

Stock Code : 1103



# CHIA HSIN CEMENT CORPORATION

## 2021 Annual Meeting of Shareholders

### Meeting Handbook



Meeting Date: 9:00 a.m., Thursday, June 17, 2021

Meeting Venue: 1F, No. 96, ZhongShan N. Rd., Sec. 2, Taipei, Taiwan

Market Observation Post System: [mops.twse.com.tw](http://mops.twse.com.tw)

Chia Hsin Cement Corporation: [www.chcgroup.com.tw](http://www.chcgroup.com.tw)

(Venue of the Shareholders' Meeting subject to change due to COVID-19 pandemic prevention measures and will be published in due course on the Market Observation Post System)

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Chia Hsin Cement Corporation  
2021 Annual General Shareholders' Meeting

**I · Meeting Agenda**

- 1 · Date : 9:00 a.m., Thursday, June 17, 2021
- 2 · Venue : 1F, No. 96, ZhongShan N. Rd., Sec. 2, Taipei, Taiwan  
(Venue of the Shareholders' Meeting subject to change due to COVID-19 pandemic prevention measures and will be published in due course on the Market Observation Post System)
- 3 · Commencement of the Meeting
- 4 · Chairman's Address
- 5 · Matters to Report
  - (1) To report 2020 Employees' and Directors' Compensation
  - (2) To report 2020 Business and Financial Statements
  - (3) To report Audit Committee's Review of 2020 Business and Financial Statements
  - (4) To report shareholder's proposal
  - (5) Other matters
- 6 · Matters for Ratification
  - (1) To accept 2020 Business and Financial Statements
  - (2) To accept 2020 Earnings Distribution
- 7 · Matters for Discussion
  - (1) To amend the Rules of Procedures for the Shareholders' Meeting
  - (2) To amend the Rules for Election of Directors
- 8 · Special Motion
- 9 · Meeting Adjourned

# Matters to Report

## 1 、 2020 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 1,844,685,900 in 2020 (amounting to net income before taxes deducts profit before allocating employees' and directors' compensation). In accordance with the aforementioned rule, the Company proposes to allocate around 0.3903%, which equals to NT\$ 7,200,000 in cash as employees' compensation and around 0.9758%, which equals NT\$ 18,000,000 as directors' compensation.

## 2 、 2020 Business and Financial Statements

### 【 Business Report 】

The sudden outbreak of the COVID-19 pandemic disease in early 2020 severely affected the global economy. As many countries started easing monetary policies, causing the interest rates continue to fall. Whereas, taking the proper measures and epidemic prevention control, Taiwan's economic growth in export trades raised significantly due to the rapid increase in demand of semiconductor and 3C products. On top of that, Taiwan also benefited from the wave of repatriated offshore funds caused by the Sino-US trade war which subsequently leads to booming of the real estate market. As a result, the Company's cement, sand and gravel, and logistics and warehousing businesses were hardly affected by the epidemics. Nevertheless, there was still strong impact on the newly opened Hotel Collective in Naha, Okinawa in early 2020 and the local healthcare business in Taiwan. In light of vaccinations being administered across the world this year, we expect to see a significant improvement of business operations in the hospitality industry. We believe, with Japan and other countries starting to accelerate its vaccination program, our hotel operations in Okinawa will gradually recover in the latter half of 2021.

The InterContinental Okinawa Chura SUN Resort, the Company's hotel collaboration project in Toyosaki with the InterContinental Hotel Group (IHG) is progressing on schedule. Currently, the design phase has almost come to the end and hotel constructions will be contracted out in 2021. Moreover, due to the severe impact of the pandemic brought to the hospitality business, many hotels are available on the market for equity transfer. The Company took the opportunity and invested by acquiring around 20% of LDC Hotel Resort Group's equity and formally tapped into Taiwan hotel market. The aforementioned investment is built upon its previous joint venture in 2015 with LDC on A.ROMA Lifestyle Hotel in Italy and further elaborates this business partnership to create a WIN-WIN outcome.

Being the Company's focus of investment, Taiwan Cement Ltd., has its major source of income generated from its cement sales in China. Its profit in 2019 set a record-high and in 2020, the Company benefited from receiving NTD 770 million in cash dividend. Ever since the breakout of pandemics in early 2020, China has implemented extreme lockdown measures enacted by the Chinese government to prevent the disease from spreading. Subsequently, the economy rebounded strongly and production activities became more and more vigorous. With the same booming economy across the straits, Taiwan Cement's profits continued to grow in 2020.

#### 1. Operational report:

Due to the opening of the Okinawa hotel in 2020, the Company and its subsidiaries' revenues came to a total of NTD 2,058,417 thousand in 2020 which

rose by NTD 174,415 thousand with a 9.26% growth rate comparing to the revenue of NTD 1,884,002 thousand in 2019.

## **2. Main Production and Sales Distribution:**

### **(1)Cement sales:**

455,000 metric tons of cement were sold in Taiwan.

### **(2)Real estate leasing:**

The main revenue comes from rentals of Chia Hsin Cement Building with a comprehensive leasing rate of 94.49%.

### **(3)Logistics and warehousing:**

The Taipei Port loading and unloading business totaled 1.923 million metric tons of coal and 2.825 million metric tons of sand and gravel and other bulk cargos.

### **(4)Hospitality service:**

Operation revenue in 2020 was approximately NTD 180 million which includes revenues from Hotel Collective Naha, Okinawa and Jaho Life Plus+, Taiwan.

## **3. Financial Report**

In 2020, the Company's consolidated net profit before tax from continuing operations was NTD 2,106,042 thousand, the consolidated net profit after tax from continuing operations was NTD 1,836,495 thousand; the net profit after tax from discontinued operations was NTD 1,499 thousand, the consolidated net profit after tax of the year was NTD 1,837,994 thousand; the net profit after tax attributable to owners of the Company was NTD 1,764,366 thousand. The Company's earnings per share (after tax) was NTD 2.74, total assets in the consolidated financial statements totaled NTD 40,646,227 thousand and the total liabilities was NTD 15,628,878 thousand; current ratio was 385% and total equity attributable of the Company totaled NTD 24,182,147 thousand with the self-owned capital ratio of 60%.

## **4. Other Major Events to Report:**

Chia Hsin Cement Group subsidiary Chia Hsin Property Management & Development Corporation announced an open bid in November 2020 for the disposal of land and building in Luzhu District, Taoyuan City. Final bidding price was NTD 1.687 billion with a gain on disposal of NTD 1.569 billion. Final payment was collected and the real estate transfer and handover completed at end the year.

Chairman: Chang Kang-Lung

President: Chi Shih-Chu

Accounting Supervisor: Mars Feng

### 3 、 Audit Committee's Review of 2020 Business and Financial Statements

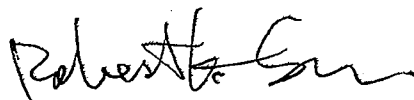
#### Chia Hsin Cement Corporation

#### Audit Committee's Review Report

We have examined the Company's 2020 Business Report, Financial Statements of December 31, 2020, 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 2021 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:

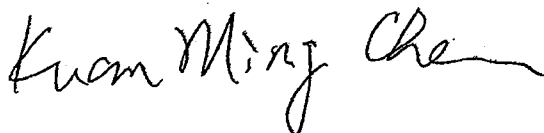
Su, Robert K.



Chen, Chia-Shen



Chen, Kuan-Ming



Mar. 29, 2021

## **4 、 To report shareholder's proposal**

The Proposal by Shareholders Huang Jun-Jung and Lu Kuei-Mei :

Brief : To propose the Company to Accelerate the Revitalization of Liquid Asset to Better Improve Efficiency and Effectiveness of Operations and Shareholders' Interests.

Description :

- (i) The Company owns a huge asset value of land and buildings. Although the Company is actively renting out its land and buildings, the rate of return turns out to be only about 1% of the asset value, which is relatively low.
- (ii) Last year, the Company sold its land and building in Luzhu District, Taoyuan City for NTD 1.686 billion and benefited a profit up to about 1.4 billion. Subsequently, the Company made reinvestment by acquiring 23% shareholding of LDC Hotel Resort Group. This wise move and decision made are believed to increase the rate of return on assets by a significant amount.
- (iii) As a result, we would like to suggest the Company to accelerate the revitalization of its liquid asset according the aforementioned business model of the land sale in Taoyuan to better improve the efficiency and effectiveness of operations and shareholders' interests.

Additional Remarks from the Board of Directors :

In addition to selling land and buildings, the Company's entire management team together with the Board will exercise in their power to make assessments, strategy planning and determination in time to develop other business models on revitalization of liquid asset. The planning will be evaluated based on the Company's business financial status, capital needs, type and location of the property, marketing positioning and current market status; and to align with the Company's business strategy, long term or short term, current real estate market status and local regulations so as to achieve the Company's goal of operating performance and at the same time protect the interests of all shareholders.



## 5 、 Other Matters

### (1) Implementation of 2020 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, most of the 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, 2020, the total endorsements/guarantees issued by the Company and its subsidiaries amounted to NTD 10,835,260 thousand 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 & Development Corporation	1,480,000
	LDC ROME HOTELS S.R.L.	447,600
	CHC Ryukyu Development GK	607,860
	CHC Ryukyu COLLECTIVE KK	1,657,800
The Company total		<b>4,193,260</b>
Chia Hsin Property Management & Development Corporation	Chia Hsin Cement Corporation	6,640,000
Jaho Life Plus+ Management Corp., Ltd.	Gemcare Maternity Center	1,000
	Gemcare Dunhua Maternity Center	1,000
Subsidiaries total		<b>6,642,000</b>
The corporation and its subsidiaries total		<b>10,835,260</b>

# Matters for Ratification

## 【 1 、 To Accept 2020 Business and Financial Statements 】

(Proposed by the Board of Directors)

Description :

- 1 、 The Company's 2020 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 accept the aforementioned Business Report and Financial Statements.

Annex :

- 1 、 2020 Business Report : Please refer to pages 3~4.
- 2 、 Independent Auditors' Report: Please refer to pages 9~16.
- 3 、 Financial Statements : Please refer to pages 23~37. (Annex 1)

Explanatory Notes: The Company's 2020 Business Report and Financial Statements are available on website. (<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, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is 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, 2020, the amount of revenue from the sales of cement was \$1,008,790 thousand, which accounted for 49% of the consolidated total operating revenue. Due to the concentration of sales to target clients in the Group's cement business, longer credit period or turnover days of those clients and the materiality of the transactions, we considered the transactions with such clients as a key audit matter.

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 design and implementation of internal controls over the sales of cement and tested the effectiveness of the relevant controls over 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 bills 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 conditions 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, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's 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 group audit. We remain solely responsible for our audit opinion.

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

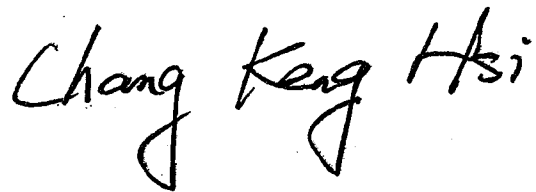
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China



March 29, 2021

Notice to Readers

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

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

### 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, 2020 and 2019, 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's financial statements for the year ended December 31, 2020 is 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, 2020, the amount of revenue from the sales of cement was \$1,002,463 thousand, which accounted for 85% of the total operating revenue. Due to the concentration of sales to target clients in the Company's cement business, longer credit period or turnover days of those clients and the materiality of the transactions, we considered the transactions with such clients as a key audit matter.

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 design and implementation of internal controls over the sales of cement and tested the effectiveness of the relevant controls over sales transactions; we designed the audit procedures responsive to the risks identified.
2. We obtained list of sales order from main clients and inspected the supporting documents, such as registration card for sale of cement and bills 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 conditions 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China



March 29, 2021

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## **【 2 、 To Accept 2020 Earnings Distribution 】**

( Proposed by the Board of Directors )

Description :

- 1 、 Table of 2020 earnings distribution is herewith made in accordance with Article 26 of the Company's Articles of Incorporation. Please refer to page 18.
- 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 2020 available for distribution are NT\$1,651,591,012 including 2020 net profit after tax of NT\$1,764,366,025, adding the reversal of special reserve appropriated by the first application rule No.1010012865 issued by FSC of NT\$70,346,900, adding re-measurement of defined benefit plan recognized in retained earnings of NT\$1,256,544 and less retained earnings adjusted for investment accounted for using equity method of NT\$868,344 and less legal reserve required by law of NT\$183,510,113. It is proposed to set aside NT\$1,079,560,367 as dividend to shareholders (estimated NT\$1.4 cash dividend per share). The above dividend shall be first distributed from 2020 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 Chairman to fully execute the adjustment of the rate of distribution.
- 5 、 The cash dividend distribution will authorize the Chairman of the Board with full powers to set the ex-dividend date and deal with distribution matters. The cash dividend distributed to each shareholder will be rounded down to the nearest whole number; all numbers after the decimal will be truncated. The total of the truncated NTD amounts will be recognized in "other income."
- 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 accept the aforementioned proposal.

Resolution :

CHIA HSIN CEMENT CORPORATION  
Earnings Distribution Table of the Year 2020

Unit: NT\$

Item	Amount	
Opening Unappropriated Retained Earnings (Unappropriated Retained Earnings listed in the 2020 Annual General meeting of shareholders)		5,223,282,237
Add (Less) :		
<b>Add</b> : Net profit for 2020	1,764,366,025	
<b>Add</b> : Reversal of special reserve appropriated by the first application rule No.1010012865 issued by FSC	70,346,900	
<b>Add</b> : Re-measurement of defined benefit Plan recognized in retained earnings	1,256,544	
<b>Less</b> : Retained earnings adjusted for investment accounted for using equity method	(868,344)	
<b>Less</b> : 10% Legal Reserve	(183,510,113)	
Earnings in 2020 Available for Distribution		1,651,591,012
Retained Earnings Available for Distribution as of December 31, 2020		6,874,873,249
Less : Distribution Item		
Stock Dividends to Common Share Holders (NT\$0 per share)		0
Cash Dividends to Common Share Holders (NT\$1.4 per share)		(1,079,560,367)
Unappropriated Retained Earnings		5,795,312,882

Chairman: Chang Kang-Lung

President: Chi Shih-Chu

Accounting Supervisor: Mars Feng

# Matters for Discussion

## **【 1 、 To amend the Rules of Procedures for the Shareholders' Meeting 】**

( Proposed by the Board of Directors )

- 1 、 To comply with Taiwan Stock Exchange Corporation's announcement Tai-zheng-zhi-li-zi Order No.1100001446 dated January 28, 2021 the amendments of Rules of Procedure for the Shareholders' Meeting. Please refer to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders' Meeting".
- 2 、 In compliance with the above mentioned regulation, please refer to the Comparison Table for " Rules of Procedure for the Shareholders' Meeting " before and after revisions are attached hereto as Attachment II on pages 38-40. (Annex 2)
- 3 、 Please Discuss the matter.

Resolution :

## **【 2 、 To amend the Rules for Election of Directors 】**

( Proposed by the Board of Directors )

- 1 、 To comply with Taiwan Stock Exchange Corporation's announcement Tai-zheng-zhi-li-zi Order No.1090009468 dated June 3, 2020 the amendments of Rules for Election of Directors. Please refer to the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors".
- 2 、 In compliance with the above mentioned regulation, please refer to the Comparison Table for "Rules for Election of Directors" before and after revisions attached hereto as Attachment III on pages 41-43. (Annex 3)
- 3 、 Please Discuss the matter.

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Resolution :

Special Motions :

Meeting Adjourned ◦

## II 、 Annex



# Annex 1 : 2020 Financial Statements

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,375,981	8	\$ 2,066,897	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,091,077	3	1,619,603	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,713,193	7	2,631,817	7
Financial assets at amortized cost - current (Notes 4 and 14)	4,065,846	10	3,418,015	9
Notes receivable (Notes 4, 5, 9 and 27)	147,422	1	165,280	1
Trade receivables (Notes 4, 5, 9 and 27)	108,712	-	61,142	-
Trade receivables from related parties (Notes 4, 5, 27 and 37)	4,041	-	2,680	-
Finance lease receivables - current (Notes 4, 5 and 11)	2,618	-	2,504	-
Other receivables (Notes 4 and 10)	33,016	-	403,004	1
Other receivables from related parties (Notes 4 and 37)	19,435	-	125,707	-
Current tax assets (Notes 4 and 29)	1,197	-	775	-
Inventories (Notes 4 and 12)	61,497	-	44,910	-
Prepayments (Note 21)	100,846	-	72,733	-
Disposal groups held for sale (Notes 4 and 13)	-	-	42,537	-
Refundable deposits - current (Note 4)	1,639	-	-	-
<b>Total current assets</b>	<b>11,726,520</b>	<b>29</b>	<b>10,657,604</b>	<b>28</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	10,895,230	27	10,548,178	27
Financial assets at amortized cost - non-current (Notes 4, 14 and 38)	25,794	-	23,588	-
Investments accounted for using the equity method (Notes 4 and 16)	3,628,571	9	2,649,668	7
Property, plant and equipment (Notes 4, 17 and 38)	6,195,433	15	6,535,574	17
Right-of-use assets (Notes 4 and 18)	1,786,356	4	1,840,905	5
Investment properties (Notes 4, 19, 37 and 38)	6,138,701	15	6,230,263	16
Intangible assets (Notes 4 and 20)	11,347	-	5,518	-
Deferred tax assets (Notes 4 and 29)	174,983	1	160,635	-
Refundable deposits - non-current (Note 4)	32,990	-	30,195	-
Finance lease receivables - non-current (Notes 4, 5 and 11)	6,879	-	9,496	-
Other non-current assets (Note 21)	23,423	-	29,010	-
<b>Total non-current assets</b>	<b>28,919,707</b>	<b>71</b>	<b>28,063,030</b>	<b>72</b>
<b>TOTAL</b>	<b>\$ 40,646,227</b>	<b>100</b>	<b>\$ 38,720,634</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 22 and 38)	\$ 1,564,000	4	\$ 800,600	2
Short-term bills payable (Note 22)	136,773	-	269,758	1
Contract liabilities - current (Notes 4 and 27)	13,154	-	9,479	-
Notes payable (Note 23)	3,011	-	2,906	-
Trade payables (Note 23)	76,579	-	110,538	1
Trade payables to related parties (Note 37)	73,132	-	83,580	-
Other payables (Note 24)	345,715	1	830,712	2
Other payables to related parties (Note 37)	89	-	-	-
Current tax liabilities (Notes 4 and 29)	137,173	1	53,677	-
Liabilities directly associated with disposal group held for sale (Note 13)	-	-	380,771	1
Lease liabilities - current (Notes 4 and 18)	124,926	-	107,050	-
Advance receipts (Note 24)	11,829	-	41,359	-
Current portion of long-term borrowings (Notes 22 and 38)	528,223	1	983,678	3
Guarantee deposits - current (Note 37)	19,768	-	25,202	-
Other current liabilities (Note 24)	8,093	-	1,150	-
<b>Total current liabilities</b>	<b>3,042,465</b>	<b>7</b>	<b>3,700,460</b>	<b>10</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 22 and 38)	8,771,785	22	7,553,594	20
Deferred tax liabilities (Notes 4 and 29)	1,559,363	4	1,511,484	4
Lease liabilities - non-current (Notes 4 and 18)	1,723,014	4	1,737,410	4
Deferred revenue - non-current (Notes 24 and 31)	437,169	1	441,549	1
Net defined benefit liabilities - non-current (Notes 4 and 25)	1,007	-	3,208	-
Guarantee deposits - non-current (Note 37)	94,075	-	96,704	-
<b>Total non-current liabilities</b>	<b>12,586,413</b>	<b>31</b>	<b>11,343,949</b>	<b>29</b>
<b>Total liabilities</b>	<b>15,628,878</b>	<b>38</b>	<b>15,044,409</b>	<b>39</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)</b>				
Share capital				
Ordinary shares	7,747,805	19	7,747,805	20
Capital surplus	960,402	3	847,377	2
Retained earnings				
Legal reserve	2,319,663	6	2,143,611	6
Special reserve	2,275,704	6	2,346,051	6
Unappropriated earnings	7,058,382	17	6,171,113	16
Total retained earnings	11,653,749	29	10,660,775	28
Other equity	4,939,214	12	4,654,268	12
Treasury shares	(1,119,023)	(3)	(1,096,783)	(3)
<b>Total equity attributable to owners of the Company</b>	<b>24,182,147</b>	<b>60</b>	<b>22,813,442</b>	<b>59</b>
<b>NON-CONTROLLING INTERESTS (Note 26)</b>	<b>835,202</b>	<b>2</b>	<b>862,783</b>	<b>2</b>
<b>Total equity</b>	<b>25,017,349</b>	<b>62</b>	<b>23,676,225</b>	<b>61</b>
<b>TOTAL</b>	<b>\$ 40,646,227</b>	<b>100</b>	<b>\$ 38,720,634</b>	<b>100</b>

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

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 37)	\$ 2,058,417	100	\$ 1,884,002	100
OPERATING COSTS (Notes 12, 28 and 37)	<u>(2,202,158)</u>	<u>(107)</u>	<u>(1,685,405)</u>	<u>(89)</u>
GROSS PROFIT (LOSS)	<u>(143,741)</u>	<u>(7)</u>	<u>198,597</u>	<u>11</u>
OPERATING EXPENSES (Notes 9, 10, 13, 28 and 37)				
Selling and marketing expenses	(30,794)	(1)	(13,233)	(1)
General and administrative expenses	(572,267)	(28)	(620,874)	(33)
Expected credit (loss) gain	<u>(94)</u>	<u>-</u>	<u>724</u>	<u>-</u>
Total operating expenses	<u>(603,155)</u>	<u>(29)</u>	<u>(633,383)</u>	<u>(34)</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 28 and 37)	<u>1,569,463</u>	<u>76</u>	<u>-</u>	<u>-</u>
GAIN (LOSS) FROM OPERATIONS	<u>822,567</u>	<u>40</u>	<u>(434,786)</u>	<u>(23)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 28 and 37)				
Interest income	84,861	4	107,806	6
Other income	927,568	45	1,096,223	58
Other gains and losses	372,015	18	294,329	16
Finance costs	(163,580)	(8)	(125,646)	(7)
Share of profit or loss of associates and joint ventures	<u>62,611</u>	<u>3</u>	<u>47,845</u>	<u>3</u>
Total non-operating income and expenses	<u>1,283,475</u>	<u>62</u>	<u>1,420,557</u>	<u>76</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,106,042	102	985,771	53
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(269,547)</u>	<u>(13)</u>	<u>(167,261)</u>	<u>(9)</u>
NET PROFIT FROM CONTINUING OPERATIONS	1,836,495	89	818,510	44
NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13)	<u>1,499</u>	<u>-</u>	<u>590,161</u>	<u>31</u>
NET PROFIT FOR THE YEAR	<u>1,837,994</u>	<u>89</u>	<u>1,408,671</u>	<u>75</u>

(Continued)

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 25, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,142	-	\$ 1,783	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	408,679	20	3,107,358	165
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	(45,256)	(2)	158,594	9
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(429)</u>	<u>-</u>	<u>(356)</u>	<u>-</u>
	<u>365,136</u>	<u>18</u>	<u>3,267,379</u>	<u>174</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(79,343)	(4)	(167,235)	(9)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	(3,907)	-	(1,977)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>18,343</u>	<u>1</u>	<u>42,974</u>	<u>2</u>
	<u>(64,907)</u>	<u>(3)</u>	<u>(126,238)</u>	<u>(7)</u>
Other comprehensive income for the year, net of income tax	<u>300,229</u>	<u>15</u>	<u>3,141,141</u>	<u>167</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,138,223</u>	<u>104</u>	<u>\$ 4,549,812</u>	<u>242</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,764,366	86	\$ 1,297,473	69
Non-controlling interests	<u>73,628</u>	<u>3</u>	<u>111,198</u>	<u>6</u>
	<u>\$ 1,837,994</u>	<u>89</u>	<u>\$ 1,408,671</u>	<u>75</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,051,467	100	\$ 4,326,485	230
Non-controlling interests	<u>86,756</u>	<u>4</u>	<u>223,327</u>	<u>12</u>
	<u>\$ 2,138,223</u>	<u>104</u>	<u>\$ 4,549,812</u>	<u>242</u>

(Continued)

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

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	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 30)				
From continuing and discontinued operations				
Basic	<u>\$ 2.74</u>		<u>\$ 2.02</u>	
Diluted	<u>\$ 2.74</u>		<u>\$ 2.01</u>	
From continuing operations				
Basic	<u>\$ 2.74</u>		<u>\$ 1.10</u>	
Diluted	<u>\$ 2.74</u>		<u>\$ 1.09</u>	

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

(Concluded)

**CHIA HSIEN CEMENT CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus		Retained Earnings		Unappropriated Earnings		Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Balance	Change	Balance	Change	Balance	Change	Balance	Change	Balance	Change				
BALANCE, JANUARY 1, 2019	\$ 7,747,805	-	\$ 703,931	-	\$ 2,073,636	-	\$ 5,255,303	-	\$ (228,835)	-	\$ (1,186,544)	\$ 19,022,761	\$ 1,900,007	\$ 20,922,768
Appropriation of 2018 earnings (Note 26)	-	-	-	-	69,975	-	(69,975)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(771,781)	-	-	-	-	(771,781)	-	(771,781)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	1,297,473	-	(119,006)	-	-	1,297,473	111,198	1,408,671
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	3,002	-	-	-	-	3,029,012	112,129	3,141,141
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	1,300,471	-	(119,006)	-	-	4,326,485	223,327	4,549,812
Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26)	-	-	111,041	-	-	-	-	-	-	-	-	111,041	-	111,041
Changes in percentage of ownership interests in subsidiaries (Notes 26 and 32)	-	-	24,925	-	-	-	121,046	-	2,770	-	93,716	121,411	(1,187,795)	(1,066,384)
Changes in investment of associates accounted for using the equity method (Note 26)	-	-	-	-	-	-	48,301	-	-	-	-	-	-	-
Decreases in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	-	-	(75,574)	(75,574)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 26)	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	7,480	188	7,668
BALANCE, DECEMBER 31, 2019	7,747,805	-	847,377	-	2,143,611	-	6,171,113	-	(343,071)	-	(1,096,783)	22,813,442	862,783	23,676,225
Appropriation of 2019 earnings (Note 26)	-	-	-	-	176,052	-	(176,052)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	70,347	-	-	-	-	-	-	-
Reverse of special reserve	-	-	-	-	-	-	(771,781)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	1,764,366	-	(61,154)	-	-	1,764,366	73,628	1,837,994
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	2,153	-	-	-	-	2,871,001	13,128	3,004,229
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	1,766,521	-	(61,154)	-	-	2,051,467	86,756	2,138,223
Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26)	-	-	111,248	-	-	-	-	-	-	-	-	111,248	-	111,248
Acquisition of interests in subsidiaries (Notes 15 and 33)	-	-	(538)	-	-	-	(1,766)	-	-	-	-	(2,304)	(19,927)	(22,231)
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	-	-	(94,469)	(94,469)
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	-	(22,240)	(22,240)	-	-	(22,240)
Unclaimed dividends extinguished by prescription (Note 26)	-	-	2,315	-	-	-	-	-	-	-	-	2,315	59	2,374
BALANCE, DECEMBER 31, 2020	\$ 7,747,805	-	\$ 960,402	-	\$ 2,319,663	-	\$ 7,058,382	-	\$ (404,225)	-	\$ (1,119,023)	\$ 24,182,167	\$ 835,202	\$ 25,017,369

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	\$ 2,106,042	\$ 985,771
Income before income tax from discontinued operations	<u>1,499</u>	<u>590,161</u>
Income before income tax	<u>2,107,541</u>	<u>1,575,932</u>
Adjustments for:		
Depreciation expenses	570,326	319,043
Amortization expenses	2,508	320
Expected credit loss (gain)	94	(724)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,682)	(333,681)
Finance costs	163,580	125,646
Interest income	(88,828)	(118,357)
Dividend income	(807,947)	(1,022,944)
Share of profit of associates and joint ventures	(62,611)	(47,845)
Gain on disposal of property, plant and equipment	(64,356)	(78)
Expense transferred from property under construction	1,358	-
(Gain) loss on disposal of investment properties	(1,569,463)	6,547
Gain on lease modification	(45)	(39)
Gain on disposal of assets held for sale	(335,919)	(597,422)
Gain on disposal of partial interests in subsidiaries	-	(11,227)
Loss on disposal of associates and joint ventures accounted for using the equity method	5,822	-
Gain on disposal of subsidiaries	(92,073)	-
Impairment loss recognized on non-financial assets	366	514
Impairment loss recognized on property, plant and equipment and right-of-use assets	56,980	-
Reversal of deferred revenue	(12,310)	-
Net loss on foreign currency exchange	36,937	47,928
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	573,921	280,814
Notes receivable	18,057	29,996
Trade receivables	(47,866)	43,867
Trade receivables from related parties	(1,361)	3,163
Other receivables	323,663	(339,122)
Inventories	(16,941)	(28,844)
Prepayments	(29,887)	90,259
Contract liabilities	3,865	2,299
Notes payable	105	755
Trade payables	(33,959)	(44)
Trade payables to related parties	(10,448)	(6,269)
Other payables	107,347	4,938
Advanced receipts	(2,451)	39,683
Other current liabilities	7,045	(126)
Net defined benefit liability	<u>(59)</u>	<u>(923)</u>
Cash generated from operations	801,309	64,059

(Continued)

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020	2019
Interest paid	\$ (133,714)	\$ (182,198)
Income tax paid	<u>(136,764)</u>	<u>(51,049)</u>
Net cash generated from (used in) operating activities	<u>530,831</u>	<u>(169,188)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(10,000)	-
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
Purchase of financial assets at amortized cost	(644,164)	(88,429)
Cash return of capital due to liquidation of associates and joint ventures accounted for using the equity method	184,358	-
Acquisition of associates	(1,144,460)	-
Net cash outflow on disposal of subsidiaries	-	(89,443)
Proceeds from disposal of groups held for sale	-	767,792
Payments for property, plant and equipment	(746,786)	(3,047,200)
Proceeds from disposal of property, plant and equipment	41,261	178
Increase in refundable deposits paid	(4,274)	(1,653)
Decrease in other receivables from related parties	97,185	27,310
Payments for intangible assets	(5,581)	(5,992)
Payments for investment properties	(28,588)	(42,792)
Proceeds from (payments for) disposal of investment properties	1,686,299	(11,430)
Decrease in finance lease receivables	2,105	18,084
Increase in other non-current assets	(311)	(996)
Increase in prepayments for equipment	(4,873)	(19,135)
Interest received	92,618	122,064
Other dividends received	855,136	1,054,403
Deferred revenue	<u>7,439</u>	<u>251,429</u>
Net cash generated from (used in) investing activities	<u>377,364</u>	<u>(742,176)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) short-term borrowings	762,800	(18,260)
Repayments of short-term bills payable	(133,000)	(35,000)
Proceeds from long-term loans	851,261	1,990,197
Repayments of long-term loans	(123,678)	-
Refund of guarantee deposits received	(8,117)	(2,308)
Repayments of the principal portion of lease liabilities	(106,734)	(129,415)
Dividend paid to owners of the Company	(660,533)	(660,740)
Payments for buy-back of ordinary shares	(22,240)	(3,955)
Acquisition of additional interests in subsidiaries	(22,231)	-

(Continued)

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

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	2020	2019
Dividends paid to non-controlling interests	\$ (94,469)	\$ (75,576)
Return of unclaimed dividends extinguished by prescription	<u>2,374</u>	<u>7,668</u>
Net cash generated from financing activities	<u>445,433</u>	<u>1,072,611</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(44,544)</u>	<u>(64,013)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,309,084	97,234
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,066,897</u>	<u>1,969,663</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,375,981</u>	<u>\$ 2,066,897</u>

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

(Concluded)



# CHIA HSIN CEMENT CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 593,591	2	\$ 363,313	1
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	471,782	1	740,454	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, and 31)	1,311,043	4	1,281,001	4
Financial assets at amortized cost - current (Notes 4 and 13)	1,177,666	4	838,788	3
Notes receivable (Notes 4, 5, 9, and 24)	145,545	1	162,701	1
Trade receivables (Notes 4, 5, 9, and 24)	33,999	-	31,632	-
Trade receivables from related parties (Notes 4, 5, 24, and 32)	11,880	-	5,783	-
Finance lease receivables - current (Notes 4, 11, and 32)	44,236	-	43,121	-
Other receivables (Notes 4 and 10)	2,543	-	48,318	-
Other receivables from related parties (Notes 4 and 32)	66,034	-	153,463	1
Current tax assets	1,045	-	-	-
Inventories (Notes 4 and 12)	52,848	-	37,635	-
Prepayments (Note 18)	3,202	-	3,178	-
<b>Total current assets</b>	<b>3,915,414</b>	<b>12</b>	<b>3,709,387</b>	<b>12</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	8,284,734	25	8,033,194	26
Financial assets at amortized cost - non-current (Notes 4, 13, and 33)	9,476	-	11,320	-
Investments accounted for using the equity method (Notes 4, 14 and 32)	18,259,550	55	16,055,186	53
Property, plant and equipment (Notes 4 and 15)	820,507	3	959,470	3
Right-of-use assets (Notes 4 and 16)	13,205	-	15,454	-
Investment properties (Notes 4 and 17)	267,656	1	268,892	1
Deferred tax assets (Notes 4 and 26)	132,252	-	116,297	1
Refundable deposits (Notes 4 and 18)	7,006	-	7,136	-
Finance lease receivables - non-current (Notes 4, 11, and 32)	1,267,206	4	1,289,087	4
Other non-current assets (Note 18)	2,010	-	1,929	-
<b>Total non-current assets</b>	<b>29,063,602</b>	<b>88</b>	<b>26,757,965</b>	<b>88</b>
<b>TOTAL</b>	<b>\$ 32,979,016</b>	<b>100</b>	<b>\$ 30,467,352</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 19)	\$ 1,419,000	4	\$ 540,000	2
Short-term bills payable (Note 4 and 19)	136,773	1	269,758	1
Contract liabilities - current (Notes 4 and 24)	4,924	-	4,996	-
Notes payable (Note 20)	3,011	-	2,906	-
Trade payables (Note 20)	49,638	-	92,331	1
Trade payables to related parties (Note 32)	79,615	-	90,324	-
Other payables (Note 21)	120,052	-	78,057	-
Other payables to related parties (Note 32)	19,580	-	26,694	-
Current tax liabilities (Notes 4 and 26)	40,634	-	34,074	-
Lease liabilities - current (Notes 4 and 16)	48,189	-	47,322	-
Current portion of long-term borrowings (Notes 4, 19 and 32)	457,500	2	923,678	3
Guarantee deposits - current	380	-	380	-
<b>Total current liabilities</b>	<b>2,379,296</b>	<b>7</b>	<b>2,110,520</b>	<b>7</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4, 19 and 32)	4,843,750	15	4,001,250	13
Deferred tax liabilities (Notes 4 and 26)	256,746	1	198,844	1
Lease liabilities - non-current (Notes 4 and 16)	1,276,621	4	1,300,448	4
Net defined benefit liabilities - non-current (Notes 4 and 22)	16,266	-	17,836	-
Guarantee deposits - non-current	24,190	-	25,012	-
<b>Total non-current liabilities</b>	<b>6,417,573</b>	<b>20</b>	<b>5,543,390</b>	<b>18</b>
<b>Total liabilities</b>	<b>8,796,869</b>	<b>27</b>	<b>7,653,910</b>	<b>25</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Share capital				
Ordinary shares	7,747,805	23	7,747,805	26
Capital surplus	960,402	3	847,377	3
Retained earnings				
Legal reserve	2,319,663	7	2,143,611	7
Special reserve	2,275,704	7	2,346,051	8
Unappropriated earnings	7,058,382	21	6,171,113	20
Total retained earnings	11,653,749	35	10,660,775	35
Other equity	4,939,214	15	4,654,268	15
Treasury shares	(1,119,023)	(3)	(1,096,783)	(4)
<b>Total equity attributable to owners of the Company</b>	<b>24,182,147</b>	<b>73</b>	<b>22,813,442</b>	<b>75</b>
<b>Total equity</b>	<b>24,182,147</b>	<b>73</b>	<b>22,813,442</b>	<b>75</b>
<b>TOTAL</b>	<b>\$ 32,979,016</b>	<b>100</b>	<b>\$ 30,467,352</b>	<b>100</b>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)				
Sales	\$ 1,002,463	85	\$ 1,022,319	82
Rental revenue	4,578	-	4,484	-
Service revenue	23,519	2	30,054	2
Other operating revenue	<u>156,315</u>	<u>13</u>	<u>192,466</u>	<u>16</u>
Total operating revenue	<u>1,186,875</u>	<u>100</u>	<u>1,249,323</u>	<u>100</u>
OPERATING COSTS (Notes 12, 25 and 32)				
Cost of goods sold	(1,016,459)	(86)	(1,036,784)	(83)
Rental costs	(1,761)	-	(1,801)	-
Service costs	(21,902)	(2)	(26,051)	(2)
Other operating costs	<u>(167,429)</u>	<u>(14)</u>	<u>(155,388)</u>	<u>(13)</u>
Total operating costs	<u>(1,207,551)</u>	<u>(102)</u>	<u>(1,220,024)</u>	<u>(98)</u>
GROSS PROFIT	<u>(20,676)</u>	<u>(2)</u>	<u>29,299</u>	<u>2</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(14)	-	(1,083)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>895</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>(19,795)</u>	<u>(2)</u>	<u>28,216</u>	<u>2</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	(12,760)	(1)	(12,724)	(1)
General and administrative expenses	(204,895)	(17)	(230,745)	(18)
Expected credit gain (Note 9)	<u>150</u>	<u>-</u>	<u>724</u>	<u>-</u>
Total operating expenses	<u>(217,505)</u>	<u>(18)</u>	<u>(242,745)</u>	<u>(19)</u>
LOSS FROM OPERATIONS	<u>(237,300)</u>	<u>(20)</u>	<u>(214,529)</u>	<u>(17)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 25, and 32)	43,532	4	42,545	3
Other income (Notes 4, 25, and 32)	567,593	48	719,295	58
Other gains and losses (Notes 4, 25, 28, and 32)	(79,255)	(7)	99,840	8

(Continued)

# CHIA HSIN CEMENT CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
Finance costs (Notes 4 and 25)	\$ (93,356)	(8)	\$ (97,128)	(8)
Share of profit or loss of subsidiary, associates and joint ventures	<u>1,618,271</u>	<u>136</u>	<u>829,188</u>	<u>66</u>
Total non-operating income and expenses	<u>2,056,785</u>	<u>173</u>	<u>1,593,740</u>	<u>127</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,819,485	153	1,379,211	110
INCOME TAX EXPENSE (Note 26)	<u>(55,119)</u>	<u>(4)</u>	<u>(81,738)</u>	<u>(6)</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>1,764,366</u>	<u>149</u>	<u>1,297,473</u>	<u>104</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	1,571	-	1,091	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	271,582	23	2,174,972	174
Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	75,416	6	972,173	78
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(314)</u>	<u>-</u>	<u>(218)</u>	<u>-</u>
	<u>348,255</u>	<u>29</u>	<u>3,148,018</u>	<u>252</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(63,048)	(5)	(123,925)	(10)
Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(13,395)	(1)	(24,833)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>15,289</u>	<u>1</u>	<u>29,752</u>	<u>2</u>
	<u>(61,154)</u>	<u>(5)</u>	<u>(119,006)</u>	<u>(10)</u>
Other comprehensive income for the year, net of income tax	<u>287,101</u>	<u>24</u>	<u>3,029,012</u>	<u>242</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,051,467</u>	<u>173</u>	<u>\$ 4,326,485</u>	<u>346</u>

(Continued)

# CHIA HSIN CEMENT CORPORATION

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

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	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 2.74</u>		<u>\$ 2.02</u>	
Diluted	<u>\$ 2.74</u>		<u>\$ 2.01</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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Retained Earnings				Other Equity			Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income		Treasury Shares
BALANCE, JANUARY 1, 2019	\$ 7,747,805	\$ 703,931	\$ 2,073,636	\$ 2,346,051	\$ 5,255,303	\$ (226,935)	\$ 2,309,414	\$ (1,186,544)	\$ 19,022,761
Appropriation of 2019 earnings (Note 23)	-	-	69,975	-	(69,975)	-	-	-	(771,781)
Legal reserve	-	-	-	-	(771,781)	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,297,473	(119,006)	3,145,016	-	1,297,473
Net profit for the year ended December 31, 2019	-	-	-	-	3,002	-	-	-	3,029,012
Other comprehensive income (loss) for the year ended December 31, 2019 (Note 23)	-	-	-	-	1,300,472	(119,006)	3,145,016	-	4,326,485
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	(3,955)	(3,955)
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 23)	-	1,111,041	-	-	-	-	-	-	1,111,041
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of the Company (Notes 8 and 23)	-	-	-	-	269,873	-	(269,873)	-	-
Changes in percentage of ownership interests in subsidiaries (Note 23)	-	24,925	-	-	121,046	2,770	(121,046)	93,716	121,411
Changes in subsidiaries and associates accounted for using the equity method (Note 23)	-	-	-	-	66,172	-	(66,172)	-	-
Unclaimed dividends extinguished by prescription (Note 23)	-	7,480	-	-	-	-	-	-	7,480
BALANCE, DECEMBER 31, 2019	7,747,805	847,377	2,143,611	2,346,051	6,171,113	(343,071)	4,997,339	(1,096,783)	22,813,442
Appropriation of 2020 earnings (Note 23)	-	-	176,052	-	(176,052)	-	-	-	-
Legal reserve	-	-	-	-	(771,781)	-	-	-	(771,781)
Cash dividends	-	-	-	-	703,347	-	-	-	-
Reverse of special reserve	-	-	-	(70,347)	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,764,366	(611,554)	3,461,100	-	1,764,366
Net profit for the year ended December 31, 2020	-	-	-	-	2,155	-	-	-	2,871,101
Other comprehensive income (loss) for the year ended December 31, 2020 (Note 23)	-	-	-	-	1,766,521	(611,554)	3,461,100	-	2,051,467
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	(22,240)	(22,240)
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 23)	-	1,111,248	-	-	-	-	-	-	1,111,248
Changes in percentage of ownership interests in subsidiaries (Note 23)	-	(538)	-	-	(1,766)	-	-	-	(2,304)
Unclaimed dividends extinguished by prescription (Note 23)	-	2,315	-	-	-	-	-	-	2,315
BALANCE, DECEMBER 31, 2020	\$ 7,747,805	\$ 960,402	\$ 2,319,663	\$ 2,275,704	\$ 7,058,382	\$ (404,225)	\$ 5,549,459	\$ (1,119,023)	\$ 24,182,147

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

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,819,485	\$ 1,379,211
Adjustments for:		
Depreciation expense	144,956	147,830
Expected credit loss (reversed) recognized on trade receivables	(150)	(724)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	11,939	(149,181)
Finance costs	93,356	97,128
Interest income	(43,532)	(42,545)
Dividend income	(530,595)	(678,936)
Share of profit of subsidiaries, associates and joint ventures	(1,618,271)	(829,188)
Gain on disposal of investment properties	-	(895)
Gain on modification of lease	(27)	-
Gain on disposal of investments	-	(11,227)
Loss on liquidation of associates accounted for using the equity method	620	-
Write-down of inventories	2,531	-
Unrealized gain on transactions with subsidiaries, associates and joint ventures	14	1,083
Realized gain on transactions with subsidiaries, associates and joint ventures	(895)	-
Net loss on foreign currency exchange	48,192	49,312
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	300,446	(12,769)
Notes receivable	17,329	32,685
Trade receivables	(2,390)	39,714
Trade receivables from related parties	(6,097)	2,679
Other receivables	29	(40)
Other receivables from related parties	610	(2,968)
Inventories	(17,744)	(25,422)
Prepayments	(24)	659
Contract liabilities	(72)	(525)
Notes payable	105	755
Trade payables	(42,693)	1,330
Trade payables to related parties	(10,709)	(8,277)
Other payables	(8,828)	8,299
Other payables to related parties	(7,114)	2,938
Net defined benefit liabilities	1	(755)
Cash generated from operations	150,472	171
Interest paid	(92,729)	(97,237)
Income tax paid	(5,160)	(7,406)
Net cash generated from (used in) operating activities	<u>52,583</u>	<u>(104,472)</u>

(Continued)

# CHIA HSIN CEMENT CORPORATION

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

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (10,000)	\$ -
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
Purchase of financial assets at amortized cost	(337,034)	(27,049)
Acquisition of investments accounted for using the equity method	(1,244,460)	(1,380,000)
Net cash inflow on disposal of subsidiaries	-	222,929
Cash returns from liquidation of investees accounted for using the equity method	25,071	-
Payments for property, plant and equipment	(210)	(1,360)
Decrease in refundable deposits paid	130	315
Decrease in other receivables from related parties	97,788	27,111
Decrease in finance lease receivables - non-current	34,141	42,574
Increase (decrease) in other non-current assets	(81)	224
Interest received	45,565	45,013
Dividends received from subsidiaries, associates and joint ventures	791,892	606,190
Other dividends received	530,595	678,936
	<u>(66,603)</u>	<u>488,285</u>
Net cash (used in) generated from investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of short-term borrowings	879,000	88,000
Repayment of short-term bills payable	(133,000)	(35,000)
Proceeds of long-term loans	376,322	73,750
Refund of guarantee deposits received	(822)	(1,103)
Repayment of the principal portion of lease liabilities	(38,813)	(46,973)
Payments for buy-back of ordinary shares	(22,240)	(3,955)
Cash dividends paid	(771,781)	(771,781)
Return of unclaimed dividends extinguished by prescription	1,895	6,135
	<u>290,561</u>	<u>(690,927)</u>
Net cash generated from (used in) financing activities		
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(46,263)</u>	<u>(41,881)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	230,278	(348,995)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>363,313</u>	<u>712,308</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 593,591</u>	<u>\$ 363,313</u>

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

(Concluded)

## Annex 2 : Comparison Table for The Rules of Procedures for the Shareholders' Meeting Before and After Amendment

### Chia Hsin Cement Corporation The Rules of Procedures for the Shareholders' Meeting Amendments

Amended content	Original content	Reason
<p>Article 1</p> <p>The shareholders meeting of the Company shall be handled in accordance with these Rules of Procedures unless otherwise prescribed by other applicable laws and regulations <u>and the Articles of Incorporation of the Company.</u></p>	<p>Article 1</p> <p>The shareholders meeting of the Company shall be handled in accordance with these Rules of Procedures unless otherwise prescribed by other applicable laws and regulations.</p>	Revision to the wording
<p>Article 5</p> <p>For shareholders' meeting convened by the Board of Directors, the Chairman shall act as the chairperson of the meeting. In case the Chairman is on leave or unable to exercise his or her duty and power for any cause, the Vice Chairman of the Company shall act as the chairperson of the meeting. In case the Vice-Chairman <u>is also</u> on leave or unable to exercise his or her duty and power for any cause, the Chairman shall designate one director to act as the chairperson of the meeting. If no such designation is made, the directors of the Board shall elect one among themselves to act as the chairperson of the meeting.</p> <p>Whereas for a shareholders' meeting convened by any other person having convening right, such person shall act as the chairperson of that meeting.</p>	<p>Article 5</p> <p>For shareholders' meeting convened by the Board of Directors, the Chairman shall act as the chairperson of the meeting. In case the Chairman is on leave or unable to exercise his or her duty and power for any cause, the Vice Chairman of the Company shall act as the chairperson of the meeting. In case both <u>the Chairman and the Vice Chairman</u> <u>are</u> on leave or unable to exercise his or her duty and power for any cause, the Chairman shall designate one director to act as the chairperson of the meeting. If no such designation is made, the directors of the Board shall elect one among themselves to act as the chairperson of the meeting.</p> <p>Whereas for a shareholders' meeting convened by any other person having convening right, such person shall act as the chairperson of that meeting.</p>	Revision to the wording
<p>Article 8</p> <p>The chairperson of a shareholders' meeting shall call the meeting to</p>	<p>Article 8</p> <p>The chairperson of a shareholders' meeting shall call the meeting to</p>	For better Corporate Governance and



<p>order at the appointed meeting time, <u>and report the relevant information on the number of having non-voting rights and the total number of attending shares.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to the Paragraph 1, Article 175 of the Company Act.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>secured shareholders equity, amendments to this article are made to adhere to Taiwan Stock Exchange Corporation in Tai-zheng-zhi-li-zi No.1100001446 Order.</p>
<p>Article 10 The chairperson may <u>announce</u> a break based on time considerations during the course of a shareholders' meeting.</p>	<p>Article 10 The chairperson may <u>announce</u> a break based on time considerations during the course of a shareholders' meeting.</p>	<p>Revision to the (Chinese) wording</p>
<p>Article 19 During the meeting, <u>if a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</u></p>	<p>Article 19 During the meeting, <u>in cases of encountering an air raid alert, the meeting shall be suspended and people shall be evacuated. The meeting shall be resumed an hour after the alert was lifted.</u></p>	<p>Revision to the wording</p>
<p>Article 20 Resolutions adopted at shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal</p>	<p>Article 20 Resolutions adopted at shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal</p>	<p>For better Corporate Governance and secured shareholders</p>

<p>of the chairperson and shall be distributed to all shareholders within twenty days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may by way of electronic transmission.</p> <p>The minutes of the shareholders' meeting as required in the preceding Paragraph may be distributed by way of a public announcement made through the Market Observation Post System (MOPS).</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the full name of chairperson, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights). <u>The election of directors at the meeting shall be held in accordance with the applicable election rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes which they won as well as the names of those not elected as directors and the numbers of votes which they had.</u></p> <p>The meeting minutes shall be preserved for the duration of the existence of the Company.</p>	<p>of the chairperson and shall be distributed to all shareholders within twenty days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may by way of electronic transmission.</p> <p>The minutes of the shareholders' meeting as required in the preceding Paragraph may be distributed by way of a public announcement made through the Market Observation Post System (MOPS).</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the full name of chairperson, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and <u>disclose the number of voting rights won by each candidate in the event of an election of directors.</u> The meeting minutes shall be preserved for the duration of the existence of the Company.</p>	<p>equity, amendments to this article are made to adhere to Taiwan Stock Exchange Corporation in Tai-zheng-zhi-li-zi No.1100001446 Order.</p>
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## Annex 3 : Comparison Table for The Rules for Election of Directors Before and After Amendment

### Chia Hsin Cement Corporation Rules for Election of Directors Amendments

Amended content	Original content	Reason
<p>Article 5</p> <p>The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance.</p> <p>The qualifications and election of independent directors of the Company shall be handled in accordance with Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Corporate Governance Best Practice Principles for <u>TWSE/TPEX</u> Listed Companies and relevant rules and regulations issued by authorities.</p>	<p>Article 5</p> <p>The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance.</p> <p>The qualifications and election of independent directors of the Company shall be handled in accordance with Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Corporate Governance Best Practice Principles for <u>TWSE/TPEX</u> Listed Companies and relevant rules and regulations issued by authorities.</p>	Revision to the (Chinese) wording
<p>Article 6</p> <p>The Board of Directors shall prepare <u>the same number of ballots as the number of directors to be elected</u> and the number of voting rights associated with each ballot shall be specified <u>on the ballots</u>.</p>	<p>Article 6</p> <p>The Board of Directors shall prepare <u>ballots for directors</u> and the number of voting rights associated with each ballot <u>shall be specified on the ballots</u>.</p>	Revision to the wording

<p>Article 8</p> <p>The <u>ballot box</u> used for voting shall be prepared by the Board of Directors and be publicly checked by the vote monitoring personnel before voting commences.</p>	<p>Article 8</p> <p>The ballot box used for voting shall be prepared by the Board of Directors and be publicly checked by the vote monitoring personnel before voting commences.</p>	<p>Revision to the (Chinese) wording</p>
<p>Article 9</p> <p>Voters shall fill in the candidate's name <u>or shareholder's name</u> on the ballot.</p> <p>The shareholder may use a seal in lieu of a signature when filling in the candidate's name <u>or shareholder's name</u> as required in the preceding Paragraph.</p>	<p>Article 9</p> <p><u>If the candidate is a shareholder of the Company</u>, voters shall fill in the "<u>candidate</u>" column with the candidate's name and <u>shareholder's number</u>. <u>If the candidate is not a shareholder of the Company</u>, voters shall fill in the <u>candidate column</u> with the candidate's name and the <u>candidate's ID number</u>. <u>However, if the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the candidate column.</u></p> <p>The shareholder may use a seal in lieu of a signature when filling in the candidate's name, <u>shareholder's number</u> and the <u>candidate's ID number</u> as required in the preceding Paragraph.</p>	<p>Amendments to the notice are made to adhere to Taiwan Stock Exchange Corporation in Tai-zheng-zhi-li-zi No.1090009468 Order. Due to the adoption of the candidate nomination system, shareholders may learn the names, academic experience and other information of the candidates from the list of nominees before the shareholders' meeting. Thus it is unnecessary to use shareholder's number or ID number as the method to identify candidates.</p>
<p>Article 10</p> <p>A ballot is invalid under any of the following circumstances:</p> <p>(1) The ballot was not prepared <u>by a person with the right to convene</u>;</p> <p>(2) Blank ballots not completed by the voter;</p> <p>(3) Illegible wording;</p> <p>(4) The candidate whose name is entered in the ballot does not conform to <u>the director candidate list</u>;</p>	<p>Article 10</p> <p>A ballot is invalid under any of the following circumstances:</p> <p>(1) The ballot was not prepared <u>in accordance with these Rules</u>;</p> <p>(2) Blank ballots not completed by the voter;</p> <p>(3) Illegible wording;</p> <p>(4) The candidate whose name or shareholder's number is entered in the ballot does not conform to <u>the shareholder's register</u>;</p> <p>(5) Other words or marks are</p>	<p>Amendments to the notice are made to adhere to Taiwan Stock Exchange Corporation in Tai-zheng-zhi-li-zi No.1090009468 Order.</p>

<p>(5) Other words or marks are entered in addition to the name <u>or shareholder's name of the candidate, and the number of votes cast for the candidate;</u></p> <p>(6) (deleted)</p> <p>(7) (deleted)</p> <p>(8) The writing has been altered;</p> <p>(9)The ballot is torn into incomplete one;</p> <p>(10)Failed to follow the requirements of the ballot remark column.</p>	<p>entered in addition to the candidate's name and <u>shareholder's number;</u></p> <p>(6) <u>The candidate whose name is entered in the ballot is the same as other shareholder and the shareholder's number is not filled in for identification;</u></p> <p>(7) <u>The number of candidates filled in the ballot exceeding the quota to be elected;</u></p> <p>(8) The writing has been altered;</p> <p>(9) The ballot is torn into incomplete one;</p> <p>(10) Failed to follow the requirements of the ballot remark column.</p>	
<p>Article 11</p> <p>If the <u>ballots</u> are deemed void as prescribed in the preceding Article or other dispute, validity shall be decided by the monitoring personnel.</p>	<p>Article 11</p> <p>If the ballots are deemed void as prescribed in the preceding Article or other dispute, validity shall be decided by the monitoring personnel.</p>	<p>Revision to the (Chinese) wording</p>
<p>Article 13</p> <p>The counting of ballots should be monitored by the monitoring personnel and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chairperson on the site. <u>as well as the list of those not elected as directors and the numbers of votes obtained.</u></p> <p>The ballots for the election referred to in the preceding Paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>Article 13</p> <p>The counting of ballots should be monitored by the monitoring personnel and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chairperson on the site.t</p> <p>The ballots for the election referred to in the preceding Paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>Revision to the wording</p>

# III 、 Appendix

## Appendix 1:

# Chia Hsin Cement Corporation The Rules of Procedures for the Shareholders' Meeting

Amended by the resolution of the Annual  
General Meeting of Shareholders on June 22,  
2020

1. The shareholders' meeting of the Company shall be handled in accordance with these Rules of Procedures unless otherwise prescribed by other applicable laws and regulations.

2. Attending shareholders and their proxies shall 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 sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

3. The attendance and the voting of the shareholders' meeting shall be calculated based on the number of shares.

4. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. A shareholders' meeting may not begin earlier than 9:00 a.m. or later than 3:00 p.m.

5. For shareholders' meeting convened by the Board of Directors, the Chairman shall act as the chairperson of the meeting. In case the Chairman is on leave or unable to exercise his or her duty and power for any cause, the Vice Chairman shall act as the chairperson of the meeting. In case both the Chairman and the Vice Chairman are on leave or unable to exercise his or her duty and power for any cause, the Chairman shall designate one director to act as the chairperson of the meeting; If no such designation is made, the directors of the Board shall elect one among themselves to act as the chairperson of the meeting.

Whereas for a shareholders' meeting convened by any other person having convening right, such person shall act as the chairperson of that meeting.

6. The Company may appoint its attorneys, certified public accountants or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

The supporting staff handling administrative affairs of a shareholders' meeting shall wear an identification badge or arm bands.

7. The entire audio or video recording of the proceedings of the shareholders' meeting shall be kept for at least one year.

8. The chairperson of a shareholders' meeting shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a

vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

9. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. 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). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chairperson 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 meeting is adjourned, shareholders shall not elect another chairperson and resume the meeting at the same or another venue.

10. The chairperson may announce a break based on time considerations during the course of a shareholders' meeting.
11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his or her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.  
A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.  
When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.
12. Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.  
If the speech of any shareholder violates the preceding paragraph or exceeds the scope of the agenda item, the chairperson may terminate the speech.
13. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.  
When a juristic person has appointed two or more representatives to attend the shareholders' meeting, only one representative may speak on the same proposal.
14. After the speech of a shareholder, the chairperson may respond in person or direct relevant personnel to respond.
15. The chairperson may announce the end of discussion of a proposal listed in the agenda and submit the proposal for voting if the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
16. With respect to the voting of each proposal, monitoring personnel and counting personnel shall be designated by the chairperson. At the same time, the monitoring personnel shall be shareholders of the Company. The result of the voting shall be reported immediately and recorded into the minute.
17. When the Company convenes a shareholders' meeting, the shareholders shall exercise their



voting power by way of electronic transmission and may exercise their voting power in writing. The method of exercising the voting power is prescribed in accordance with the Company Act and the relevant regulations of the competent authority.

Unless otherwise stipulated in the Company Act and the Articles of Incorporation of the Company, the proposal put to vote shall be approved by shareholders representing a majority of the total number of issued shares. If there is no objection after consultation by the chairman, it shall be deemed as passed, and its validity shall be the same as that of voting.

18. When there is an amendment or alternative to an original proposal, the chairperson 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. During the meeting, in cases of encountering an air raid alert, the meeting shall be suspended and people shall be evacuated. The meeting shall be resumed an hour after the alert was lifted.
20. Resolutions adopted at shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson and shall be distributed to all shareholders within twenty days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may by way of electronic transmission.

The minutes of the shareholders' meeting as required in the preceding Paragraph may be distributed by way of a public announcement made through the Market Observation Post System (MOPS).

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the full name of chairperson, 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 the event of an election of directors. The meeting minutes shall be preserved for the duration of the existence of the Company.

21. The chairperson may direct the picketers (or security personnel) to help maintain order at the meeting place. When picketers or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Picketers."
22. The Rules and any amendment shall take effect after being approved at the shareholders' meeting.

## Appendix 2:

[English Translation, for reference only]  
**Chia Hsin Cement Corporation**  
**Articles of Incorporation**

Revised and approved at Annual General Meeting of  
Shareholders on June 21, 2019

### Chapter One General Provisions

Article 1: The Company is incorporated as a company limited by shares under the provisions set forth in the Company Act in the full Chinese name of 嘉新水泥股份有限公司 and the full English name of Chia Hsin Cement Corporation (the “Company”).

Article 2: The lines of business of the Company shall include the following:

1. C901030 Cement Manufacturing
2. F111090 Wholesale of Building Materials
3. F211010 Retail Sale of Building Materials
4. B202010 Mining of Non-metallic
5. C901990 Other Non-Metallic Mineral Products Manufacturing
6. F115020 Wholesale of Ores
7. F215020 Retail Sale of Ores
8. B601010 Quarrying
9. C901040 Manufacture of Ready-mix Concrete
10. C901050 Cement and Concrete Products Manufacturing
11. H701010 Housing and Building Development and Rental
12. C601030 Paper Containers Manufacturing
13. C501030 Manufacture of Veneer Sheets
14. C501040 Manufacture of Wood-based Panels
15. C901060 Manufacture of Refractory Products
16. C901070 Cutting, Shaping and Finishing of Stone
17. CA02010 Manufacture of Metal Structure and Architectural Components
18. F401010 International Trade
19. F113010 Wholesale of Machinery
20. F213080 Retail Sale of Machinery and Tools
21. I101080 Industry and Mining Consulting
22. I103060 Management Consulting
23. H701020 Industrial Factory Development and Rental
24. G801010 Warehousing
25. G202010 Parking area Operators
26. H701040 Specific Area Development
27. H701050 Investment, Development and Construction in Public Construction
28. H701060 New Towns, New Community Development
29. H701070 Process Zone Expropriation and Urban Land Readjustment Agency
30. H701080 Urban Renewal Reconstruction
31. H701090 Urban Renewal Renovation or Maintenance
32. H703090 Real Estate Business
33. H703100 Real Estate Leasing

- 34. H703110 Senior Citizen Residence
- 35. J101010 Buildings Cleaning Service
- 36. J901020 Regular Hotel
- 37. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1: When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments shall not apply to the restrictions on reinvestment quota as set forth in Article 13 of the Company Act.

Article 2-2: The Company may, as approved by the resolution of the Board of Directors, provide guarantee.

Article 3: The Company is located in Taipei City. The Company may set up branch offices, representative office, business office and factories in Taiwan or abroad when necessary.

Article 4: (Deleted)

## **Chapter Two Shares**

Article 5: The total amount of the Company's authorized capital shall be fifteen billion New Taiwan Dollars (NT\$15,000,000,000) divided into 1.5 billion shares with a par value of ten New Taiwan Dollars (NT\$ 10) per share, shares to be issued in installments, as approved by the resolution of the Board of Directors depending on business and operational needs.

Article 5-1: The qualification requirements of employees entitled to receive the shares bought back by the Company include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

The qualification requirements of employees entitled to receive share subscription warrant of the Company include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

The qualification requirements of employees entitled to subscribe for the new shares issued by the Company include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

The qualification requirements of employees entitled to subscribe for the restricted stock for employees issued by the Company include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Article 6: The Company may issue shares without printing share certificates, but shall have the shares registered with a centralized securities depository enterprise.

Article 7: The shareholder services of the Company shall be conducted in accordance with the Company Act, the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority and applicable laws and regulations.

## **Chapter Three Shareholders' Meeting**

Article 8: The general meeting of shareholders shall be held once a year within six months after the close of each fiscal year, and the special meeting of shareholders will be held when necessary in accordance with the law.

A shareholders' meeting referred to in the preceding Paragraph shall, unless otherwise provided for in the Company Act, be convened by the Board of Directors.

Article 9: A notice to convene a general meeting of shareholders shall be given to each shareholder 30 days before the scheduled meeting date, 15 days before a special meeting of shareholders, which shall indicate the meeting date, location and the cause(s) or subject(s).

Article 10: A shareholder of the Company shall have one vote for each share held.

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.

The regulations governing the shareholders' attendance at a shareholders' meeting by proxy shall be in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority as well as the applicable laws and regulations.

The shareholders of the Company may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting. The method of exercising their voting power shall be in accordance with the Company Act and the applicable regulations of the competent authority.

Unless otherwise provided for under the Company Act and applicable laws and regulations, resolutions at a shareholders' meeting shall be adopted by a major vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 11: For a shareholders' meeting convened by the Board of Directors, the Chairman shall act as the chairperson of the meeting. In case the Chairman is on leave or unable to exercise his or her duty and power for any cause, the Chairman shall designate Vice Chairman to act as the chairperson for the meeting, in case the Vice Chairman is on leave or unable to exercise his or her duty and power of any cause, the Chairman shall designate one director to act as the chairperson for the meeting; if no such designation is made, the directors of the Board shall elect one among themselves; whereas for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

#### **Chapter Four Directors, Audit Committee, Managerial Officers and Officers**

Article 12: The Company shall have seven to nine directors, the number of directors submitted to the Board of Directors for discussion and approval, who shall be elected by shareholders' meeting through a candidate nomination system from the list of nominees.

The number of directors as set forth in the preceding Paragraph, the number of independent directors shall not be less than three and shall not be less than one-fifth of the seats in the Board of Directors.

The independent directors who shall be elected by shareholders' meeting through a candidate nomination system from the list of nominees. The professional qualifications,

restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be conducted in accordance with applicable regulations promulgated by the Security Authority.

The total number of shares owned by all directors shall be in compliance with the rules promulgated by the Securities Bureau.

Article 13: A director shall be elected for a term of three years and may be re-elected for consecutive terms.

The Company may purchase liability insurance for the directors during their term of office to cover the indemnity which may arise from within the scope of their business duty and responsibilities in accordance with laws.

Article 14: The Board of Directors is organized by directors. The duty and power of the Board of Directors are specified as below:

1. To decide the Company's business plan.
2. To formulate and amend the content of the Articles of Incorporation and important contracts.
3. To decide the managerial officers and to approve the number of personnel in each department.
4. To establish, remove or adjust branch offices, representative office, business office and factories.
5. To review the Company's budgetary plan and financial statement.
6. To decide other important matters.
7. The Board of Directors of the Company may set up various functional committees with their organizational charters be separately formulated in accordance with applicable laws and regulations and the Company's guidelines, be approved by the Board of Directors

Article 15: The Chairman and Vice Chairman of the Board of Directors shall be elected from among the attending directors of the Board of Directors in accordance with applicable laws.

Article 16: The Chairman shall represent the Company and preside over important affairs.

Article 17: Unless otherwise provided for under the Company Act, a meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors.

Unless otherwise provided for under the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

A director, when unavailable to attend the meeting in person, may issue a proxy with respect to the subject of the meeting to authorize another director to attend the meeting on his or her behalf. Nevertheless, a director is limited to receive such authorization from only one other director each time.

The convention of a meeting of the Board of Directors may be sent in writing or via email or fax.

Article 18: The Company shall set up the Audit Committee composed all of independent directors in accordance with the Article 14-4 of the Securities and Exchange Act. The exercising of power and other matters for compliance by the Audit Committee shall be in accordance with the Company Act, the Securities and Exchange Act and other applicable laws and regulations.

Article 19: The Company shall appoint one General Manager whose appointment, discharge and remuneration shall be conducted in accordance with Article 29 of the Company Act and to preside over all the business of the Company under the direction of the Board of Directors.

Article 20: The Company shall appoint a multiple number of Vice General Manager whose appointment, discharge and remuneration shall be conducted in accordance with the Article 29 of the Company Act and to assist the general manager to manage the Company.

Article 21: (Deleted)

Article 21-1: The Company shall establish an Auditing Office and appoint one Manager whose employment shall be approved by a majority of the directors at a meeting attended by a majority of the directors.

Article 22: (Deleted)

Article 23: (Deleted)

Article 24: The remuneration of directors shall be determined by authorizing the Board of Directors based on the extent of their participation in the Company's operation and their contribution, at the same time with reference to the general level in the industry in accordance with applicable laws and regulations. The remuneration of officers shall be proposed by the General Manager and submitted to the Board of Directors for discussion and approval.

#### **Chapter Five Financial statements**

Article 25: After the close of each fiscal year of the Company, the Board of Directors shall provide and submit the following reports to the annual general meeting of shareholders for acceptance:

1. Business Report;
2. Financial Statements; and
3. Surplus earning distribution or loss off-setting proposals.

Article 26: The Company, if profitable in the year, shall set aside from 0.0001% to 3% of the profit as compensation for the employees and no higher than 3% as compensation for the directors. However, the Company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first, then reserve the aforementioned compensation. Employees' compensation may be in the form of cash or stock, which may be paid to employees of parents or subsidiaries of the Company meeting certain specific requirements; the directors' compensation to be paid in cash only.

The distribution with respect to the employees' compensation and the directors' compensation shall be adopted by a majority vote at a meeting of Board of Directors attended by two thirds of the total number of directors; and in addition thereto a report of such distribution shall be reported to the shareholders' meeting.

When the Company makes the financial statement to obtain after-tax surplus earnings in a fiscal year, it shall make up its accumulated losses, set aside a sum as legal reserve, set aside or reverse a special reserve in accordance with the laws and regulations. The then remaining amount together with adjusted amount of current undistributed earnings shall be used as the current distributable surplus earnings. After adding the beginning undistributed earnings, the Board of Directors shall draw up a surplus earning distribution proposal in accordance with the dividend policy

under Paragraph 4 and Paragraph 5 of this Article to be resolved in the shareholders' meeting.

In consideration of the future capital budget plan and capital needs, the Company adopts a residual dividend policy which an appropriate amount may be reserved; if there are remainders after the reserve, then the Company will distribute the dividends to shareholders.

For the distribution of shareholders' dividends, cash dividends shall be more than 10% of total dividends distributed in the current year, the remainders will be in stock dividends.

Article 26-1: The Company may distribute the reserve as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash in accordance with the Company Act.

### **Chapter Six Supplementary Provisions**

Article 27: The Company's internal organizational charter and operational procedures shall be additionally set up.

Article 28: With regard to the matters not provided for in these Articles of Incorporations, the Company Act and other applicable laws and regulations shall govern.

Article 29: These Articles of Incorporation were enacted on November 8, 1954, and

amended on February 6, 1957 for the 1st time ;  
amended on February 23, 1959 for the 2nd time;  
amended on May 4, 1961 for the 3rd time;  
amended on April 28, 1962 for the 4th time;  
amended on March 19, 1967 for the 5th time;  
amended on April 5, 1968 for the 6th time;  
amended on June 25, 1969 for the 7th time;  
amended on April 25, 1971 for the 8th time  
amended on April 28, 1973 for the 9th time;  
amended on May 18, 1974 for the 10th time ;  
amended on April 26, 1975 for the 11th time ;  
amended on April 24, 1976 for the 12th time;  
amended on April 30, 1977 for the 13th time ;  
amended on April 22, 1978 for the 14th time;  
amended on April 21, 1979 for the 15th time;  
amended on April 26, 1980 for the 16th time ;  
amended on May 2, 1981 for the 17th time;  
amended on May 15, 1982 for the 18th time ;  
amended on May 28, 1983 for the 19th time ;  
amended on May 19, 1984 for the 20th time ;  
amended on May 11, 1985 for the 21st time ;  
amended on April 16, 1986 for the 22nd time;  
amended on April 9, 1987 for the 23rd time;  
amended on April 29, 1988 for the 24th time;  
amended on May 5, 1989 for the 25th time ;  
amended on July 29, 1989 for the 26th time ;  
amended on April 17, 1991 for the 27th time ;  
amended on April 30, 1992 for the 28th time;

amended on April 22, 1993 for the 29th time ;  
amended on April 8, 1994 for the 30th time;  
amended on April 20, 1995 for the 31st time;  
amended on May 11, 1996 for the 32nd time ;  
amended on May 8, 1997 for the 33rd time;  
amended on May 19, 1998 for the 34th time ;  
amended on June 7, 1999 for the 35th time;  
amended on May 24, 2000 for the 36th time;  
amended on May 31, 2001 for the 37th time ;  
amended on May 29, 2002 for the 38th time;  
amended on June 5, 2003 for the 39th time;  
amended on June 10, 2005 for the 40th time;  
amended on June 9, 2006 for the 41st time;  
amended on June 13, 2008 for the 42nd time;  
amended on June 18, 2010 for the 43rd time;  
amended on June 9, 2011 for the 44th time;  
amended on June 13, 2012 for the 45th time;  
amended on June 19, 2013 for the 46th time;  
amended on June 18, 2015 for the 47th time;  
amended on June 27, 2016 for the 48th time;  
amended on June 21, 2019 for the 49th time.



## Appendix 3:

### Shareholdings of All Directors

#### Chia Hsin Cement Corporation Directors' Shareholding Status

Base date: April 19, 2021

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	692,955	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	I-Cheng Liu (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 19, 2021: 7,747,805,480 NTD(774,780,548 shares).

2. 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 19, 2021, the numbers of shares held by the entire body of directors were 132,541,671 shares (17.11%).

As of April 19, 2021, 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.)

3. 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.

4. On 28 April 2020, the Director of Tong Yang Chia Hsin International Corp. renewed the appointment of Mr Liu I-Cheng as the representative of the Director of the Company.

## **Appendix 4:**

### **Other matters :**

Handling of shareholders' proposals to be discussed at the 2021 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 1th to April 12th, 2021 and the information is posted on Market Observation Post System in accordance with relevant laws.

As of April 12th, 2021, the company received a proposal from two shareholders. After consideration of the 437th Board of Directors on 7 May 2021, it was decided to include the proposals of shareholders Huang Jun-Jung and Lu Kuei-Mei, into the report items.

