioned rule, the Company proposes to allocate around 1.1078% which equals to NT\$ 15,625,000 in cash as employees' compensation and around 0.302% which equals NT\$ 4,261,365 as directors' compensation.

Note:

Although the Company originally proposed to allocate 1.1078% which equals to NT\$ 15,625,000 in cash as directors' remuneration, the Chairman considered the impact caused by the COVID-19 may be longer than expected. Therefore, he proposed to forfeit his portion of the director's remuneration. Then, after discussion among the rest of the directors, it was unanimously agreed that all other directors will only receive half of their remuneration. As a result, the adjusted amount of directors' remuneration is now NT\$4,261,365.

2 、 2019 Business and Financial Statements

【 Business Report 】

Taiwan was affected by the U.S./China Trade war in 2019. Since then, global economic demand has weakened and economic growth continues to decline. However, as of the second quarter, Taiwan's economy has witnessed a gradual rebound due to the focus of business investment benefited from conversion orders transacted in Taiwan. The real estate market transactions were more active since the second quarter. Annual consumption of domestic cement reached 11,260,000 metric tonnes, an increase of 3% from the previous year. In 2019, the Company sold 467,000 metric tonnes of cement with a relative growth rate of 3% comparing to the year of 2018.

The Company is committed to the development of its hospitality sector and has set new milestones at the beginning of this year, laying the foundation of future hospitality development projects. The construction of Hotel Collective in Okinawa was completed at the end of last year and will officially open in the second quarter of 2020. The hotel is situated at Kokosai Street of Naha City, Okinawa where tourists gather from all over the world. In term of the Company's second hotel investment in Okinawa's Toyosaki City, the Company's subsidiary, CHC Ryukyu Development GK has entered into a 20-year Hotel Management Agreement with the Japanese subsidiary of InterContinental Hotels Group (IHG) in August 2019. The luxury five-star InterContinental Okinawa Chura SUN Resort, designed by the well-known international master architect Mr. Kengo Kuma and his team, is expected to open in 2023.

The subsidiary, Jaho Health Life Plus + Management Corp., LTD, has completed the renovation of its second Dunhua Gem Care postpartum care center and is expected to start operations in the second quarter of 2020.

In addition to the vigorous development in the hospitality industry, the Company's strategic investment in Taiwan Cement Company (TCC) continues to yield good results in the Mainland China. The Company's 2019 consolidated financial report included approximately NTD 960 million in profits generated from cash dividends from TCC.

In summary, since the Company's transformation with diversified business development in the long run, giving the notable performance, the Company's future business outlook is cautiously optimistic.

1. Operating Performance:

The 2019 consolidated sales revenue of the Company was NTD 1,039,437 thousand; rental revenue was NTD 283,563 thousand and service revenue was NTD 561,002 thousand. Total operating revenue for the year 2019 totaled 1,884,002

thousand, a decrease of NTD 208,404, or 9.96% comparing to the amount of NTD2,092,406 thousand in 2018.

2. Revenue of Main Business:

(1) Cement Sales revenue:

There were 467,000 metric tonnes of cement sold in Taiwan last year.

(2) Rental revenue:

Main source of rental revenue came from the rental income of Chia Hsin Building with a comprehensive occupancy rate of 93.31%.

(3) Service Revenue:

The Taipei Port loading and unloading business totaled 1.89 million metric tonnes of coal, and 1.92 million metric tonnes of sand and gravel and other bulk and general cargo.

3. Financial Report:

In 2019, the Company's consolidated net profit before tax from continuing operations was NTD 985,771 thousand, the consolidated net profit after tax from continuing operations was NTD 818,510 thousand; the net profit after tax from discontinued operations, Jiangsu Union Cement Co., Ltd., was NTD 590,161 thousand, the consolidated net profit after tax of the year was NTD 1,408,671 thousand; the net profit after tax attributable to owners of the Company was NTD 1,297,473 thousand. The Company's earnings per share (after tax) was NTD 2.02, total assets in the consolidated financial statements totaled NTD 38,720,634 thousand and the total liabilities was NTD 15,044,409 thousand; current ratio was 288% and total equity attributable of the Company totaled NTD 22,813,442 thousand and the self-owned capital ratio of 59%.

4. Other major events to report:

(I) Jiangsu United Cement Co., Ltd., a subsidiary of the Company, is in the process of liquidation. It completed the transfer of land use right and buildings (structure) to the Zhenjiang Municipal Government in 2019 and received all compensation payments as of October of the same year. The disposal gain of approximately RMB 131 million was recognized in 2019. The liquidation tax clearance certificate has already been obtained and procedure for cancellation of industrial and commercial registration is anticipated to be completed in the first quarter of 2020.

(II) Land use right of Huajing Plant, Shanghai Chia Huan Concrete Co., Ltd., a subsidiary of the Company, was acquired by the Shanghai Municipal Government in 2018. The estimated disposal gain is about RMB 70 million which can be recognized after the transfer formalities are completed. However, because of the land value-incremental tax exemption application for this transaction has not been approved as of now, the transfer procedure has not been proceeded yet, and the disposal gain was not recognized in 2019.

Chairman: Chang Kang-Lung

President: Chi Shih-Chu

Accounting Supervisor: Mars Feng

3 、 Audit Committee's Review of 2019 Business and Financial Statements

Chia Hsin Cement Corporation

Audit Committee's Review Report

We have examined the Company's 2019 Business Report, Financial Statements of December 31, 2019, and the proposed plan to distribute earnings, and we did not find any improper items in the above-mentioned reports and statements. We hereby report to the 2019 General Meeting of Shareholders in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law as such.

Independent Directors:

Su, Robert K.

Chen, Chia-Shen

Chen, Kuan-Ming

Mar. 25, 2020

4 、 The Status of Implementation of Share Repurchase

Pursuant to Article 28, Paragraph 2.1.1 of the Securities and Exchange Act and "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies", below please find the status of implementation in accordance with the rules and regulations :

Unit : NT\$

Times of the Repurchase	The Ninth Time
Date of the Board resolution	March 25th, 2020
Purpose of the Repurchase	To transfer to employees
Scheduled period for the repurchase	03/26/2020 - 05/24/2020
Price range of the shares to be repurchased	NTD 11 to NTD 16 per share
Type and number of shares to be repurchased	7,000,000 shares of common stock
Actual period of the repurchase	Note: Actual status will be reported at the Annual General Shareholders' Meeting on June 22 nd , 2020
Actual type and number of shares repurchased	
Actual total value of shares repurchased	
Average price repurchased per share	
Aggregate number of shares held	
Aggregate number of shares held as percentage of total shares issued	

Note: The First Rules of Transfer Repurchased Shares to Employees for the year of 2020 is attached hereto as Meeting Handbook Appendix 2 (Pages 48 – 49)

5 、 Other Matters

- (1) Related Parties' Transactions (Annex 1 – Page 23)
- (2) Implementation of 2019 Endorsements/Guarantees (Annex 2 – page 24)
- (3) Report on Amendment to Rules of Procedure for Board Meetings (Annex 3 – Page 25)

Explanatory Notes: For details of the aforementioned, please refer to pages 23~25.

Matters for Ratification

【 1 、 To Approve 2019 Business and Financial Statements 】

(Proposed by the Board of Directors)

Description :

- 1 、 The Company's 2019 Business Report and Consolidated Financial Statements have been audited by independent auditors, Cheng Chuan Yu and Keng Hsi Chang of Deloitte & Touche.
- 2 、 The aforementioned final accounts have been reviewed and approved by the Board Meeting and by the Audit Committee.
- 3 、 Please approve the aforementioned Business Report and Financial Statements.

Annex :

- 1 、 2019 Business Report : Please refer to pages 3~5.
- 2 、 Independent Auditors' Report: Please refer to pages 10~17.
- 3 、 Financial Statements : Please refer to pages 27~40. (Annex 4)

Explanatory Notes: The Company's 2019 Business Report and Financial Statements are available on website. ([http: mops.twse.com.tw](http://mops.twse.com.tw))

Resolution :

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Sales of Cement to the Main Clients

The operating revenue of the Group mainly comes from the sale of cement. For the year ended December 31, 2019, the sales of cement accounted for 55% of the total consolidated operating revenue, which is equivalent to \$1,027,929 thousand. Due to the concentration of sales to target clients in the Group's cement business, and due to the longer credit period or longer turnover days of those clients, and in view of the materiality of the transactions, we have considered the transactions with such clients as key audit matters.

For the relevant explanation of accounting policies and notes to the financial statements, please refer to Notes 4 and 27.

Our key audit procedures performed in respect of the above area included the following:

1. We understood the key operating controls over the sales of cement and tested the effectiveness of the key operating controls over the sales transactions; we designed the audit procedures responsive to the risks identified.
2. We selected samples from the "List of Sales Order from Main Clients" and inspected the supporting documents of the samples, such as "Registration Card for Sale of Cement" and "Bill of Lading", and verified the existence of the sales.
3. We analyzed the changes in the revenue, gross margin rate, turnover rate of accounts receivable and credit condition from prior year to the current year.
4. We verified the occurrence of the sales by obtaining confirmation letters from the main clients; we performed alternative audit procedures for unreplied letters.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

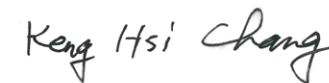
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report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

The engagement partners on the audit resulting in this independent auditors' report are Cheng Chuan Yu and Keng Hsi Chang.



Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020



Notice to Readers

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Opinion

We have audited the accompanying financial statements of Chia Hsin Cement Corporation (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, 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 Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Sales of cement to the main clients

The operating revenue of the Company mainly comes from the sales of cement. For the year ended December 31, 2019, the sales of cement accounted for 82% of the total operating revenue, which is equivalent to \$1,022,319 thousand. Due to the concentration of sales to target clients in the Company' cement business, and due to the longer credit period or longer turnover days of those clients, and in view of the materiality of the transactions, we have considered the transactions with such clients as key audit matters.

For the explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 24.

Our key audit procedures performed in respect of the above area included the following:

1. We understood the key operating controls over the sales of cement and tested the effectiveness of the key operating controls over the sales transactions; we designed the audit procedures responsive to the risks identified.
2. We selected samples from the "List of Sales Order from Main Clients" and inspected the supporting documents of the samples, such as "Registration Card for Sale of Cement" and "Bill of Lading", and verified the existence of the sales.
3. We analyzed the changes in the revenue, gross margin rate, turnover rate of accounts receivable and credit condition from prior year to the current year.
4. We verified the occurrence of the sales by obtaining confirmation letters from the main clients; we performed alternative audit procedures for unreplied letters.

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 Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

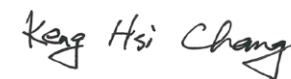
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng Chuan Yu and Keng Hsi Chang.



Deloitte & Touche
Taipei, Taiwan
Republic of China



March 30, 2020

Notice to Readers

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

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

【 2 、 To Approve 2019 Earnings Distribution Proposal 】

(Proposed by the Board of Directors)

Description :

- 1 、 Table of 2019 earnings distribution is herewith made in accordance with Article 26 of the Company's Articles of Incorporation. Please refer to page 19.
- 2 、 Pursuant to Paragraph 3, Article 26 of the Articles of Incorporation, if the Company shows as net profit after tax of the current year, after offsetting the loss in previous years, and setting aside of a legal reserve and special reserve in accordance with the law, the remaining amount along with undistributed earnings shall be the distributable earnings of the current year.
- 3 、 The Company's Earnings in 2019 available for distribution are NT\$1,584,464,609 including 2019 net profit after tax of NT\$1,297,474,591, adding adjustments due to adoption of IFRS 16 of NT\$2,949,414, adding disposal of investments in equity instruments at fair value through other comprehensive income of NT\$269,873,476, adding changes in percentage of ownership interest in subsidiaries of NT\$121,046,060, adding remeasurement of defined benefit plan recognized in retained earnings of NT\$872,458 and adding retained earnings adjusted for investment accounted for using equity method of NT\$68,300,233 and less legal reserve required by law of NT\$176,051,623). It is proposed to set aside NT\$771,780,548 as dividend to shareholders (estimated NT\$1.00 cash dividend per share). The above dividend shall be first distributed from 2019 net profits after tax.
- 4 、 After the proposal of earnings distribution is adopted, if there is any buyback, transfer or cancellation of shares resulting in changes to the outstanding shares, it is proposed that the shareholders' meeting to authorize the Board of Directors to fully execute the adjustment of the rate of distribution.
- 5 、 After the proposal is adopted by the General Shareholders' Meeting, a base date of ex-dividends will be set additionally. On such date, the distribution will be made to shareholders in accordance with shares held thereby recorded in the shareholder's register. The total cash dividends to be distributed to each shareholder will be rounded down to NT dollar and decimal places will be disregarded.
- 6 、 The proposal has been adopted by the Board of Directors of the Company and submitted to the Board and audited by the Audit Committee.
- 7 、 Please approve the aforementioned proposal.

Resolution :

CHIA HSIN CEMENT CORPORATION

Earnings Distribution Table of the Year 2019

Unit: NT\$

Item	Amount
Opening Unappropriated Retained Earnings (Unappropriated Retained Earnings listed in the 2019 Annual General meeting of shareholders)	4,410,598,176
Plus(Less)	
Plus : Net profit for 2019	1,297,474,591
Plus : Adjustments due to Adoption of IFRS 16	2,949,414
Plus : Disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income	269,873,476
Plus : Changes in percentage of ownership interests in subsidiaries	121,046,060
Plus : Remeasurement of defined benefit Plan recognized in retained earnings	872,458
Plus : Retained earnings adjusted for investments accounted for using equity method	68,300,233
Less : 10% Legal Reserve	(176,051,623)
Earnings in 2019 Available for Distribution	1,584,464,609
Retained Earnings Available for Distribution as of December 31, 2019	5,995,062,785
Less : Distribution Item	
Stock Dividends to Common Share Holders (NT\$0 per share)	0
Cash Dividends to Common Share Holders (NT\$1 per share)	(771,780,548)
Unappropriated Retained Earnings	5,223,282,237

Chairman: Chang Kang-Lung

President: Chi Shih-Chu

Accounting Supervisor: Mars Feng

Matters for Discussion

【 1 、 To Amend the Rules of Procedure for the Shareholders' Meetings 】

(Proposed by the Board of Directors)

- 1 、 On January 2nd, 2020, the Taiwan Stock Exchange Corporation amended and announced its regulations governing the “Rules of Procedures for Shareholders Meetings”; Article Amendment No. Taiwan-Stock-Governance-1080024221 of the Taiwan Stock Exchange Corporation. Please refer to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”.
- 2 、 In compliance to the aforementioned regulation, the Company’s “Rules of Procedure for Shareholders Meetings” should be amended to reflect such regulatory amendments. The comparison tables for the aforementioned internal rules before and after revisions are attached hereto as Annex 5 pages 41 – 43.
- 3 、 Please Discuss the matter.

Resolution :

Special Motions :

Meeting Adjourned ◦

II、Annex

Annex 1 : Related Parties' Transaction Report

- (1) The Company entered into a contract with its subsidiary Tong Yang Chia Hsin International Corp. to operate the storage and transport of cement and related products at Keelung Harbor :

The Company entered into a management contract with its subsidiary Tong Yang Chia Hsin International Corp. to manage operations of the storage and transportation of cement at Keelung Harbor. As a result of its satisfactory performance, the Company intends to extend the term of the contract from January 1, 2020 to December 31, 2020.

- (2) The Company entered into a contract with its subsidiary Tong Yang Chia Hsin International Corp. to provide cement storage services :

The Company entered into a service contract with its subsidiary Tong Yang Chia Hsin International Corp. to provide cement storage and transport services at Taichung Harbor. As a result of its satisfactory performance, the Company intends to extend the term of contract from January 1, 2020 to December 31, 2020.

- (3) The Company entered into a contract with its subsidiary Chia-Pei International Corp. :

1. The Company entered into a contract with its subsidiary Chia Pei International Corp. to operate the facility and equipment at East No. 14 Wharf and back side of East 13, 14, 15 and 16 of Taipei Port First Bulk Cargo Center for storage, loading and unloading and related transportation business of coal, mine (gravel). Contract term is effective until December 31, 2036. The fee charge using the equipment will be adjusted from a fixed to fluctuated amount calculated based on the actual quantity of operation. The above-mentioned fee adjustment shall apply to the period from April 1, 2020 to December 31, 2021. After the period ends, the two parties shall negotiate in writing of any adjustments in due course.

2. The Company intends to enter a contract with its subsidiary Chia Pei International Corp. to transfer the works of operation, which previously assigned to the Company by CHC Resources Corp. for storage, loading and unloading and related transportation business of slag powder at East No. 14 Wharf and part of back side of East 13, 14, 15 and 16 of Taipei Port First Bulk Cargo Center. The term of contract will be effective from April 1, 2020 until December 31, 2021. The two parties shall proceed with re-negotiations of the contract in writing two months before the contract expiration date.

Annex 2 : Implementation of 2019 Endorsements/Guarantees Report

Other than to LDC ROME HOTELS S.R.L where the Company holds 40% shares of the entity and issuance of guarantee is based relatively on the ratio of shareholding, all other guarantees were issued to its 100% owned subsidiaries. Although the total amount of guarantees issued exceeds 50% of the Corporation's net value, it is considered reasonable and necessary in view of overall business developments

As of December, 31, 2019, the total endorsements/guarantees issued by the Company and its subsidiaries amounted to NTD 10,276,640,000 which is not exceeding 2 times of the Company's net value. Entities to which the Company issued the endorsements/guarantees and the amount issued are all in accordance with internal regulation of "Procedure and Rule for Endorsements and Guarantees". Details are listed as follows:

Endorsements/ guarantees offered by	Endorsements/ guarantees received	Balance of endorsements/ guarantees (NTD/Thousand)
CHIA HSIN CEMENT CORPORATION	Chia Hsin Property Management and Development Corp.	1,480,000
	LDC ROME HOTELS S.R.L.	447,600
	CHC Ryukyu Development GK	425,040
		1,380,000
The Company total		3,732,640
Chia Hsin Property Management and Development Corp.	CHIA HSIN CEMENT CORPORATION	6,544,000
Subsidiaries total		6,544,000
The corporation and its subsidiaries total		10,276,640

Annex 3 : Comparison Table of Amended Articles of the "Rules of Procedure for Board Meetings"

CHIA HSIN CEMENT CORPORATION

Comparison Table of Amended Articles of the "Rules of Procedure for Board Meetings"

After Amendment	Before Amendment	Description
<p>Article 6</p> <p><u>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson.</u> However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person from among themselves to chair the meeting.</p> <p><u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</u></p> <p>When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson. If the vice chairperson also is on leave or for any reason is unable to act, a director designated by the chairperson, will do so. If the chairperson does not make such a designation, the directors shall choose one person by and from among themselves to chair the meeting.</p>	<p>Article 6</p> <p>The Company's meetings of the board of directors are called and chaired by the chairperson of the Board. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson. If the vice chairperson also is on leave or for any reason is unable to act, a director designated by the chairperson, will do so. If the chairperson does not make such a designation, the directors shall choose one person by and from among themselves to chair the meeting.</p>	<p>In pursuance to article amendment Order No. 1080361934 Financial-Supervisory-Securities-Corporate-Financial-of the Financial Supervisory Commission</p>
<p>Article 14</p> <p>If any director or a juristic person represented by a director is an interested party with respect to any</p>	<p>Article 14</p> <p>If any director or a juristic person represented by a director is an interested party with respect to any agenda item,</p>	<p>In pursuance to article amendment Order No.</p>

Annex 4 : 2019 Business and Financial Statements

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019		2018	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,066,897	6	\$ 1,969,663	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,619,603	4	1,860,278	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,631,817	7	2,057,216	6
Notes receivable (Notes 4, 5, 9 and 27)	165,280	1	195,059	1
Trade receivables (Notes 4, 5, 9 and 27)	61,142	-	104,646	-
Trade receivables from related parties (Notes 4, 5, 27 and 37)	2,680	-	5,843	-
Finance lease receivables (Notes 3, 4 and 11)	2,504	-	-	-
Other receivables (Notes 4 and 10)	403,004	1	32,391	-
Other receivables from related parties (Notes 4 and 37)	125,707	-	159,621	-
Current tax assets (Notes 4 and 29)	775	-	5,427	-
Inventories (Notes 4 and 12)	44,910	-	694,144	2
Prepayments (Note 21)	72,733	-	170,064	1
Disposal groups held for sale (Notes 4, 13 and 37)	42,537	-	483,105	2
Other financial assets - current (Notes 4 and 14)	3,418,015	9	3,413,408	11
Refundable deposits - current (Note 4)	-	-	49	-
Total current assets	10,657,604	28	11,150,914	35
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 38)	10,548,178	27	8,700,592	27
Investments accounted for using the equity method (Notes 4 and 16)	2,649,668	7	866,466	3
Property, plant and equipment (Notes 4, 17 and 38)	6,535,574	17	3,467,524	11
Right-of-use assets (Notes 3, 4 and 18)	1,840,905	5	-	-
Investment properties (Notes 4, 19 and 38)	6,230,263	16	7,559,949	24
Intangible assets (Notes 4 and 20)	5,518	-	-	-
Deferred tax assets (Notes 4 and 29)	160,635	-	129,228	-
Refundable deposits (Note 4)	30,195	-	63,472	-
Finance lease receivables - non-current (Notes 3, 4 and 11)	9,496	-	-	-
Other financial assets - non-current (Notes 4, 14 and 38)	23,588	-	21,353	-
Prepayment - non-current (Note 21)	-	-	14,809	-
Other non-current assets (Note 21)	29,010	-	11,322	-
Total non-current assets	28,063,030	72	20,834,715	65
TOTAL	\$ 38,720,634	100	\$ 31,985,629	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 22 and 38)	\$ 800,600	2	\$ 821,280	3
Short-term bills payable (Note 22)	269,758	1	304,835	1
Contract liabilities - current (Notes 4 and 27)	9,479	-	7,191	-
Notes payable (Note 23)	2,906	-	2,151	-
Trade payables (Note 23)	110,538	1	110,582	-
Trade payables to related parties (Note 37)	83,580	-	89,849	-
Other payables (Note 24)	830,712	2	591,866	2
Current tax liabilities (Notes 4 and 29)	53,677	-	57,942	-
Liabilities directly associated with disposal group held for sale (Note 13)	380,771	1	653,859	2
Lease liabilities - current (Notes 3, 4 and 18)	107,050	-	-	-
Advance receipts (Note 24)	41,359	-	2,859	-
Current portion of long-term borrowings (Notes 22 and 38)	983,678	3	519,000	2
Guarantee deposits - current (Note 37)	25,202	-	32,736	-
Other current liabilities (Note 24)	1,150	-	1,246	-
Total current liabilities	3,700,460	10	3,195,396	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 22 and 38)	7,553,594	20	6,090,037	19
Deferred tax liabilities (Notes 4 and 29)	1,511,484	4	1,404,167	4
Lease liabilities - non-current (Notes 3, 4 and 18)	1,737,410	4	-	-
Deferred revenue - non-current (Notes 24 and 31)	441,549	1	198,512	1
Net defined benefit liabilities - non-current (Notes 4 and 25)	3,208	-	12,620	-
Guarantee deposits - non-current (Note 37)	96,704	-	165,078	1
Total non-current liabilities	11,343,949	29	7,870,414	25
Total liabilities	15,044,409	39	11,065,810	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital				
Ordinary shares	7,747,805	20	7,747,805	24
Capital surplus	847,377	2	703,931	2
Retained earnings				
Legal reserve	2,143,611	6	2,073,636	7
Special reserve	2,346,051	6	2,346,051	7
Unappropriated earnings	6,171,113	16	5,252,354	16
Total retained earnings	10,660,775	28	9,672,041	30
Other equity	4,654,268	12	2,082,579	7
Treasury shares	(1,096,783)	(3)	(1,186,544)	(4)
Total equity attributable to owners of the Company	22,813,442	59	19,019,812	59
NON-CONTROLLING INTERESTS (Note 26)				
	862,783	2	1,900,007	6
Total equity	23,676,225	61	20,919,819	65
TOTAL	\$ 38,720,634	100	\$ 31,985,629	100

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

After Amendment	Before Amendment	Description
<p>agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p><u>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</u></p> <p>The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.</p>	<p>the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.</p>	<p>1080361934 Financial-Su pervisory-Se curities-Corp orate- Financial- of the Financial Supervisory Commission</p>
<p>Article 18</p> <p>The adoption of the Article shall be approved by the Board of Directors and to be reported at the Shareholders' Meeting. The resolutions at the Shareholders' Meeting shall apply in the case of amendments.</p> <p>This Article was established on March 22, 2007; the 1st amendment was on March 20, 2008; the 2nd amendment was on January 28, 2013; the 3rd amendment was on July 5, 2013; the 4th amendment was on July 11, 2016; 5th amendment was on November 9, 2017; 6th amendment was on May 6, 2020.</p>	<p>Article 18</p> <p>The adoption of the Article shall be approved by the Board of Directors and to be reported at the Shareholders' Meeting. The resolutions at the Shareholders' Meeting shall apply in the case of amendments.</p> <p>This Article was established on March 22, 2007; the 1st amendment was on March 20, 2008; the 2nd amendment was on January 28, 2013; the 3rd amendment was on July 5, 2013; the 4th amendment was on July 11, 2016; 5th amendment was on November 9, 2017.</p>	<p>Added the date of amendment</p>

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 37)				
Sales	\$ 1,039,437	55	\$ 996,482	48
Rental revenue	283,563	15	462,437	22
Service revenue	561,002	30	633,487	30
Total operating revenue	1,884,002	100	2,092,406	100
OPERATING COSTS (Notes 12, 28 and 37)				
Cost of goods sold	(1,034,849)	(55)	(1,002,898)	(48)
Rental costs	(102,972)	(5)	(218,332)	(10)
Service costs	(547,584)	(29)	(582,688)	(28)
Total operating costs	(1,685,405)	(89)	(1,803,918)	(86)
GROSS PROFIT	198,597	11	288,488	14
OPERATING EXPENSES (Notes 9, 10, 13, 28 and 37)				
Selling and marketing expenses	(13,233)	(1)	(12,649)	(1)
General and administrative expenses	(620,874)	(33)	(378,530)	(18)
Expected credit loss reversal/(accrual)	724	-	(910)	-
Total operating expenses	(633,383)	(34)	(392,089)	(19)
LOSS FROM OPERATIONS	(434,786)	(23)	(103,601)	(5)
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 28 and 37)	1,204,029	64	607,299	29
Other gains and losses (Notes 4, 28 and 37)	294,329	16	50,798	2
Finance costs (Notes 4 and 28)	(125,646)	(7)	(86,716)	(4)
Share of profit or loss of subsidiary, associates and joint ventures	47,845	3	(39,900)	(2)
Total non-operating income and expenses	1,420,557	76	531,481	25

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 985,771	53	\$ 427,880	20
INCOME TAX EXPENSE (Notes 4 and 29)	(167,261)	(9)	(173,283)	(8)
NET PROFIT FROM CONTINUING OPERATIONS	818,510	44	254,597	12
NET PROFIT FROM DISCONTINUED OPERATIONS (Notes 12, 13 and 17)	590,161	31	514,526	25
NET PROFIT FOR THE YEAR	1,408,671	75	769,123	37
OTHER COMPREHENSIVE INCOME (Notes 4, 25, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,783	-	436	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	3,107,358	165	695,821	33
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	158,594	9	2,335	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(356)	-	5,968	1
	3,267,379	174	704,560	34
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(169,212)	(9)	4,599	-
Income tax relating to items that may be reclassified subsequently to profit or loss	42,974	2	2,191	-
	(126,238)	(7)	6,790	-
Other comprehensive income for the year, net of income tax	3,141,141	167	711,350	34
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 4,549,812	242	\$ 1,480,473	71

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,297,473	69	\$ 699,755	34
Non-controlling interests	<u>111,198</u>	<u>6</u>	<u>69,368</u>	<u>3</u>
	<u>\$ 1,408,671</u>	<u>75</u>	<u>\$ 769,123</u>	<u>37</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	4,326,485	230	1,384,470	66
Non-controlling interests	<u>223,327</u>	<u>12</u>	<u>96,003</u>	<u>5</u>
	<u>\$ 4,549,812</u>	<u>242</u>	<u>\$ 1,480,473</u>	<u>71</u>
EARNINGS PER SHARE (Note 30)				
From continuing and discontinued operations				
Basic	<u>\$ 2.02</u>		<u>\$ 1.09</u>	
Diluted	<u>\$ 2.01</u>		<u>\$ 1.09</u>	
From continuing operations				
Basic	<u>\$ 1.10</u>		<u>\$ 0.29</u>	
Diluted	<u>\$ 1.09</u>		<u>\$ 0.29</u>	

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

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Other Equity Instruments (Gain or Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	\$ 7,747,805	\$ 642,168	\$ 1,984,116	\$ 2,451,573	\$ 4,922,194	\$ (233,797)	\$ 1,633,454	\$ (1,149,426)	\$ 17,998,087	\$ 1,810,706	\$ 19,808,793
Appropriation of 2017 earnings (Note 26)	-	-	89,520	-	(89,520)	-	-	-	(89,520)	-	(89,520)
Legal reserve	-	-	-	-	(387,390)	-	-	-	(387,390)	-	(387,390)
Cash dividends	-	-	-	(105,522)	105,522	-	-	-	-	-	-
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	-	699,755	-	-	-	699,755	69,368	769,123
Net profit for the year ended December 31, 2018	-	-	-	-	1,793	6,962	675,960	-	684,715	26,635	711,350
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26)	-	-	-	-	-	-	-	-	-	-	-
Disposal of investment in equity shares of subsidiaries (Notes 26 and 33)	-	-	-	-	-	-	-	-	538	793	1,331
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	(7,529)	(7,529)	(7,529)
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	(37,118)	(37,118)	-	(37,118)
Unclaimed dividends extinguished by prescription (Note 26)	-	-	-	-	-	-	-	-	1,438	34	1,472
BALANCE, DECEMBER 31, 2018	7,747,805	705,931	2,073,636	2,346,051	5,252,354	(226,835)	2,309,414	(1,186,544)	19,009,812	1,900,007	20,909,819
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	2,949	-	-	-	2,949	-	2,949
BALANCE, JANUARY 1, 2019, AS RESTATED	7,747,805	705,931	2,073,636	2,346,051	5,255,303	(226,835)	2,309,414	(1,186,544)	19,022,761	1,900,007	20,922,768
Appropriation of 2018 earnings (Note 26)	-	-	69,975	-	(69,975)	-	-	-	(69,975)	-	(69,975)
Legal reserve	-	-	-	-	(771,781)	-	-	-	(771,781)	-	(771,781)
Cash dividends	-	-	-	-	1,297,473	-	-	-	1,297,473	111,198	1,408,671
Net profit for the year ended December 31, 2019	-	-	-	-	3,062	(119,006)	3,145,016	-	3,029,012	112,129	3,141,141
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26)	-	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Notes 26 and 33)	-	-	-	-	12,104	2,770	(121,046)	93,716	121,411	(1,187,795)	(1,066,384)
Disposal of investment in equity instruments designated as at fair value through other comprehensive income of associates (Note 26)	-	-	-	-	48,301	-	(48,301)	-	-	-	-
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	(75,574)	(75,574)
Disposal of investment in equity instruments designated as at fair value through other comprehensive income of the Company (Note 26)	-	-	-	-	287,744	-	(287,744)	-	-	2,630	2,630
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	(3,955)	(3,955)	-	(3,955)
Unclaimed dividends extinguished by prescription (Note 26)	-	-	-	-	-	-	-	-	7,480	188	7,668
BALANCE, DECEMBER 31, 2019	7,747,805	847,377	2,143,611	2,346,051	6,171,113	(433,071)	4,997,339	(1,096,783)	22,813,442	862,283	23,675,725

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 985,771	\$ 427,880
Income before income tax from discontinued operations	<u>590,161</u>	<u>514,526</u>
Income before income tax	<u>1,575,932</u>	<u>942,406</u>
Adjustments for:		
Depreciation expense	319,043	248,820
Amortization expenses	320	-
Expected credit loss recognized (reversed) on trade receivables	(724)	1,003
Net gain on fair value changes of financial assets at fair value through profit or loss	(333,681)	(66,846)
Finance costs	125,646	89,599
Interest income	(118,357)	(90,014)
Dividend income	(1,022,944)	(455,528)
Share of profit of associates and joint ventures	(47,845)	39,900
(Gain) loss on disposal of property, plant and equipment	(78)	20,961
Loss on disposal of investment properties	6,547	65,044
Gain on lease modification	(39)	-
(Gain) loss on disposal of assets held for sale	(597,422)	10,428
Gain on disposal of investments	(11,227)	-
Impairment loss recognized (reversed) on non-financial assets	514	(374,160)
Net loss (gain) on foreign currency exchange	47,928	(44,770)
Amortization of prepayments for lease	-	5,140
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	280,814	(689,813)
Notes receivable	29,996	(47,943)
Trade receivables	43,867	(50,696)
Trade receivables from related parties	3,163	(1,111)
Other receivables	(339,122)	5,092
Inventories	(28,844)	19,322
Prepayments	90,259	(107,026)
Contract liabilities	2,299	(2,473)
Notes payable	755	(632)
Trade payables	(44)	(33,873)
Trade payables to related parties	(6,269)	58,924
Other payables	12,606	19,875
Advanced receipts	39,683	-
Other current liabilities	(126)	600
Net defined benefit liability	<u>(923)</u>	<u>(6,797)</u>
Cash generated from (used in) operations	71,727	(444,568)
Interest paid	(182,198)	(113,628)
Income tax paid	<u>(51,049)</u>	<u>(77,805)</u>
Net cash used in operating activities	<u>(161,520)</u>	<u>(636,001)</u>

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (35,502)
Proceeds from sale of financial assets at fair value through other comprehensive income	319,414	-
Cash returns from capital reduction of investments in financial assets at fair value through other comprehensive income	4,220	667
Net cash outflow on disposal of subsidiaries	(89,443)	-
Cash returns from capital reduction of investments in associates	-	15,780
Proceeds from disposal of disposal groups held for sale	767,792	810,283
Payments for property, plant and equipment	(3,047,200)	(595,563)
Proceeds from disposal of property, plant and equipment	178	14,934
Increase in refundable deposits paid	(1,653)	(14,422)
Increase in other receivables	-	(382)
Decrease (increase) in other receivables from related parties	27,310	(63)
Payments for intangible assets	(5,992)	-
Payments for investment properties	(42,792)	(47,110)
(Payments for) proceeds from disposal of investment properties	(11,430)	1,783
Decrease in finance lease receivables	18,084	-
Increase in other financial assets	(88,429)	(375,715)
(Increase) decrease in other non-current assets	(996)	2,655
Increase in prepayments for equipment	(19,135)	(1,315)
Interest received	122,064	107,164
Other dividends received	1,054,403	460,271
Deferred revenue	<u>251,429</u>	<u>129,588</u>
Net cash (used in) generated from investing activities	<u>(742,176)</u>	<u>473,053</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(18,260)	(209,642)
(Repayment) proceeds of short-term bills payable	(35,000)	194,953
Proceeds from long-term loans	1,990,197	655,526
(Refunds) proceeds of guarantee deposits received	(2,308)	28,508
Repayment of the principal portion of lease liabilities	(129,415)	-
Dividend paid to owners of the Company	(660,740)	(327,603)
Payments for buy-back of ordinary shares	(3,955)	(37,118)
Partial disposal of interests in subsidiaries without loss of control	-	1,331
Dividends paid to non-controlling interests	(75,576)	(38,424)
Capital injection from non-controlling interests	<u>-</u>	<u>30,895</u>
Net cash generated from financing activities	<u>1,064,943</u>	<u>298,426</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(64,013)</u>	<u>30,996</u>

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 97,234	\$ 166,474
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,969,663</u>	<u>1,803,189</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,066,897</u>	<u>\$ 1,969,663</u>

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

CHIA HSIN CEMENT CORPORATION

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 363,313	1	\$ 712,308	3
Financial assets at fair value through profit or loss (Notes 4, 7 and 31)	740,454	2	622,217	3
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 31)	1,281,001	4	1,028,876	4
Notes receivable (Notes 4, 5, 9 and 24)	162,701	1	195,059	1
Trade receivables (Notes 4, 5, 9 and 24)	31,632	-	70,949	-
Trade receivables from related parties (Notes 4, 5, 24 and 32)	5,783	-	8,462	-
Finance lease receivables - current (Notes 3, 4, 11 and 32)	43,121	-	-	-
Other receivables (Notes 4 and 10)	48,318	-	7,033	-
Other receivables from related parties (Notes 4 and 32)	153,463	1	177,631	1
Inventories (Notes 4 and 12)	37,635	-	12,213	-
Prepayments (Note 18)	3,178	-	3,837	-
Other financial assets - current (Notes 4 and 13)	<u>838,788</u>	<u>3</u>	<u>811,739</u>	<u>3</u>
Total current assets	<u>3,709,387</u>	<u>12</u>	<u>3,650,324</u>	<u>15</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 31)	8,033,194	26	6,383,749	26
Investments accounted for using the equity method (Notes 3, 4 and 14)	16,055,186	53	13,603,913	54
Property, plant and equipment (Notes 4 and 15)	959,470	3	1,099,989	4
Right-of-use assets (Notes 3, 4 and 16)	15,454	-	-	-
Investment properties (Notes 4 and 17)	268,892	1	270,128	1
Deferred tax assets (Notes 4 and 26)	116,297	1	80,107	-
Refundable deposits (Notes 4 and 18)	7,136	-	7,451	-
Finance lease receivables - non-current (Notes 3, 4, 11 and 32)	1,289,087	4	-	-
Other financial assets - non-current (Notes 4, 13 and 33)	11,320	-	11,320	-
Other non-current assets (Note 18)	1,929	-	2,153	-
Total non-current assets	<u>26,757,965</u>	<u>88</u>	<u>21,458,810</u>	<u>85</u>
TOTAL	<u>\$ 30,467,352</u>	<u>100</u>	<u>\$ 25,109,134</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 19)	\$ 540,000	2	\$ 452,000	2
Short-term bills payable (Note 19)	269,758	1	304,835	1
Contract liabilities - current (Notes 4 and 24)	4,996	-	5,521	-
Notes payable (Note 20)	2,906	-	2,151	-
Trade payables (Note 20)	92,331	1	91,001	-
Trade payables to related parties (Note 32)	90,324	-	98,601	1
Other payables (Note 21)	78,057	-	68,235	-
Other payables to related parties (Note 32)	26,694	-	23,756	-
Current tax liabilities (Notes 4 and 26)	34,074	-	32,249	-
Lease liabilities - current (Notes 3, 4 and 16)	47,322	-	-	-
Current portion of long-term borrowings (Notes 4, 19 and 32)	923,678	3	519,000	2
Guarantee deposits - current	<u>380</u>	<u>-</u>	<u>2,940</u>	<u>-</u>
Total current liabilities	<u>2,110,520</u>	<u>7</u>	<u>1,600,289</u>	<u>6</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 19 and 32)	4,001,250	13	4,332,178	17
Deferred tax liabilities (Notes 4 and 26)	198,844	1	113,618	1
Lease liabilities - non-current (Notes 3, 4 and 16)	1,300,448	4	-	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	17,836	-	19,682	-
Guarantee deposits - non-current	<u>25,012</u>	<u>-</u>	<u>23,555</u>	<u>-</u>
Total non-current liabilities	<u>5,543,390</u>	<u>18</u>	<u>4,489,033</u>	<u>18</u>
Total liabilities	<u>7,653,910</u>	<u>25</u>	<u>6,089,322</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital				
Ordinary shares	<u>7,747,805</u>	<u>26</u>	<u>7,747,805</u>	<u>31</u>
Capital surplus	<u>847,377</u>	<u>3</u>	<u>703,931</u>	<u>3</u>
Retained earnings				
Legal reserve	2,143,611	7	2,073,636	8
Special reserve	2,346,051	8	2,346,051	10
Unappropriated earnings	<u>6,171,113</u>	<u>20</u>	<u>5,252,354</u>	<u>21</u>
Total retained earnings	<u>10,660,775</u>	<u>35</u>	<u>9,672,041</u>	<u>39</u>
Other equity	<u>4,654,268</u>	<u>15</u>	<u>2,082,579</u>	<u>8</u>
Treasury shares	<u>(1,096,783)</u>	<u>(4)</u>	<u>(1,186,544)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	<u>22,813,442</u>	<u>75</u>	<u>19,019,812</u>	<u>76</u>
Total equity	<u>22,813,442</u>	<u>75</u>	<u>19,019,812</u>	<u>76</u>
TOTAL	<u>\$ 30,467,352</u>	<u>100</u>	<u>\$ 25,109,134</u>	<u>100</u>

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

CHIA HSIN CEMENT CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)				
Sales	\$ 1,022,319	82	\$ 984,063	82
Rental revenue	4,484	-	4,537	-
Service revenue	30,054	2	25,760	2
Other operating revenue	<u>192,466</u>	<u>16</u>	<u>189,686</u>	<u>16</u>
Total operating revenue	<u>1,249,323</u>	<u>100</u>	<u>1,204,046</u>	<u>100</u>
OPERATING COSTS (Notes 12, 25 and 32)				
Cost of goods sold	(1,036,784)	(83)	(1,017,232)	(84)
Rental costs	(1,801)	-	(1,692)	-
Service costs	(26,051)	(2)	(24,463)	(2)
Other operating costs	<u>(155,388)</u>	<u>(13)</u>	<u>(153,211)</u>	<u>(13)</u>
Total operating costs	<u>(1,220,024)</u>	<u>(98)</u>	<u>(1,196,598)</u>	<u>(99)</u>
GROSS PROFIT	<u>29,299</u>	<u>2</u>	<u>7,448</u>	<u>1</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES (Note 4)	(1,083)	-	(816)	-
REALIZED GAIN/(LOSS) ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>28,216</u>	<u>2</u>	<u>6,632</u>	<u>1</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	(12,724)	(1)	(12,133)	(1)
General and administrative expenses	(230,745)	(18)	(167,376)	(14)
Expected credit gain/(loss) (Note 9)	<u>724</u>	<u>-</u>	<u>(910)</u>	<u>-</u>
Total operating expenses	<u>(242,745)</u>	<u>(19)</u>	<u>(180,419)</u>	<u>(15)</u>
LOSS FROM OPERATIONS	<u>(214,529)</u>	<u>(17)</u>	<u>(173,787)</u>	<u>(14)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 25 and 32)	761,840	61	322,555	27
Other gains and losses (Notes 4, 25, 28 and 32)	99,840	8	89,719	7
Finance costs (Notes 4 and 25)	(97,128)	(8)	(73,744)	(6)
Share of profit or loss of subsidiary, associates and joint ventures	<u>829,188</u>	<u>66</u>	<u>606,246</u>	<u>50</u>
Total non-operating income and expenses	<u>1,593,740</u>	<u>127</u>	<u>944,776</u>	<u>78</u>

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 1,379,211	110	\$ 770,989	64
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(81,738)</u>	<u>(6)</u>	<u>(71,234)</u>	<u>(6)</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>1,297,473</u>	<u>104</u>	<u>699,755</u>	<u>58</u>
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,091	-	(259)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,174,972	174	477,497	40
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	972,173	78	198,844	16
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(218)</u>	<u>-</u>	<u>1,671</u>	<u>-</u>
	<u>3,148,018</u>	<u>252</u>	<u>677,753</u>	<u>56</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(148,758)	(12)	5,765	1
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>29,752</u>	<u>2</u>	<u>1,197</u>	<u>-</u>
	<u>(119,006)</u>	<u>(10)</u>	<u>6,962</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>3,029,012</u>	<u>242</u>	<u>684,715</u>	<u>57</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,326,485</u>	<u>346</u>	<u>\$ 1,384,470</u>	<u>115</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 2.02</u>		<u>\$ 1.09</u>	
Diluted	<u>\$ 2.01</u>		<u>\$ 1.09</u>	

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

(Concluded)

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

	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings	Other Equity		Treasury Shares	Total Equity
				Special Reserve	Legal Reserve		Exchange Differences on Translating Foreign Operations	Financial Gain on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2018	\$ 7,747,805	\$ 642,168	\$ 1,984,116	\$ 2,451,573	\$ 4,922,194	\$ (233,797)	\$ 1,633,454	\$ (1,149,426)	\$ 17,998,087	
Appropriation of 2017 earnings (Note 23)	-	-	89,520	-	(89,520)	-	-	-	-	
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	(106,522)	106,522	-	-	-	(387,390)	
Cash dividends	-	-	-	-	699,755	-	-	-	699,755	
Net profit for the year ended December 31, 2018	-	-	-	-	1,793	6,962	675,960	-	684,715	
Other comprehensive income (loss) for the year ended December 31, 2018 (Note 23)	-	-	-	-	-	-	-	-	59,787	
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 23)	-	59,787	-	-	-	-	-	-	538	
Disposal of investment in equity shares of subsidiaries (Note 23)	-	538	-	-	-	-	-	-	1,478	
Unclaimed dividends vesting/assigned by prescription (Note 23)	-	1,438	-	-	-	-	-	-	(37,118)	
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	(37,118)	19,019,812	
BALANCE, DECEMBER 31, 2018	7,747,805	703,931	2,073,636	2,346,051	5,252,354	(226,835)	2,309,414	(1,186,544)	19,019,812	
EFFECT OF RETROSPECTIVE APPLICATION AND RETROSPECTIVE RESTATEMENT (NOTE 3)	-	-	-	-	2,949	-	2,309,414	-	2,949	
BALANCE, JANUARY 1, 2019 AS RESTATED	7,747,805	703,931	2,073,636	2,346,051	5,255,303	(226,835)	2,309,414	(1,186,544)	19,022,761	
Appropriation of 2018 earnings (Note 23)	-	-	69,975	-	(69,975)	-	-	-	(771,781)	
Legal reserve	-	-	-	-	(771,781)	-	-	-	-	
Cash dividends	-	-	-	-	1,297,473	-	-	-	1,297,473	
Net profit for the year ended December 31, 2019	-	-	-	-	3,002	(119,066)	3,145,016	-	3,029,012	
Other comprehensive income (loss) for the year ended December 31, 2019 (Note 23)	-	-	-	-	-	-	-	(3,955)	(3,955)	
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	-	111,041	
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 23)	-	111,041	-	-	-	-	-	-	-	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of the Company (Note 23)	-	-	-	-	269,873	-	(269,873)	-	-	
Changes in percentage of ownership interests in subsidiaries (Note 23)	-	-	-	-	121,046	2,770	(121,046)	93,716	121,411	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of associates (Note 23)	-	24,925	-	-	-	-	-	-	-	
Unclaimed dividends vesting/assigned by prescription (Note 23)	-	7,480	-	-	66,172	-	(66,172)	-	-	
BALANCE, DECEMBER 31, 2019	\$ 7,747,805	\$ 847,377	\$ 2,143,611	\$ 2,346,051	\$ 6,171,113	\$ (343,021)	\$ 4,997,339	\$ (1,096,783)	\$ 22,813,442	

The accompanying notes are an integral part of the financial statements

CHIA HSIN CEMENT CORPORATION

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,379,211	\$ 770,989
Adjustments for:		
Depreciation expense	147,830	141,725
Expected credit loss (reversed) recognized on trade receivables	(724)	910
Net gain on fair value changes of financial assets at fair value through profit or loss	(149,181)	(58,274)
Finance costs	97,128	73,744
Interest income	(42,545)	(25,576)
Dividend income	(678,936)	(287,940)
Share of profit of subsidiaries, associates and joint ventures	(829,188)	(606,246)
Gain on disposal of investment properties	(895)	-
Gain on disposal of investments	(11,227)	-
Unrealized gain on sales to subsidiaries and associates and joint ventures	1,083	816
Net loss (gain) on foreign currency exchange	49,312	(41,263)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(12,769)	(58,168)
Notes receivable	32,685	(48,626)
Trade receivables	39,714	(35,941)
Trade receivables from related parties	2,679	(357)
Other receivables	(40)	475
Other receivables from related parties	(2,968)	5,355
Inventories	(25,422)	20,299
Prepayments	659	9,617
Contract liabilities	(525)	(280)
Notes payable	755	(632)
Trade payables	1,330	(3,030)
Trade payables to related parties	(8,277)	61,292
Other payables	15,779	11,223
Other payables to related parties	2,938	(1,128)
Net defined benefit liability	(755)	(2,456)
Cash generated from (used in) operations	7,651	(73,472)
Interest paid	(97,237)	(74,031)
Income tax paid	(7,406)	(31,341)
Net cash used in operating activities	(96,992)	(178,844)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	271,474	-
Cash returns from capital reductions of investments in financial assets at fair value through other comprehensive income	1,928	-
Acquisition of associates	(1,380,000)	(620,000)

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2019	2018
Net cash inflow on disposal of subsidiaries	\$ 222,929	\$ -
Cash returns from capital reduction of associates	-	15,780
Payments for property, plant and equipment	(1,360)	(13,077)
Decrease (increase) in refundable deposits paid	315	(130)
Decrease (increase) in other receivables from related parties	27,111	(570)
Decrease in finance lease receivables - non-current	42,574	-
(Increase) decrease in other financial assets	(27,049)	320,422
Decrease (increase) in other non-current assets	224	(1,256)
Decrease in prepayments for equipment	-	971
Interest received	45,013	24,743
Dividends received from subsidiaries, associates and joint ventures	606,190	258,982
Other dividends received	<u>678,936</u>	<u>287,940</u>
Net cash generated from investing activities	<u>488,285</u>	<u>273,805</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) of short-term borrowings	88,000	(275,000)
(Repayment) proceeds of short-term bills payable	(35,000)	194,953
Proceeds of long-term loans	73,750	585,493
Refund of guarantee deposits received	(1,103)	(922)
Repayment of the principal portion of lease liabilities	(46,973)	-
Payments for buy-back of ordinary shares	(3,955)	(37,118)
Cash dividends paid	<u>(771,781)</u>	<u>(387,390)</u>
Net cash (used in) generated from financing activities	<u>(697,062)</u>	<u>80,016</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(43,226)</u>	<u>42,850</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(348,995)	217,827
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>712,308</u>	<u>494,481</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 363,313</u>	<u>\$ 712,308</u>

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

(Concluded)

Annex 5 : Comparison Table of Amended Articles of the “Rules of Procedure for the Shareholders’ Meetings”

CHIA HSIN CEMENT CORPORATION
Comparison Table of Amended Articles of the “Rules of Procedure for the Shareholders’ Meetings”

After Amendment	Before Amendment	Description
<p>Article 9</p> <p>If the shareholders’ meeting is convened by the board of directors, the meeting agenda should be set by the board of directors. <u>Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda).</u> The meeting should proceed in the order set by the agenda which may not be changed without a resolution of the shareholders’ meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders’ meeting convened by a party with the power to convene which is not the board of directors.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders’ meeting convened by a party with the power to convene which is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders’ meeting. After the chair declares the meeting adjourned, the shareholders may not appoint a new chair to continue the meeting at the same venue or at another venue.</p>	<p>Article 9</p> <p>If the shareholders’ meeting is convened by the board of directors, the meeting agenda should be set by the board of directors. The meeting should proceed in the order set by the agenda which may not be changed without a resolution of the shareholders’ meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders’ meeting convened by a party with the power to convene which is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders’ meeting. After the chair declares the meeting adjourned, the shareholders may not appoint a new chair to continue the meeting at the same venue or at another venue.</p>	<p>In pursuance. Article Amendment No. Taiwan-Stock-Governance-108002422 1 of the Taiwan Stock Exchange Corporation</p>
<p>Article 15</p> <p>When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, <u>and schedule sufficient time for voting.</u></p>	<p>Article 15</p> <p>When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	<p>In pursuance. Article Amendment No. Taiwan-Stock-Governance-108002422 1 of the Taiwan Stock Exchange Corporation</p>
<p>Article 17</p> <p>When the Company holds a</p>	<p>Article 17</p> <p>When the Company holds a</p>	<p>In pursuance. Article Amendment</p>

After Amendment	Before Amendment	Description
<p>shareholders' meeting, it <u>shall adopt exercise of voting rights by electronic means</u> and may adopt exercise of voting rights by correspondence in compliance with the Company Act and regulations.</p> <p>Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When the chair puts forward the relevant resolutions for approval without raising any objection, the resolution shall be deemed approved same as by exercise of voting rights.</p>	<p>shareholders' meeting, it may adopt exercise of voting rights by correspondence or by <u>electronic means</u> in compliance with the Company Act and regulations.</p> <p>Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When the chair puts forward the relevant resolutions for approval without raising any objection, the resolution shall be deemed approved same as by exercise of voting rights.</p>	<p>No. Taiwan-Stock-Governance-108002422 1 of the Taiwan Stock Exchange Corporation</p>
<p>Article 20</p> <p>Matter relating to the resolution of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in</p>	<p>Article 20</p> <p>New Article</p>	<p>In pursuance. Article Amendment No. Taiwan-Stock-Governance-108002422 1 of the Taiwan Stock Exchange Corporation</p>

After Amendment	Before Amendment	Description
<p>the event of an election of directors of supervisors. The minutes shall be retained for the duration of the existence of the Company.</p>		
<p>Article <u>21</u></p> <p>The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification armband bearing the work "Proctor".</p>	<p>Article <u>20</u></p> <p>The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification armband bearing the work "Proctor".</p>	<p>Moved from Article 20 to Article 21</p>
<p>Article <u>22</u></p> <p>The Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.</p>	<p>Article <u>21</u></p> <p>The Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.</p>	<p>Moved from Article 21 to Article 22</p>

III 、 Appendix

Appendix 1:

CHIA HSIN CEMENT CORPORATION Rules of Procedure for the Shareholders' Meetings (Before amendment)

Amended and adopted by the Annual General Shareholders' Meeting dated June 27, 2016

- 1 Except as otherwise provided by laws or regulations, the Corporation's Annual General Shareholders' Meetings shall proceed according to the Rules.
- 2 Attending shareholders may hand in a sign-in card in lieu of signing in.
The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- 3 Attendance and voting right that may be exercised at the Annual General Shareholders' Meeting shall be calculated on the basis of the shares.
- 4 The venue for the Annual General Shareholders' Meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for the Annual General Shareholders' Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- 5 If the Annual General Shareholders' Meeting is convened by the board of directors, the meeting shall be chaired by the Chairman of the board. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall represent in place of the chairperson; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the power of the Vice Chairman, the Chairman shall appoint one of the directors to represent as the chairperson. Where the Chairman does not make such a designation, the directors shall elect one person from among themselves to represent as the chairperson.
If the Annual General Shareholders' Meeting is convened by another party with power to convene but other than the board of directors, the convening party shall chair the meeting.
- 6 The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend the Annual General Shareholders' Meeting without voting capacity. Staff handling administrative affairs of the Annual General Shareholders' Meeting shall wear identification cards or arm bands
- 7 Entire proceedings of Annual General Shareholders' Meeting shall be recorded by audios or video tapes, and preserved for at least one year.
- 8 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent more than half of the total number of issued shares, the chair may postpone the meeting, provided that no more than two such postponements, the total time of the postponements cannot exceed one hour. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, the tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.
When, prior to conclusion of the meeting, the attending shareholders represent more than half of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Annual General Shareholders' Meeting pursuant to Article 174 of the Company Act.
- 9 If the Annual General Shareholders' Meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed according to the agenda, also which may not be changed without a resolution of the Annual General Shareholders' Meeting.
The provisions of the preceding paragraph apply mutatis mutandis to an Annual General Shareholders' Meeting convened by a party with the power to convene that is not the board of directors.

- The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda that has been set as prescribed in the preceding two paragraphs (including extraordinary motions), except by a resolution of the Annual General Shareholders' Meeting. After the meeting was adjourned, the shareholders may not appoint another chair and continue the meeting either at the same or a different venue.
- 10 When the meeting is in progress, the chair may announce a break based on time considerations.
 - 11 Before making the speech, the attending shareholder must specify on a speaker's slip with the subjects of the speech, his/her shareholder account number (or attendance card number), and account name. The orders of speech by which shareholders make will be set by the chair. The shareholder in attendance who has submitted the speaker's slip but does not actually make the speech shall be deemed to have not made the speech. When the contents of the speech do not correspond to the subjects displayed by the speaker's slip, the spoken contents shall prevail. When the attending shareholder makes the speech, other shareholders may not make the speech or interrupt, unless they have sought and obtained the consents of the chair and the shareholder that has the floor; the chair shall stop any violation.
 - 12 Without the consent of the chair, each shareholder may not speak more than twice on the same proposal, and the single speech may not exceed five minutes. If the shareholder's speech violates the rules in the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.
 - 13 When the legal person is appointed to attend as proxy, it may designate only one person to represent the shareholder in the meeting. When the legal person as the shareholder appoints two or more representatives to attend the Annual General Shareholders' Meeting, only one of the representatives appointed may make the speech on the same proposal.
 - 14 After the attending shareholder has made the speech, the chair may respond in person or designate the related persons to respond.
 - 15 When the chair is of the opinion that the proposal has been discussed sufficiently to be put it to the vote, the chair may announce the discussion closed and call for a vote.
 - 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, also they shall be the shareholders of the Corporation. The results of the voting shall be announced on-site at the meeting, and the records shall be made.
 - 17 When the Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The relevant exercising methods shall be arranged in accordance with the provisions set forth in the Company Act and by the competent authority. Except as otherwise provided in the Company Act and in the Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of more than half of the voting rights represented by the attending shareholders. A proposal is deemed to have passed when no attending shareholders gave the dissents after being inquired by the chair and the effect thereof is the same as a vote.
 - 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
 - 19 In case of an air-raid alarm during process of a meeting, the meeting shall be discontinued forthwith for evacuation. The meeting may be resumed an hour after the "all-clear" announcement.
 - 20 The chair may direct the proctors or security personnel to help maintain the order at the meeting. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."
 - 21 The rules and any amendments thereto, shall come into force after the approval by the shareholders' meeting.

Appendix 2

The First Rules on Transfer Repurchased Shares to Employees for the Year of 2020

Chia Hsin Cement Corporation The First Rules on Transfer Repurchased Shares to Employees for the Year of 2020

Article 1	To motivate employees and enhance the internal cohesion in the company, Chia Hsin Cement Corporation (hereinafter “CHC”) adopts “The First Rules on Transfer Repurchased Shares to Employees for the Year of 2020 (hereinafter “the Rules”)” in accordance with Article 28.2.1.1 of R.O.C. Securities and Exchange Law and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” enacted by Financial Supervisory Commission, Executive Yuan, R.O.C. The repurchased shares transferred to employees by CHC, in addition to complying with competent laws and regulations, shall be processed subject to the Rules.
Article 2	The shares repurchased to be transferred to employees are the CHC common shares. Unless otherwise regulated by relevant laws and regulations or the Rules, the rights and obligations of such shares are the same as other outstanding common shares.
Article 3	The repurchased shares can be transferred to employees in one time or several times, such subscription day(s) shall be set within five years from the date of share-repurchase. Chairman is hereby authorized to handle all commencing matter, such as set the payment periods. The shares not transferred within the said time limit shall be deemed as not issued by CHC, and cancellation of the shares and amendment registration shall be processed.
Article 4	With the approval of Board of Directors, employees who have joined CHC or any of its domestic and overseas subsidiaries with direct or indirect holding shares for 50% or above for one year or longer before the subscription day, or who have special contribution to CHC or any of its domestic and overseas subsidiaries with direct or indirect holding shares for 50% or above are entitled to subscribe the amount specified in Article 5 herein. The eligibility will be cancelled if employees leave their jobs between the subscription date and expiration of the time limit set forth for payment on such shares. “Employees” mentioned above includes full-time employees and consultants, and does not set limitation as to nationalities.
Article 5	Taken into consideration the total repurchased shares possessed by CHC on subscription day, and the ceiling amount that an individual employee may subscribe, the number of shares to which employees may subscribe shall be decided and approved by Chairman of Board of Directors based on employees’ rank, seniority and performance, and so forth. Employees who have not paid for such shares upon expiration of the time limit set forth for payment on such shares are deemed to waive such right. If there are unsubscribed shares, Chairman will approach other employees for subscription.
Article 6	The transfer procedure of this share repurchase program is described as follows: 1.CHC is to announce such share-repurchase, report and execute within the implemented period subject to the Board of Directors’ resolution. 2.Board of Directors authorize the Chairman to set and announce employees’ subscription date, the standards for numbers of shares to which employees may subscribe, the period for payment or subscriptions, rights, and limitations, etc.

	3.To calculate the actual share subscription with payment received, and transfer the shares accordingly.
Article 7	The transfer price is to be determined by the average price (rounding to the nearest tenth) of shares repurchased by CHC plus capital cost. If the number of CHC’s common shares increase (or decrease) prior to such transfer, the transfer price can be adjusted accordingly. Equation for transfer price= the average price of shares repurchased by CHC×(the amount of CHC common shares at the time of purchase declaration÷the amount of CHC common shares prior to CHC’s repurchasing shares) + Capital Cost (calculated based on applicable interest rates for a one-year certificate of deposit with Chunghwa Post Co., Ltd)
Article 8	After the repurchased shares are being transferred and registered under employees’ names, unless otherwise specified, the rights and obligations associated with the shares are the same as the original associated with the common shares.
Article 9	As stipulated in Art. 167-3 of R.O.C. Company Act, CHC has the discretion to impose restraint on such repurchased shares from being transferred within one year commencing the date the shares are transferred under employees’ names.
Article 10	The Rules, and any amendments hereto, shall go into effect subject to the Board of Directors’ approval; and shall be reported to the Shareholders’ meeting.
Article 11	The Rules is enacted on March 25, 2020.

Appendix 3:

Chia Hsin Cement Corporation Articles of Incorporation

Amended and adopted by the Annual General Shareholders' Meeting dated June 21, 2019

Chapter I General Provisions

Article 1: The Corporation is organized according to Company Act and the applicable laws. The Corporation is named Chia Hsin Cement Corporation. The name in English is CHIA Hsin CEMENT CORPORATION.

Article 2: The Corporation's businesses are listed as below:

- (1) C901030 Cement Manufacturing
- (2) F111090 Wholesale of Building Materials
- (3) F211010 Retail Sale of Building Materials
- (4) B202010 Nonmetallic Mining
- (5) C901990 Other Non metallic Mineral Products Manufacturing
- (6) F115020 Wholesale of Mineral
- (7) F215020 Retail Sale of Mineral
- (8) B601010 On land Clay and Stone Quarrying
- (9) C901040 Concrete Mixing Manufacturing
- (10) C901050 Cement and Concrete mixing Manufacturing
- (11) H701010 Residence and Buildings Lease Construction and Development
- (12) C601030 Paper Containers Manufacturing
- (13) C501030 Plywood Manufacturing
- (14) C501040 Reconstituted Wood Manufacturing
- (15) C901060 Refractory Materials Manufacturing
- (16) C901070 Stone Products Manufacturing
- (17) CA02010 Metal Architectural Components Manufacturing
- (18) F401010 International Trade
- (19) F113010 Wholesale of Machinery
- (20) F213080 Retail Sale of Machinery and Equipment
- (21) I101080 Industrial and Mining Consultancy
- (22) I103060 Management Consulting Services
- (23) H701020 Industrial Factory Buildings Lease Construction and Development
- (24) G801010 Warehousing and Storage
- (25) G202010 Parking Garage Business
- (26) H701040 Specialized Field Construction and Development
- (27) H701050 Public Works Construction and Investment
- (28) H701060 New County and Community Construction and Investment
- (29) H701070 Land Levy and Delimit
- (30) H701080 Reconstruction within the renewal area
- (31) H701090 Renovation, or maintenance within the renewal area
- (32) H703090 Real Estate Commerce
- (33) H703100 Real Estate Rental and Leasing
- (34) H703110 Senior Citizen's Development
- (35) J101010 Buildings Cleaning Service
- (36) J901020 Hotels and Motels
- (37) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1: Where the Company invests in other companies and becomes a shareholder with limited liability, its total investment may exceed the limitation stipulated under Article 13 of the Company Act.

Article 2-2: The Company may provide guarantee, subject to approval of the Board of Directors.

Article 3: The Corporation sets up its headquarters in Taipei City. If necessary, it may set up branch offices, representative office, business office and manufacturing institutions domestically or abroad.

Article 4: (Deleted)

Chapter II Shares

Article 5: The Corporation's total capital is established at NT\$15 billion, which has been divided into 1.5 billion shares. Each share is NT\$10. Owing to operational necessity, the Board of Directors is authorized to issue the un-issued shares in separate trenches.

Article 5-1: The employees of parents or subsidiaries of the corporation meeting certain specific requirements, are entitled to be transferees of shares bought back by the corporation.

The employees of parents or subsidiaries of the corporation meeting certain specific requirements, are entitled to receive share subscription warrant of the corporation.

The employees of parents or subsidiaries of the corporation meeting certain specific requirements, are entitled to subscribe new share issued by the corporation.

The employees of parents or subsidiaries of the corporation meeting certain specific requirements, are entitled to receive restricted stock for employees issued by the corporation. Article 6: The Corporation may be exempted from printing any stock certificate for the shares issued. However, the Corporation shall appoint a centralized securities custody enterprise/institution to make registration of such shares.

Article 7: Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.

Chapter III Shareholders' Meeting

Article 8: The Annual General meeting of shareholders will be held once every year within six months after close of each fiscal year, while the Extraordinary General meeting of shareholders will be held when necessary.

Unless otherwise provided by the Company Act, the General meetings of shareholders mentioned in the preceding paragraph shall be convened by the board of directors.

Article 9: Notices of Annual General meeting of shareholders shall be delivered to the shareholders 30 days prior to the Annual General meeting of shareholders and 15 days prior to the Extraordinary General meeting of shareholders. The said notices shall specify the date, place and reasons for calling the shareholders' meeting

Article 10: Each share of the Corporation held by the shareholders represent one voting right.

A shareholder may appoint a proxy to attend the Shareholders' Meeting on his/her/its behalf by executing a proxy form printed by the Corporation stating therein the scope of power authorized to the proxy. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy in excess of 3 percent of the voting rights represented by the total number of issued shares shall not be included in the calculation.

Attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies for Attendance of Shareholders' Meeting of Public Companies".

When the Corporation holds the Shareholders' Meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The relevant exercising methods shall be arranged in accordance with the Company Act and the rules by the competent authority.

Unless otherwise provided for in the Company Act, a quorum shall be present at the Shareholders' Meeting of shareholders representing more than half of the shares issued by the Company are in attendance, and resolutions at the said assembly shall be adopted if approved by a majority of the shareholders in attendance.

Article 11: Where the meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the board. When the Chairman is absent, the Vice Chairman shall represent in place of the chairperson; if both the Chairman and Vice Chairman are absent, the Chairman shall appoint one of the directors to represent as the chairperson. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to represent as the chairperson. Where the convener is someone other than the Board of Directors, the meeting shall be chaired by the convener, where there are multiple conveners, the conveners shall select from among themselves one person to represent as the chairperson.

Chapter IV: Directors, Audit Committee, Managerial Officers and Officers

Article 12: The Corporation has 7 to 9 directors, the Board of Directors is authorized to decide the number of directors through board meeting. It adopts a candidate nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates.

There shall be no less than three independent directors, and the number of independent directors shall be no less than one-fifth of elected directors. The election of independent directors shall be held at the Annual General.

Shareholders' Meeting to elect them from among the nominees listed in the roster of independent director candidates. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to the independent directors shall be arranged in accordance with relevant rules set forth by competent authority for securities.

The total registered shares owned by the directors shall be arranged in accordance with rules set forth by competent authority for securities.

Article 13: The term of office of a director shall be three years; but he/she may be eligible for re-election.

The Corporation may purchase the liability insurance for its directors within the term of office of these directors and based on the scope of business operated by these directors to cover the liability for damage born by itself according to laws.

Article 14: The Board of Directors is responsible for organizing the board meeting with duties and powers set forth as below:

1. To approve corporate business plan.
2. To approve articles of incorporation and important contracts.
3. To determine important candidates and regulate the appointment of personnel of each department.
4. To determine the setup of branch offices, operation and manufacturing facilities and the withdrawal and modification of such decisions.
5. To approve budget and final accounting.
6. To decide other important matters.
7. The Corporation may set up special committees which shall individually stipulate its own organizational articles to be approved by resolution of the Corporation's board meeting.

Article 15: The directors shall designate one of them to act as the Chairman; any may designate one of them to act as the Vice Chairman. The Chairman represents the Corporation to manage all business.

Article 16: The Chairman represents the Corporation and manage important business.

Article 17: The Corporation's board meetings, unless otherwise provided for in the Company Act, shall be convened by the Chairman.

Resolutions thereby shall, unless otherwise provided for in the Company Act, be adopted by a majority of the directors at a meeting attended by a majority of the Directors.

If a director cannot attend a meeting in person, he/she/it may appoint another director to attend the meeting on his/her/its behalf.

The notice of the convention of the board of directors meeting may be affected in writing, by e-mail, or fax to inform each director.

Article 18: Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of Independent Directors, and it is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow Company Act, Securities and Exchange Act and related regulations or rules

Article 19: The Corporation has one General Manager, managing business in accordance with the resolutions of the Board of Directors. Appointment and discharge and the remuneration of the General Manager shall be decided in accordance with the provisions provided in Article 29 of the Company Act.

Article 20: The Corporation has multiple Vice General Manager, assisting the General Manager to manage business. Appointment and discharge and the remuneration of the Vice General Manager shall be decided in accordance with the provisions provided in Article 29 of the Company Act.

Article 21: (Deleted)

Article 21-1: The Corporation shall have Auditing Office with one Manager in charge of internal audit. Appointment of the Chief Auditor shall be decided by a majority of the directors at a meeting attended by a majority of the Directors.

Article 22: Deleted.

Article 23: (Deleted)

Article 24: For remunerations of the directors, the board of directors is authorized to decide the amount based on the extent of involvement of each director in the Corporation's business and the value contributed thereby, and by referring to the normal payment standards of the peers domestically and abroad in accordance with related regulations or rules. For remunerations of staffs, the amount shall be proposed by General Manager and approved by the resolutions of the Board of Directors

Chapter V Final Accounting

Article 25: At the end of the Corporation's fiscal year. The board of directors shall prepare the following statements and records and shall forward the same to a regular meeting of shareholders for acknowledgement based on the statutory procedures:

- (1) the business report
- (2) the financial statements
- (3) the surplus earning distribution or loss off-setting proposals.

Article 26: If the Company shows net profit for the year, 0.001% to 3% of profit of the current year should be distributed as employees' remuneration and not more than 3% of the profit of the current year should be distributed as directors' remuneration. The Corporation shall reserve a specific amount to make up for losses in advance, and then distribute the employees' and directors' remuneration according to ratios set out in the preceding paragraph. Employee's remuneration may be distributed in stocks or cash, and the counterparty to whom stocks or cash are distributed to as employee's remuneration may include the employees of its parents or subsidiaries that meet certain criteria; whereas directors' remuneration shall be distributed only in cash.

The Company may, by resolution adopted by a majority vote at the Board Meeting attended by two-thirds of the total number of Directors, to determine the distribution of employee's and directors' compensation and a report of such distribution shall be submitted to the shareholders' meeting.

When the Corporation makes the final accounting to obtain a net income, after losses have been covered and at the time of allocating surplus profits, it shall first set aside

part of such profits as a legal reserve. It may set aside or reverse a special reserve or retain surplus earnings with discretion in accordance with the relevant laws from the balance plus undistributed earnings. After that, it may adjust the amount of current unallocated surplus and calculate the current divisible surplus, after adding up the unappropriated retained earnings, the board of directors shall draw up a surplus earnings distribution proposal containing the distribution ratio calculated in accordance with the dividend policies under Paragraph 4 and Paragraph 5 of this Article to be resolved by the Annual General Shareholders' Meeting.

The Corporation shall adopt the Residual Dividend Policy. a reasonable retained surplus amount shall be reserved in consideration of cash expenditure and capital requirement of the upcoming fiscal year. Where there is remaining surplus, it may then be distributed as shareholder dividends.

The shareholder cash dividend shall be not less than 10% of the shareholders' dividend distributed in the same year. The remaining surplus will be distributed as stock dividend.

Article 26-1: The Corporation may distribute new shares or cash to shareholders based on the original shareholding ratios of shareholders from its reserve in accordance with the provisions of the Company Act.

Chapter VI Supplementary Provisions

Article 27: The organizational rules and articles of incorporation shall be drawn and amended additionally.

Article 28: Matters not regulated in the Articles, if any, shall be conducted in accordance with the provisions of the Company Act and other applicable laws.

Article 29: The Articles were established on November 8, 1954; the 1st amendment was on February 6, 1957; the 2nd amendment was on February 23, 1959; the 3rd amendment was on May 4, 1961; the 4th amendment was on April 28, 1962; the 5th amendment was on March 19, 1967; the 6th amendment was on April 5, 1968; the 7th amendment was on June 25, 1969; the 8th amendment was on April 25, 1971; the 9th amendment was on April 28, 1973; the 10th amendment was on May 18, 1974; the 11th amendment was on April 26, 1975; the 12th amendment was on April 24, 1976; the 13th amendment was on April 30, 1977; the 14th amendment was on April 22, 1978; the 15th amendment was on April 21, 1979; the 16th amendment was on April 26, 1980; the 17th amendment was on May 2, 1981; the 18th amendment was on May 15, 1982; the 19th amendment was on May 28, 1983; the 20th amendment was on May 19, 1984; the 21st amendment was on May 11, 1985; the 22nd amendment was on April 16, 1986; the 23rd amendment was on April 9, 1987; the 24th amendment was on April 29, 1988; the 25th amendment was on May 5, 1989; the 26th amendment was on July 29, 1989; the 27th amendment was on April 17, 1991; the 28th amendment was on April 30, 1992; the 29th amendment was on April 22, 1993; the 30th amendment was on April 8, 1994; the 31st amendment was on April 20, 1995; the 32nd amendment was on May 11, 1996; the 33rd amendment was on May 8, 1997; the 34th amendment was on May 19, 1998; the 35th amendment was on June 7, 1999; the 36th amendment was on May 24, 2000; the 37th amendment was on May 31, 2001; the 38th amendment was on May 29, 2002; the 39th amendment was on June 5, 2003; the 40th amendments were on June 10, 2005; the 41st amendment was on June 9, 2006; the 42nd amendment was on June 18, 2010; the 43rd amendment was on June 18, 2010; the 44th amendment was on June 9, 2011; the 45th amendment was on June 13, 2012; the 46th amendment was on June 19, 2013; the 47th amendment was on June 18, 2015; the 48th amendment was on June 27, 2016; the 49th amendment was on June 21, 2019 .

Appendix 4:

Shareholdings of All Directors

Chia Hsin Cement Corporation Directors' Shareholding Status

Base date: April 24, 2020

Position title	Name and representative	Appointed Period	Number of shares held at the time of appointment		Number of shares currently held	
			Number of shares	As a percentage (%) to then issued shares	Number of shares	As a percentage (%) to then issued shares
Chairman	Jason K. L. Chang	2019.6.21 ~ 2022.6.20	4,478,396	0.58	4,478,396	0.58
Independent Director	Kua-Terng Su	2019.6.21 ~ 2022.6.20	0	0	0	0
Independent Director	Chia-Shen Chen	2019.6.21 ~ 2022.6.20	0	0	0	0
Independent Director	Kuan-Ming Chen	2019.6.21 ~ 2022.6.20	0	0	0	0
Director	Chi-Te Chen	2019.6.21 ~ 2022.6.20	680,813	0.09	680,813	0.09
Director	Pan Howard Wei-Hao (Representative of Tong Yang Chia Hsin International Corp.)	2019.6.21 ~ 2022.6.20	127,370,320	16.44	127,370,320	16.44
Director	Jeffrey H. H. Wang (Representative of Tong Yang Chia Hsin International Corp.) (Note 4)	2019.6.21 ~ 2022.6.20	127,370,320	16.44	127,370,320	16.44

Note: 1. Actual Paid-in capital on April 24, 2020: 7,747,805,480 NTD(774,780,548 shares).

- The minimum shares required to be held by the entire body of directors of the Corporation shall not be lower than 24,792,977 shares (3.2%).
As of April 24, 2020, the numbers of shares held by the entire body of directors were 132,529,529 shares (17.11%).
As of April 24, 2020, the numbers of shares held by the entire body of independent directors were 0 share.
- (In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies": The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.)
- The shares required to be held by the entire body of directors is in accordance with the requirements set forth in "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public.
- Director Jeffrey H.H. Wang (Representative of Tong Yang Chia Hsin International Corp.) passed away on January 13, 2020 and was automatically dismissed from his position.

Appendix 5:

Other matters :

Handling of shareholders' proposals to be discussed at the 2019 Annual General Meeting is described as follows :

In accordance Article 172-1 of the Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words.

The proposing period is from April 6th to April 16th, 2020 and the information is posted on Market Observation Post System in accordance with relevant laws.

As of April 16th, 2020, the Company has not received any shareholder's proposal for discussion.



嘉新企業團
CHIA HSIN CEMENT GROUP

CHIA HSIN CEMENT CORPORATION

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A decorative graphic at the bottom of the page consisting of several overlapping, wavy bands of blue in various shades, ranging from light sky blue to a deep cerulean. The waves flow from the left towards the right, creating a sense of movement and depth.