

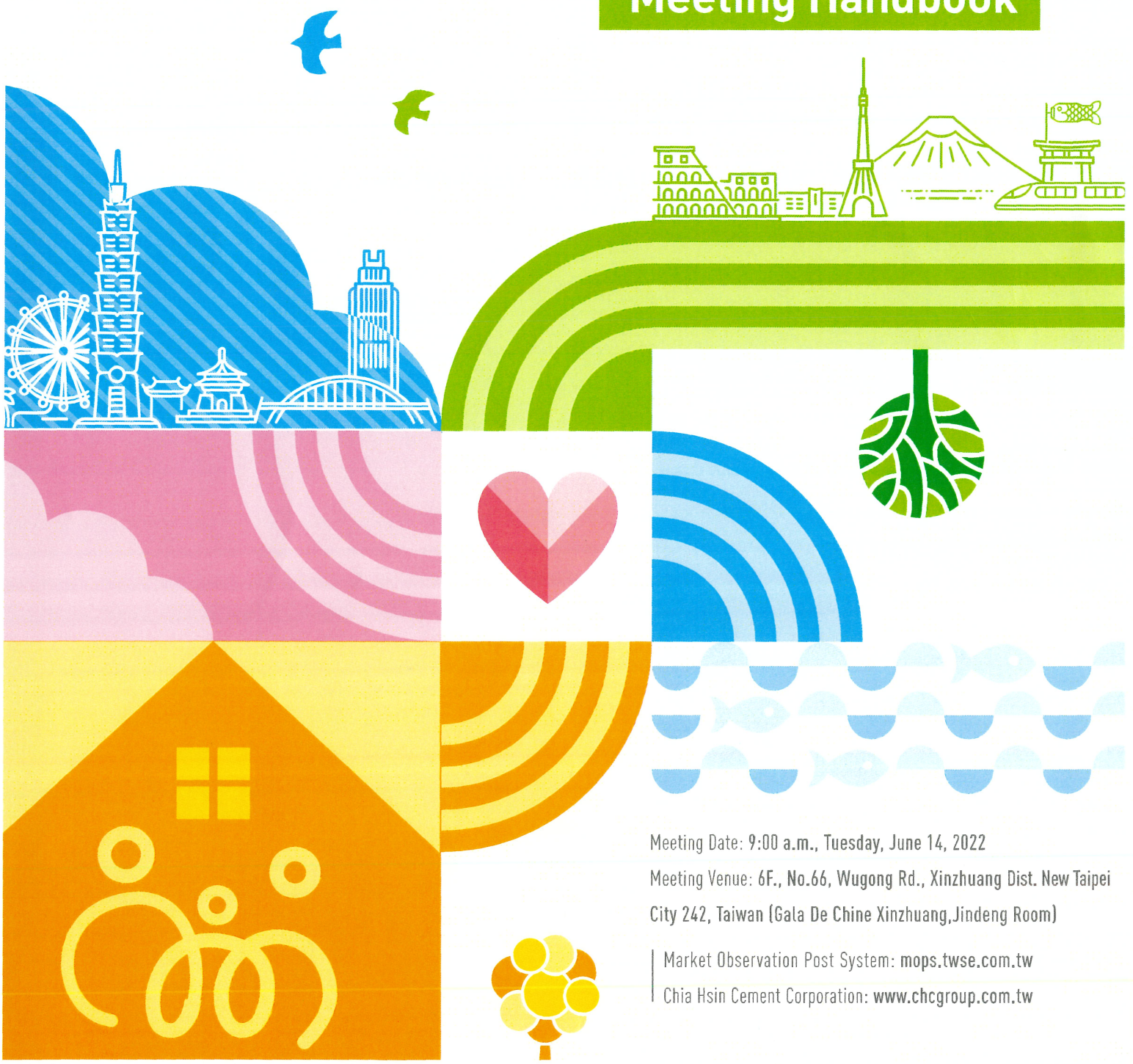
Stock Code : 1103



CHIA HSIN CEMENT CORPORATION

2022 Annual Meeting of Shareholders

Meeting Handbook



Meeting Date: 9:00 a.m., Tuesday, June 14, 2022

Meeting Venue: 6F., No.66, Wugong Rd., Xinzhuang Dist. New Taipei City 242, Taiwan (Gala De Chine Xinzhuang, Jindeng Room)

Market Observation Post System: mops.twse.com.tw

Chia Hsin Cement Corporation: www.chcgroup.com.tw



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Chia Hsin Cement Corporation
2022 Annual General Shareholders' Meeting

I. Meeting Agenda

1. Date: 9:00 a.m., Tuesday, June 14, 2022
2. Venue: 6F, No.66, Wugong Rd., Xinzhuang Dist. New Taipei City 242, Taiwan
(Gala De Chine Xinzhuang, Jindeng Room)

Meeting type: Visual communication assisted shareholders meeting

E-Meeting Platform: Meeting by Taiwan Depository & Clearing Corporation
website: <https://www.stockvote.com.tw>

3. Commencement of the Meeting
4. Chairman's Address
5. Matters to Report
 - (1) To report 2021 Employees' and Directors' Compensation
 - (2) To report 2021 Business and Financial Statements
 - (3) To report Audit Committee's Review of 2021 Business and Financial Statements
 - (4) Other matters
6. Matters for Ratification
 - (1) To accept 2021 Business and Financial Statements
 - (2) To accept 2021 Earnings Distribution
7. Matters for Discussion
 - (1) To amend the Procedures for Acquisition or Disposal of Assets
 - (2) To amend the Rules of Procedures for the Shareholders' Meeting
 - (3) To amend the Articles of Incorporation
8. Directors Election
 - (1) To Elect Seven Directors (Including Three Independent Directors)
9. Other Matters
 - (1) To Release Directors from Non-competition Restrictions
10. Special Motion
11. Meeting Adjourned

Matters to Report

1. 2021 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 693,948,400 in 2021 (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 1.392%, which equals to NTD 9,660,000 in cash as employees' compensation and around 1.392%, which equals NTD 9,660,000 as directors' compensation.

2. 2021 Business and Financial Statements

【 Business Report 】

The Covid-19 pandemic continued to ravage the world in 2021. Domestically, the Covid-19 restrictions were tightened as the pandemic worsened to contain a potential outbreak. As the vaccination coverage increased in the latter half of the year, the Covid alert level lowered, and the relative restrictions loosened. This allowed the domestic economy to recover. Additionally, with low interest rates, returning capitals from overseas and domestic real estate boom, the Company's cement sales increased, aggregates and related storage and logistics operation improved. However, the Company's hotel business in Okinawa, Hotel Collective, and its domestic healthcare business still suffers from the impact of the Coronavirus. The operations did not performing as expected. Nevertheless, as vaccination coverage is increasing and Covid symptom becomes milder, the international community has started to adopt a coexistence strategy. The Company's hotel operation is seeing an optimistic future and improvements are expected.

The ongoing Okinawa Toyosaki Hotel development project has been slightly delayed due to the impact of the Covid-19 epidemic. The Company and InterContinental Hotels Group (IHG) are currently reviewing and revising the design plan and the possible market demand after the pandemic. In order to be more competitive and to see better investment returns, the Company will select the opportunity to contract out constructions of the development project.

Main Investment: Due to change of the overall economy change, Taiwan Cement Corporation, the Company's main investment, has accelerated the business transformation to focus its business strategy on "Environment Protection, Energy and Cement" as the three major core business. However, at current stage, cement sales mainly rely on revenue generated in Mainland China. In 2020, as impact caused by pandemic was limited, profit maintained steady and the Company received approximately NTD 1.09 Billion in cash dividends. Subsequently, in 2021, due to China government's policy on energy consumption and intensity dual control system as well as a large scale increase on raw materials costs, cash dividend yielded at about NTD 3.3 per share, which is lower compared to the previous year.

1. Operating Performance:

The Company's consolidated operating revenue in 2021 was NTD 2,220,254,000 showing an increase of NTD 161,837,000 or 7.9%, compared to NTD 2,058,417,000 in 2020.

2. Main Production and Sales Distribution:

- (1) Sales of cement: In 2021, the Company sold 470,000 metric tons of cement in Taiwan.
- (2) Real estate leasing: The Company's leasing business main came from

rental revenue of Chia Hsin Building, which has a comprehensive leasing rate of 95%.

- (3) Storage and logistic: The loading and unloading business of Taipei Port totaled 1.722 million metric tons of coal and 3.953 million metric tons of aggregate and other bulk cargoes. The loading and unloading business in Keelung and Taichung Port totaled 1.398 million metric tons of cement.
- (4) Hospitality service: The operating revenue in 2021 was approximately NTD 240 million which includes revenue from Chia Hsin Ryukyu Hotel Collective and JAHO Life Plus+.

3. Financial Report:

The Company's consolidated net profit before tax was NTD 819,520,000 and showed a net profit after tax of NTD 747,535,000. The Consolidated net profit after tax was NTD 747,535,000; attributable to owners of Company was NTD 657,848,000 and profit per share (after tax) attributable to owners of the Company was NTD1.02. Total assets in the consolidated financial statements amounted to NTD 40,247,651,000 and total liabilities amounted to NTD 14,337,418,000. Current ratio was 400% and total equity attributable to owners of the Company was NTD 25,025,368,000 with self-owned capital ratio of 62%.

Chairman: Chang Kang-Lung

President: Chi Shih-Chu

Accounting Supervisor: Mars Feng

3. Audit Committee's Review of 2021 Business and Financial Statements

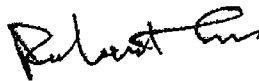
Chia Hsin Cement Corporation

Audit Committee's Review Report

We have examined the Company's 2021 Business Report, Financial Statements of December 31, 2021, 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 2022 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. 22, 2022

4. Other Matters

(1) Implementation of 2021 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. It is considered reasonable and necessary in view of overall business developments.

As of December, 31, 2021, the total endorsements/guarantees issued by the Company and its subsidiaries amounted to NTD 8,713,600,000 which is not exceeding 2 times of the Company's net value. Entities to which the Company issued the endorsements/guarantees and the amount issued are all in accordance with internal regulation of "Procedure and Rule for Endorsements and Guarantees". Details are listed as follows:

| Endorsements / Guarantees Offered by | Endorsements / Guarantees Received | Balance of Endorsements / Guarantees (NTD / Thousand) |
|--|--|--|
| Chia Hsin Cement Corporation | Chia Hsin Property Management & Development Corporation | 0 |
| | LDC ROME HOTELS S.R.L. | 340,000 |
| | CHC Ryukyu Development GK | 408,850 |
| | CHC Ryukyu COLLECTIVE KK | 1,322,750 |
| The Company Total | | 2,071,600 |
| 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 | | 6,642,000 |
| The Company and Its Subsidiaries Total | | 8,713,600 |

Matters for Ratification

【1. To Accept 2021 Business and Financial Statements】

(Proposed by the Board of Directors)

Description:

1. The Company's 2021 Business Report and Consolidated Financial Statements have been audited by independent auditors, Chiang Hsun Chen and Keng Hsi Chang of Deloitte & Touche.
2. The aforementioned final accounts have been reviewed and approved by the Audit Committee and the Board.
3. Please accept the aforementioned Business Report and Financial Statements.

Annex:

1. 2021 Business Report: Please refer to pages 3~4.
2. Independent Auditors' Report: Please refer to pages 8~16.
3. Financial Statements: Please refer to pages 26~40. (Annex 1)

Explanatory Notes: The Company's 2021 Business Report and Financial Statements are available on website. (<https://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, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Key Audit Matter 1: 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, 2021, the amount of revenue from the sales of cement was \$1,069,131 thousand, which accounted for 48% of the consolidated total operating revenue. Due to the concentration of sales to target clients in the Group's cement business and the materiality of the transactions, we considered the transactions with such clients as key audit matter.

For the relevant explanation of accounting policies and notes to the financial statements, 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 obtained the 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.

Key Audit Matter 2: Impairment of Property, Plant and Equipment

As of December 31, 2021, the net carrying amount of property, plant and equipment of the hotel operated by the Group located in Ryukyu, Japan was NT\$4,181,457 thousand, representing 10% of total consolidated assets, which was material to the consolidated financial statements. Due to the impact of the COVID-19 on the overall economic trend of the industry, the actual operating performance of the hotel was lower than expected, which in turn affected the management's assessment of impairment of property, plant, and equipment. Since the information used in the assessment was subject to management's judgment and involved a high level of uncertainty, we identified the impairment of property, plant and equipment as a key audit matter.

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

We obtained from the management an impairment assessment report issued by an external expert, and we performed the following key audit procedures in connection with the above major transactions:

1. We obtained an understanding of the management's basis of assumptions and sources of relevant data and description used to estimate the value in use of the assets, and we assessed the reasonableness of management's adoption of such assumptions and data.
2. We assessed the appropriateness of the discount rates used by the external specialists in their valuation report.

3. We recalculated the value in use of the assets and verified that the calculation in the valuation report was accurate.

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, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

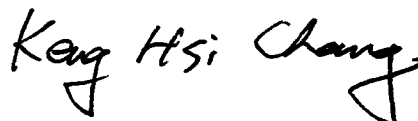
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Keng Hsi Chang.



Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2022

Notice to Readers

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

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

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, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2021 are stated as follows:

Key Audit Matter 1: 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, 2021, the amount of revenue from the sales of cement was \$1,062,850 thousand, which accounted for 85% of the total operating revenue. Due to the concentration of sales to target clients in the Company' cement business and the materiality of the transactions, we considered the transactions with such clients as key audit matter.

For the relevant explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 25.

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 the 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.

Key Audit Matter 2: Impairment of Investment in Subsidiaries Accounted for Using the Equity Method

As of December 31, 2021, the net carrying amount of property, plant and equipment of CHC Ryukyu COLLECTIVE KK was NT\$4,181,457 thousand, which was material to the financial statements. Due to the impact of the COVID-19 on the overall economic trend of the industry, the actual operating performance was lower than expected, which in turn affected the management's assessment of impairment of property, plant, and equipment. Since the information used in the assessment was subject to management's judgment and involved a high level of uncertainty, it will affect the Company's recognition of the share of investment accounted for using the equity method; therefore, we identified the impairment of property, plant and equipment of the investment in subsidiaries accounted for using the equity method as a key audit matter.

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

We obtained from the management an impairment assessment report issued by an external expert, and we performed the following key audit procedures in connection with the above major transactions:

1. We obtained an understanding of the management's basis of assumptions and sources of relevant data and description used to estimate the value in use of the assets, and we assessed the reasonableness of management's adoption of such assumptions and data.
2. We assessed the appropriateness of the discount rates used by the external specialists in their valuation report.
3. We recalculated the value in use of the assets and verified that the calculation in the valuation report was accurate.

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

The engagement partners on the audit resulting in this independent auditors' report are Chiang Hsun Chen and Keng Hsi Chang.



Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2022

Notice to Readers

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

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

【2. To Accept 2021 Earnings Distribution】

(Proposed by the Board of Directors)

Description:

1. Table of 2021 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 shown 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 considered the distributable earnings of the current year.
3. The Company's Earnings in 2021 available for distribution is NTD 612,555,773 including 2021 net profit after tax of NTD 657,847,983, adding the reversal of special reserve appropriated by the first application IFRS rule of NTD 17,708,257, adding re-measurement of defined benefit plan recognized in retained earnings of NTD 4,583,728, adding retained earnings adjusted for investment accounted for using equity method of NTD 477,558 and less legal reserve required by law of NTD 68,061,753. It is proposed to set aside NTD 502,674,606 as dividend to shareholders (estimated NTD 0.65 cash dividend per share). The above dividend shall be first distributed from 2021 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 authorize the Chairman to fully execute the adjustment of the rate of distribution.
5. To authorize the Chairman of the Board with full powers to set the ex-dividend date and deal with distribution matters for cash dividend. 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 truncated amount 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 2021

Unit: NTD

| Item | Amount | |
|---|--------------|---------------|
| Opening Unappropriated Retained Earnings (Unappropriated Retained Earnings listed in the 2021 Annual General meeting of shareholders) | | 5,795,312,882 |
| Add (Less): | | |
| Add: Net profit for 2021 | 657,847,983 | |
| Add: The reversal of special reserve appropriated by the first application IFRS rule | 17,708,257 | |
| Add: Re-measurement of defined benefit Plan recognized in retained earnings | 4,583,728 | |
| Add: Retained earnings adjusted for investment accounted for using equity method | 477,558 | |
| Less: 10% Legal Reserve | (68,061,753) | |
| Earnings in 2021 Available for Distribution | | 612,555,773 |
| Retained Earnings Available for Distribution as of December 31, 2021 | | 6,407,868,655 |
| Less: Distribution Item | | |
| Stock Dividends to Common Share Holders (NTD0 per share) | | 0 |
| Cash Dividends to Common Share Holders (NTD0.65 per share) | | (502,674,606) |
| Unappropriated Retained Earnings | | 5,905,194,049 |

Chairman: Chang Kang-Lung

President: Chi Shih-Chu

Accounting Supervisor: Mars Feng

Matters for Discussion

【1. To amend the Procedures for Acquisition or Disposal of Assets】

(Proposed by the Board of Directors)

1. To comply with Financial Supervisory Commission public announcement Order No. 1110380465 dated January 28th, 2022 the amendment on “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and Taiwan Stock Exchange Corporation Letter No. 1110002112 dated February 7th, 2022.
2. In compliance with the above mentioned regulation, please refer to the Comparison Table for “Procedures for Acquisition or Disposal of Assets “before and after revisions are attached hereto as Attachment II on pages 41-50. (Annex 2)
3. Please discuss the matter.

Resolution:

【2. 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 public announcement Letter No.1110004250 dated March 8, 2022 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 Procedures for the Shareholders’ Meeting “before and after revisions attached hereto as Attachment III on pages 51-59. (Annex 3)
3. Please discuss the matter.

Resolution:

【3. To amend the Articles of Incorporation】

(Proposed by the Board of Directors)

1. In Compliance with the Company Act and in line of the Company's policy and goal to strengthen corporate governance and promote sustainable development, it is hereby proposed to amend the Articles of Incorporation.
2. Please refer to the Comparison Table for "Articles of Incorporation "before and after revisions attached hereto as Attachment IV on pages 60-64. (Annex 4)
3. Please discuss the matter.

Resolution:

Directors Election

【To Elect Seven Directors including Three Independent Directors】

(Proposed by the Board of Directors)

1. The term of office of the Company's Directors (including independent directors) will be expired on June 20, 2022. In compliance with Article 195 of the Company Act, the Company proposes to elect new Board members at this year's Annual General Shareholders' Meeting.
2. In pursuance to Articles 12, 13 and 18 of the Articles of Incorporation, there shall be 7 – 9 directors (including the independent directors) on the Board. The Board is authorized by the Company to decide the number of seats and directors will be elected from the nominee's name list proposed by the Company. Term of the directors shall be three years. Directors may continue to hold office when reelected. There will also be an audit committee composed of all independent directors of the Board.
3. It was resolved at the 443rd Board of Directors' Meeting held on March 22nd, 2022 that this year's Shareholders' Meeting will elect 7 directors (including 3 independent directors).
4. The three year term of the newly elected directors will start effective after the Shareholders' Meeting held on June 14th, 2022 until June 13th, 2025.
5. The nominees name list was approved at the 443th Board of Directors' Meeting on March 22nd, 2022. (Please refer to Annex 5, pages 65 ~ 68)
6. Please refer to Appendix 3 pages 81 ~ 82 on "Rules For Election of Directors".

Voting Result:

Other Matters

【To Release Directors from Non-competition Restrictions】

(Proposed by the Board of Directors)

1. In accordance with Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such an act and secure its approval.
2. In consideration of the situation when the Company's newly elected director is a corporate shareholder elected as a director including the shareholder and its designated representative or who may have invested or operated in a competing business with the same or similar business scope as the Company and acted as their directors or managers, in compliance to the aforementioned law, any newly elected director such as a corporate shareholder or its designated representative is elected as a director, including the shareholder and its designated representative, such act should be submitted to the Shareholders' Meeting for approval to release the newly director from non-competition restrictions.
3. It is resolved at the 443rd Board Meeting dated March 22, 2022 to approve the List of Releasing Director Candidates from Non-Competition Restriction. (Please refer to Pages 69 of Annex 6)
4. Please discuss the matter.

Resolution:

Special Motions

Meeting Adjourned

II. Annex

Annex 1: 2021 Financial Statements

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 3,685,347 | 9 | \$ 3,375,981 | 8 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 1,387,308 | 4 | 1,091,077 | 3 |
| Financial assets at fair value through other comprehensive income - current (Notes 4 and 8) | 2,982,413 | 8 | 2,713,193 | 7 |
| Financial assets at amortized cost - current (Notes 4 and 14) | 2,638,297 | 7 | 4,065,846 | 10 |
| Notes receivable from unrelated parties (Notes 4, 9 and 27) | 137,437 | - | 147,422 | 1 |
| Trade receivables from unrelated parties (Notes 4, 9 and 27) | 78,308 | - | 108,712 | - |
| Trade receivables from related parties (Notes 4, 27 and 37) | 10,864 | - | 4,041 | - |
| Finance lease receivables - current (Notes 4 and 11) | 2,852 | - | 2,618 | - |
| Other receivables from unrelated parties (Notes 4 and 10) | 28,546 | - | 33,016 | - |
| Other receivables from related parties (Notes 4 and 37) | 317 | - | 19,435 | - |
| Current tax assets (Notes 4 and 29) | 467 | - | 1,197 | - |
| Inventories (Notes 4 and 12) | 55,320 | - | 61,497 | - |
| Prepayments (Note 21) | 149,047 | - | 100,846 | - |
| Disposal groups held for sale (Notes 4 and 13) | - | - | - | - |
| Refundable deposits (Note 4) | 20 | - | 1,639 | - |
| Other current assets (Note 21) | 117 | - | - | - |
| Total current assets | 11,156,660 | 28 | 11,726,520 | 29 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 12,152,445 | 30 | 10,895,230 | 27 |
| Financial assets at amortized cost - non-current (Notes 4, 14 and 38) | 25,856 | - | 25,794 | - |
| Investments accounted for using the equity method (Notes 4 and 16) | 3,445,290 | 9 | 3,628,571 | 9 |
| Property, plant and equipment (Notes 4, 5, 17 and 38) | 5,282,102 | 13 | 6,195,433 | 15 |
| Right-of-use assets (Notes 4 and 18) | 1,652,742 | 4 | 1,786,356 | 4 |
| Investment properties (Notes 4, 19, 37 and 38) | 6,130,417 | 15 | 6,138,701 | 15 |
| Intangible assets (Notes 4 and 20) | 7,580 | - | 11,347 | - |
| Deferred tax assets (Notes 4 and 29) | 333,077 | 1 | 174,983 | 1 |
| Refundable deposits - non-current (Note 4) | 31,539 | - | 32,990 | - |
| Finance lease receivables - non-current (Notes 4 and 11) | 4,027 | - | 6,879 | - |
| Net defined benefit assets - non-current (Notes 4 and 25) | 4,834 | - | - | - |
| Other non-current assets (Note 21) | 21,082 | - | 23,423 | - |
| Total non-current assets | 29,090,991 | 72 | 28,919,707 | 71 |
| TOTAL | \$ 40,247,651 | 100 | \$ 40,646,227 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 22 and 38) | \$ 914,000 | 2 | \$ 1,564,000 | 4 |
| Short-term bills payable (Note 22) | 134,842 | 1 | 136,773 | - |
| Contract liabilities (Notes 4 and 27) | 23,704 | - | 13,154 | - |
| Notes payable to unrelated parties (Note 23) | 3,351 | - | 3,011 | - |
| Trade payables to unrelated parties (Note 23) | 118,141 | - | 76,579 | - |
| Trade payables to related parties (Note 37) | 124,010 | - | 73,132 | - |
| Other payables to unrelated parties (Note 24) | 227,742 | 1 | 345,715 | 1 |
| Other payables to related parties (Note 37) | 72 | - | 89 | - |
| Current tax liabilities (Notes 4 and 29) | 121,492 | - | 137,173 | 1 |
| Lease liabilities - current (Notes 4 and 18) | 132,442 | - | 124,926 | - |
| Advance receipts (Note 24) | 8,820 | - | 11,829 | - |
| Current portion of long-term borrowings (Notes 22 and 38) | 947,847 | 3 | 528,223 | 1 |
| Guarantee deposits - current (Note 37) | 29,995 | - | 19,768 | - |
| Other current liabilities (Note 24) | 2,870 | - | 8,093 | - |
| Total current liabilities | 2,789,328 | 7 | 3,042,465 | 7 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 22 and 38) | 7,908,939 | 20 | 8,771,785 | 22 |
| Deferred tax liabilities (Notes 4 and 29) | 1,583,897 | 4 | 1,559,363 | 4 |
| Lease liabilities - non-current (Notes 4 and 18) | 1,599,272 | 4 | 1,723,014 | 4 |
| Deferred revenue - non-current (Notes 24 and 32) | 367,431 | 1 | 437,169 | 1 |
| Net defined benefit liabilities - non-current (Notes 4 and 25) | - | - | 1,007 | - |
| Guarantee deposits - non-current (Note 37) | 88,551 | - | 94,075 | - |
| Total non-current liabilities | 11,548,090 | 29 | 12,586,413 | 31 |
| Total liabilities | 14,337,418 | 36 | 15,628,878 | 38 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26) | | | | |
| Share capital | | | | |
| Ordinary shares | 7,747,805 | 19 | 7,747,805 | 19 |
| Capital surplus | 1,139,296 | 3 | 960,402 | 3 |
| Retained earnings | | | | |
| Legal reserve | 2,503,173 | 6 | 2,319,663 | 6 |
| Special reserve | 2,257,996 | 6 | 2,275,704 | 6 |
| Unappropriated earnings | 6,475,930 | 16 | 7,058,382 | 17 |
| Total retained earnings | 11,237,099 | 28 | 11,653,749 | 29 |
| Other equity | 5,979,118 | 15 | 4,939,214 | 12 |
| Treasury shares | (1,077,950) | (3) | (1,119,023) | (3) |
| Total equity attributable to owners of the Company | 25,025,368 | 62 | 24,182,147 | 60 |
| NON-CONTROLLING INTERESTS (Note 26) | 884,865 | 2 | 835,202 | 2 |
| Total equity | 25,910,233 | 64 | 25,017,349 | 62 |
| TOTAL | \$ 40,247,651 | 100 | \$ 40,646,227 | 100 |

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

| | 2021 | | 2020 | |
|---|--------------------|-------------|--------------------|--------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 27 and 37) | \$ 2,220,254 | 100 | \$ 2,058,417 | 100 |
| OPERATING COSTS (Notes 12, 28 and 37) | <u>(2,189,455)</u> | <u>(99)</u> | <u>(2,202,158)</u> | <u>(107)</u> |
| GROSS PROFIT (LOSS) | <u>30,799</u> | <u>1</u> | <u>(143,741)</u> | <u>(7)</u> |
| OPERATING EXPENSES (Notes 9, 10, 13, 28 and 37) | | | | |
| Selling and marketing expenses | (32,965) | (1) | (30,794) | (1) |
| General and administrative expenses | (523,691) | (24) | (572,267) | (28) |
| Expected credit gain (loss) | <u>221</u> | <u>-</u> | <u>(94)</u> | <u>-</u> |
| Total operating expenses | <u>(556,435)</u> | <u>(25)</u> | <u>(603,155)</u> | <u>(29)</u> |
| OTHER OPERATING INCOME AND EXPENSES (Notes 28 and 37) | <u>-</u> | <u>-</u> | <u>1,569,463</u> | <u>76</u> |
| (LOSS) GAIN FROM OPERATIONS | <u>(525,636)</u> | <u>(24)</u> | <u>822,567</u> | <u>40</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 28 and 37) | | | | |
| Interest income | 52,932 | 2 | 84,861 | 4 |
| Other income | 1,262,036 | 57 | 927,568 | 45 |
| Other gains and losses | 311,367 | 14 | 372,015 | 18 |
| Finance costs | (159,902) | (7) | (163,580) | (8) |
| Share of profit or loss of associates and joint ventures | <u>(121,277)</u> | <u>(5)</u> | <u>62,611</u> | <u>3</u> |
| Total non-operating income and expenses | <u>1,345,156</u> | <u>61</u> | <u>1,283,475</u> | <u>62</u> |
| PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 819,520 | 37 | 2,106,042 | 102 |
| INCOME TAX EXPENSE (Notes 4 and 29) | <u>(71,985)</u> | <u>(3)</u> | <u>(269,547)</u> | <u>(13)</u> |
| NET PROFIT FROM CONTINUING OPERATIONS | 747,535 | 34 | 1,836,495 | 89 |
| NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13) | <u>-</u> | <u>-</u> | <u>1,499</u> | <u>-</u> |
| NET PROFIT FOR THE YEAR | <u>747,535</u> | <u>34</u> | <u>1,837,994</u> | <u>89</u> |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | 2021 | | 2020 | |
|--|---------------------|-------------|---------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (Notes 4, 25, 26 and 29) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | \$ 5,776 | - | \$ 2,142 | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | 1,441,456 | 65 | 408,679 | 20 |
| Share of the other comprehensive income of associates and joint ventures accounted for using the equity method | 52,959 | 3 | (45,256) | (2) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | <u>(1,155)</u> | <u>-</u> | <u>(429)</u> | <u>-</u> |
| | <u>1,499,036</u> | <u>68</u> | <u>365,136</u> | <u>18</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | (554,584) | (25) | (79,343) | (4) |
| Share of the other comprehensive income of associates and joint ventures accounted for using the equity method | (4,289) | - | (3,907) | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss | <u>147,470</u> | <u>6</u> | <u>18,343</u> | <u>1</u> |
| | <u>(411,403)</u> | <u>(19)</u> | <u>(64,907)</u> | <u>(3)</u> |
| Other comprehensive income for the year, net of income tax | <u>1,087,633</u> | <u>49</u> | <u>300,229</u> | <u>15</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,835,168</u> | <u>83</u> | <u>\$ 2,138,223</u> | <u>104</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 657,848 | 30 | \$ 1,764,366 | 86 |
| Non-controlling interests | <u>89,687</u> | <u>4</u> | <u>73,628</u> | <u>3</u> |
| | <u>\$ 747,535</u> | <u>34</u> | <u>\$ 1,837,994</u> | <u>89</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,702,814 | 77 | \$ 2,051,467 | 100 |
| Non-controlling interests | <u>132,354</u> | <u>6</u> | <u>86,756</u> | <u>4</u> |
| | <u>\$ 1,835,168</u> | <u>83</u> | <u>\$ 2,138,223</u> | <u>104</u> |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | <u>2021</u> | | <u>2020</u> | |
|---|----------------|----------|----------------|----------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| EARNINGS PER SHARE (Note 30) | | | | |
| From continuing and discontinued operations | | | | |
| Basic | <u>\$ 1.02</u> | | <u>\$ 2.74</u> | |
| Diluted | <u>\$ 1.02</u> | | <u>\$ 2.74</u> | |
| From continuing operations | | | | |
| Basic | <u>\$ 1.02</u> | | <u>\$ 2.74</u> | |
| Diluted | <u>\$ 1.02</u> | | <u>\$ 2.74</u> | |

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

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | Share Capital | Capital Surplus | Retained Earnings | | Unappropriated Earnings | Other Equity | | Treasury Shares | Total | Non-controlling Interests | Total Equity |
|--|---------------|-----------------|-------------------|-----------------|-------------------------|--|--|-----------------|---------------|---------------------------|---------------|
| | | | Legal Reserve | Special Reserve | | Exchange Differences on Translating Foreign Operations | Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income | | | | |
| BALANCE, JANUARY 1, 2020 | \$ 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 | \$ 862,783 | \$ 23,676,225 |
| Appropriation of 2019 earnings (Note 26) | - | - | 176,052 | - | (176,052) | - | - | - | - | - | - |
| Legal reserve | - | - | - | - | (771,781) | - | - | - | (771,781) | - | (771,781) |
| Cash dividends | - | - | - | (70,347) | 70,347 | - | - | - | - | - | - |
| Reverse of special reserve | - | - | - | - | - | - | - | - | - | - | - |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 1,764,366 | - | - | - | 1,764,366 | 73,628 | 1,837,994 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | 2,153 | (61,134) | 346,100 | - | 287,101 | 13,128 | 300,229 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 1,766,521 | (61,134) | 346,100 | - | 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 | 2,275,704 | 7,058,382 | (404,225) | 5,343,439 | (1,119,023) | 24,182,147 | 835,202 | 25,017,349 |
| Appropriation of 2020 earnings (Note 26) | - | - | 183,510 | - | (183,510) | - | - | - | - | - | - |
| Legal reserve | - | - | - | - | (1,079,560) | - | - | - | (1,079,560) | - | (1,079,560) |
| Cash dividends | - | - | - | (17,708) | 17,708 | - | - | - | - | - | - |
| Reverse of special reserve | - | - | - | - | - | - | - | - | - | - | - |
| Changes in equity of associates accounted for using the equity method (Note 26) | - | 3,461 | - | - | - | - | - | - | 3,461 | - | 3,461 |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 637,848 | - | - | - | 637,848 | 89,687 | 747,535 |
| Other comprehensive income for the year ended December 31, 2021 | - | - | - | - | (5,062) | (396,011) | 1,433,915 | - | 1,044,966 | 42,667 | 1,087,633 |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 662,910 | (396,011) | 1,433,915 | - | 1,702,814 | 132,354 | 1,835,168 |
| Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26) | - | 155,010 | - | - | - | - | - | - | 155,010 | - | 155,010 |
| Share-based payment (Notes 26 and 31) | - | 20,175 | - | - | - | - | - | - | 20,175 | 412 | 20,587 |
| Decrease in non-controlling interests (Note 26) | - | - | - | - | - | - | - | - | - | (83,132) | (83,132) |
| Reissuance of treasury shares (Note 26) | - | (96) | - | - | - | - | - | 41,073 | 40,977 | - | 40,977 |
| Unclaimed dividends extinguished by prescription (Note 26) | - | 344 | - | - | - | - | - | - | 344 | 29 | 373 |
| BALANCE, DECEMBER 31, 2021 | \$ 7,747,805 | \$ 1,139,296 | \$ 2,503,173 | \$ 2,257,996 | \$ 6,475,930 | \$ (800,236) | \$ 6,779,354 | \$ (1,077,950) | \$ 25,025,368 | \$ 884,865 | \$ 25,910,233 |

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

| | 2021 | 2020 |
|--|----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax from continuing operations | \$ 819,520 | \$ 2,106,042 |
| Income before income tax from discontinued operations | - | 1,499 |
| Income before income tax | <u>819,520</u> | <u>2,107,541</u> |
| Adjustments for: | | |
| Depreciation expense | 524,834 | 570,326 |
| Amortization expense | 2,629 | 2,508 |
| Expected credit (gain) loss | (221) | 94 |
| Net gain on fair value changes of financial assets at fair value through profit or loss | (102,103) | (1,682) |
| Finance costs | 159,902 | 163,580 |
| Interest income | (52,932) | (88,828) |
| Dividend income | (1,128,413) | (807,947) |
| Compensation costs arising from share-based payment | 20,587 | - |
| Share of loss (profit) of associates and joint ventures | 121,277 | (62,611) |
| Loss (gain) on disposal of property, plant and equipment | 143 | (64,356) |
| Expense transferred from property under construction | - | 1,358 |
| Gain on disposal of investment properties | - | (1,569,463) |
| Expense transferred from investment property | 1,492 | - |
| Gain on disposal of right-of-use assets | (140) | - |
| (Gain) loss on disposal of associates and joint ventures accounted for using the equity method | (3,245) | 5,822 |
| Loss (gain) on lease modification | 95 | (45) |
| Gain on disposal of assets held for sale | - | (335,919) |
| Gain on disposal of subsidiaries | (291,167) | (92,073) |
| Impairment loss recognized on property, plant and equipment and right-of-use assets | - | 56,980 |
| Impairment loss recognized on non-financial assets | 404 | 366 |
| Reversal of deferred revenue | (13,884) | (12,310) |
| Net loss on foreign currency exchange | 105,410 | 36,937 |
| Changes in operating assets and liabilities: | | |
| Financial assets mandatorily classified as at fair value through profit or loss | (194,128) | 573,921 |
| Notes receivable from unrelated parties | 10,070 | 18,057 |
| Trade receivables from unrelated parties | 28,116 | (47,866) |
| Trade receivables from related parties | (6,823) | (1,361) |
| Other receivables from unrelated parties | 3,018 | 323,663 |
| Inventories | 5,315 | (16,941) |
| Increase in other current assets | (124) | - |
| Prepayments | (49,828) | (29,887) |
| Contract liabilities | 10,778 | 3,865 |
| Notes payables to unrelated parties | 340 | 105 |
| Trade payables to unrelated parties | 42,083 | (33,959) |
| Trade payables to related parties | 50,878 | (10,448) |
| Other payables to unrelated parties | (47,597) | 107,347 |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | 2021 | 2020 |
|--|------------------|------------------|
| Advanced receipts | \$ (2,960) | \$ (2,451) |
| Other current liabilities | (4,412) | 7,045 |
| Net defined benefit liability | <u>(65)</u> | <u>(59)</u> |
| Cash generated from operations | 8,849 | 801,309 |
| Interest paid | (129,874) | (133,714) |
| Income tax paid | <u>(73,691)</u> | <u>(136,764)</u> |
| Net cash (used in) generated from operating activities | <u>(194,716)</u> | <u>530,831</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | (90,000) | (10,000) |
| Purchase of financial assets at amortized cost | (74,951) | (644,164) |
| Proceeds from sale of financial assets at amortized cost | 1,467,434 | - |
| Cash return of capital due to liquidation of associates and joint ventures accounted for using the equity method | 66,327 | 184,358 |
| Acquisition of associates | (50,000) | (1,144,460) |
| Payments for property, plant and equipment | (105,482) | (746,786) |
| Proceeds from disposal of property, plant and equipment | 178 | 41,261 |
| Decrease (increase) in refundable deposits paid | 2,747 | (4,274) |
| Decrease in other receivables from related parties | 19,118 | 97,185 |
| Payments for intangible assets | (184) | (5,581) |
| Payments for investment properties | (71,967) | (28,588) |
| Proceeds from disposal of investment properties | - | 1,686,299 |
| Decrease in finance lease receivables | 2,047 | 2,105 |
| Decrease (increase) in other non-current assets | 1,708 | (311) |
| Increase in prepayments for equipment | (4,149) | (4,873) |
| Interest received | 53,296 | 92,618 |
| Other dividends received | 1,144,142 | 855,136 |
| Deferred revenue | <u>-</u> | <u>7,439</u> |
| Net cash generated from investing activities | <u>2,360,264</u> | <u>377,364</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayments of) proceeds from short-term borrowings | (650,000) | 762,800 |
| Repayments of short-term bills payable | (2,000) | (133,000) |
| Proceeds from long-term loans | 1,679,000 | 851,261 |
| Repayments of long-term loans | (1,619,271) | (123,678) |
| Refunds of guarantee deposits received | - | (8,117) |
| Proceeds of guarantee deposits received | 4,749 | - |
| Repayments of the principal portion of lease liabilities | (117,847) | (106,734) |
| Dividend paid to owners of the Company | (924,550) | (660,533) |
| Payments for buy-back of ordinary shares | - | (22,240) |
| Proceeds from reissuance of treasury shares | 40,977 | - |
| 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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Dividends paid to non-controlling interests | \$ (83,132) | \$ (94,469) |
| Return of unclaimed dividends extinguished by prescription | <u>373</u> | <u>2,374</u> |
| Net cash (used in) generated from financing activities | <u>(1,671,701)</u> | <u>445,433</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(184,481)</u> | <u>(44,544)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 309,366 | 1,309,084 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>3,375,981</u> | <u>2,066,897</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 3,685,347</u> | <u>\$ 3,375,981</u> |

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

(Concluded)

CHIA HSIN CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 1,039,240 | 3 | \$ 593,591 | 2 |
| Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32) | 702,571 | 2 | 471,782 | 1 |
| Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32) | 1,424,469 | 5 | 1,311,043 | 4 |
| Financial assets at amortized cost - current (Notes 4 and 13) | 887,458 | 3 | 1,177,666 | 4 |
| Notes receivable from unrelated parties (Notes 4, 9 and 25) | 136,134 | 1 | 145,545 | 1 |
| Trade receivables from unrelated parties (Notes 4, 9 and 25) | 20,536 | - | 33,999 | - |
| Trade receivables from related parties (Notes 4, 25 and 33) | 16,795 | - | 11,880 | - |
| Finance lease receivables - current (Notes 4, 11 and 33) | 58,825 | - | 44,236 | - |
| Other receivables from unrelated parties (Notes 4 and 10) | 585 | - | 2,543 | - |
| Other receivables from related parties (Notes 4 and 33) | 43,974 | - | 66,034 | - |
| Current tax assets | 395 | - | 1,045 | - |
| Inventories (Notes 4 and 12) | 47,024 | - | 52,848 | - |
| Prepayments (Note 19) | 45,472 | - | 3,202 | - |
| Total current assets | 4,423,478 | 14 | 3,915,414 | 12 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32) | 9,253,483 | 28 | 8,284,734 | 25 |
| Financial assets at amortized cost - non-current (Notes 4, 13 and 34) | 9,476 | - | 9,476 | - |
| Investments accounted for using the equity method (Notes 4, 14 and 33) | 16,602,015 | 50 | 18,259,550 | 55 |
| Property, plant and equipment (Notes 4, 5 and 15) | 724,113 | 2 | 820,507 | 3 |
| Right-of-use assets (Notes 4 and 16) | 10,289 | - | 13,205 | - |
| Investment properties (Notes 4 and 17) | 266,420 | 1 | 267,636 | 1 |
| Intangible assets (Notes 4 and 18) | 169 | - | - | - |
| Deferred tax assets (Notes 4 and 27) | 242,361 | 1 | 132,252 | - |
| Refundable deposits (Notes 4 and 19) | 7,006 | - | 7,006 | - |
| Finance lease receivables - non-current (Notes 4, 11 and 33) | 1,226,741 | 4 | 1,267,206 | 4 |
| Other non-current assets (Note 19) | 1,859 | - | 2,010 | - |
| Total non-current assets | 28,343,932 | 86 | 29,063,602 | 88 |
| TOTAL | \$ 32,767,410 | 100 | \$ 32,979,016 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4, 20 and 33) | \$ 804,000 | 3 | \$ 1,419,000 | 4 |
| Short-term bills payable (Notes 4 and 20) | 134,842 | 1 | 136,773 | 1 |
| Contract liabilities (Notes 4 and 25) | 12,278 | - | 4,924 | - |
| Notes payable to unrelated parties (Note 21) | 3,351 | - | 3,011 | - |
| Trade payables to unrelated parties (Note 21) | 91,987 | - | 49,638 | - |
| Trade payables to related parties (Note 33) | 129,596 | - | 79,615 | - |
| Other payables to unrelated parties (Note 22) | 49,643 | - | 120,052 | - |
| Other payables to related parties (Note 33) | 20,899 | - | 19,580 | - |
| Current tax liabilities (Notes 4 and 27) | 25,084 | - | 40,634 | - |
| Lease liabilities - current (Notes 4 and 16) | 63,370 | - | 48,189 | - |
| Current portion of long-term borrowings (Notes 4, 20 and 33) | 577,500 | 2 | 457,500 | 2 |
| Guarantee deposits - current | 2,660 | - | 380 | - |
| Total current liabilities | 1,915,210 | 6 | 2,379,296 | 7 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 4, 20 and 33) | 4,266,250 | 13 | 4,843,750 | 15 |
| Deferred tax liabilities (Notes 4 and 27) | 296,290 | 1 | 256,746 | 1 |
| Lease liabilities - non-current (Notes 4 and 16) | 1,232,677 | 4 | 1,276,621 | 4 |
| Net defined benefit liabilities - non-current (Notes 4 and 23) | 10,528 | - | 16,266 | - |
| Guarantee deposits - non-current | 21,087 | - | 24,190 | - |
| Total non-current liabilities | 5,826,832 | 18 | 6,417,573 | 20 |
| Total liabilities | 7,742,042 | 24 | 8,796,869 | 27 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24) | | | | |
| Share capital | | | | |
| Ordinary shares | 7,747,805 | 24 | 7,747,805 | 23 |
| Capital surplus | 1,139,296 | 3 | 960,402 | 3 |
| Retained earnings | | | | |
| Legal reserve | 2,503,173 | 7 | 2,319,663 | 7 |
| Special reserve | 2,257,996 | 7 | 2,275,704 | 7 |
| Unappropriated earnings | 6,475,930 | 20 | 7,058,382 | 21 |
| Total retained earnings | 11,237,099 | 34 | 11,653,749 | 35 |
| Other equity | 5,979,118 | 18 | 4,939,214 | 15 |
| Treasury shares | (1,077,950) | (3) | (1,119,023) | (3) |
| Total equity attributable to owners of the Company | 25,025,368 | 76 | 24,182,147 | 73 |
| Total equity | 25,025,368 | 76 | 24,182,147 | 73 |
| TOTAL | \$ 32,767,410 | 100 | \$ 32,979,016 | 100 |

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, 2021 AND 2020

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

| | 2021 | | 2020 | |
|---|--------------------|-------------|--------------------|--------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 25 and 33) | | | | |
| Sales | \$ 1,062,850 | 85 | \$ 1,002,463 | 85 |
| Rental revenue | 4,695 | - | 4,578 | - |
| Service revenue | 22,174 | 2 | 23,519 | 2 |
| Other operating revenue | <u>159,212</u> | <u>13</u> | <u>156,315</u> | <u>13</u> |
| Total operating revenue | <u>1,248,931</u> | <u>100</u> | <u>1,186,875</u> | <u>100</u> |
| OPERATING COSTS (Notes 12, 26 and 33) | | | | |
| Cost of goods sold | (1,073,360) | (86) | (1,016,459) | (86) |
| Rental costs | (1,684) | - | (1,761) | - |
| Service costs | (20,180) | (2) | (21,902) | (2) |
| Other operating costs | <u>(138,140)</u> | <u>(11)</u> | <u>(167,429)</u> | <u>(14)</u> |
| Total operating costs | <u>(1,233,364)</u> | <u>(99)</u> | <u>(1,207,551)</u> | <u>(102)</u> |
| GROSS PROFIT (LOSS) | <u>15,567</u> | <u>1</u> | <u>(20,676)</u> | <u>(2)</u> |
| UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4) | (72) | - | (14) | - |
| REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4) | <u>895</u> | <u>-</u> | <u>895</u> | <u>-</u> |
| REALIZED GROSS PROFIT (LOSS) | <u>16,390</u> | <u>1</u> | <u>(19,795)</u> | <u>(2)</u> |
| OPERATING EXPENSES (Notes 26 and 33) | | | | |
| Selling and marketing expenses | (11,753) | (1) | (12,760) | (1) |
| General and administrative expenses | (226,728) | (18) | (204,895) | (17) |
| Expected credit gain (Note 9) | <u>231</u> | <u>-</u> | <u>150</u> | <u>-</u> |
| Total operating expenses | <u>(238,250)</u> | <u>(19)</u> | <u>(217,505)</u> | <u>(18)</u> |
| LOSS FROM OPERATIONS | <u>(221,860)</u> | <u>(18)</u> | <u>(237,300)</u> | <u>(20)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income (Notes 4 and 26 and 33) | 23,187 | 2 | 43,532 | 4 |
| Other income (Notes 4, 26 and 33) | 785,507 | 63 | 567,593 | 48 |
| Other gains and losses (Notes 4, 26 and 33) | (88,705) | (7) | (79,255) | (7) |

(Continued)

CHIA HSIN CEMENT CORPORATION

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

| | 2021 | | 2020 | |
|--|---------------------|-------------|---------------------|------------|
| | Amount | % | Amount | % |
| Finance costs (Notes 4 and 26) | \$ (89,277) | (7) | \$ (93,356) | (8) |
| Share of profit or loss of subsidiary, associates and joint ventures (Note 4) | <u>265,777</u> | <u>21</u> | <u>1,618,271</u> | <u>136</u> |
| Total non-operating income and expenses | <u>896,489</u> | <u>72</u> | <u>2,056,785</u> | <u>173</u> |
| PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 674,629 | 54 | 1,819,485 | 153 |
| INCOME TAX EXPENSE (Notes 4 and 27) | <u>(16,781)</u> | <u>(1)</u> | <u>(55,119)</u> | <u>(4)</u> |
| NET PROFIT FROM CONTINUING OPERATIONS | <u>657,848</u> | <u>53</u> | <u>1,764,366</u> | <u>149</u> |
| OTHER COMPREHENSIVE INCOME (Notes 4, 23, 24 and 27) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 5,730 | - | 1,571 | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | 992,174 | 79 | 271,582 | 23 |
| Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method | 444,219 | 36 | 75,416 | 6 |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | <u>(1,146)</u> | <u>-</u> | <u>(314)</u> | <u>-</u> |
| | <u>1,440,977</u> | <u>115</u> | <u>348,255</u> | <u>29</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | (306,820) | (25) | (63,048) | (5) |
| Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method | (188,194) | (15) | (13,395) | (1) |
| Income tax relating to items that may be reclassified subsequently to profit or loss | <u>99,003</u> | <u>8</u> | <u>15,289</u> | <u>1</u> |
| | <u>(396,011)</u> | <u>(32)</u> | <u>(61,154)</u> | <u>(5)</u> |
| Other comprehensive income for the year, net of income tax | <u>1,044,966</u> | <u>83</u> | <u>287,101</u> | <u>24</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,702,814</u> | <u>136</u> | <u>\$ 2,051,467</u> | <u>173</u> |

(Continued)

CHIA HSIN CEMENT CORPORATION

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

| | 2021 | | 2020 | |
|------------------------------|----------------|---|----------------|---|
| | Amount | % | Amount | % |
| EARNINGS PER SHARE (Note 28) | | | | |
| From continuing operations | | | | |
| Basic | <u>\$ 1.02</u> | | <u>\$ 2.74</u> | |
| Diluted | <u>\$ 1.02</u> | | <u>\$ 2.74</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

| | Share Capital | Capital Surplus | Retained Earnings | | | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Other Equity | | Treasury Shares | Total Equity |
|---|---------------|-----------------|-------------------|-----------------|-------------------------|-------------------------|--|--|----------------|-----------------|--------------|
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income | | | |
| BALANCE, JANUARY 1, 2020 | \$ 7,747,805 | \$ 847,377 | \$ 2,145,611 | \$ 2,346,051 | \$ 6,171,113 | \$ (343,071) | \$ 4,997,339 | | \$ (1,096,783) | \$ 22,813,442 | |
| Appropriation of 2019 earnings (Note 24) | - | - | 176,052 | - | (176,052) | - | - | - | - | - | |
| Legal reserve | - | - | (771,781) | - | (771,781) | - | - | - | - | (771,781) | |
| Cash dividends | - | - | - | (70,347) | 70,347 | - | - | - | - | - | |
| Reverse of special reserve | - | - | - | - | - | - | - | - | - | - | |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 1,764,366 | - | - | - | - | 1,764,366 | |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 2,155 | (61,154) | 346,100 | - | - | 2,87,101 | |
| Other comprehensive income (loss) for the year ended December 31, 2020 (Note 24) | - | - | - | - | - | (61,154) | 346,100 | - | - | 2,051,467 | |
| Buy-back of ordinary shares (Note 24) | - | - | - | - | (1,766,521) | - | - | - | (22,240) | (22,240) | |
| Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24) | - | 111,248 | - | - | - | - | - | - | - | 111,248 | |
| Changes in percentage of ownership interests in subsidiaries (Note 24) | - | (538) | - | - | (1,766) | - | - | - | - | (2,304) | |
| Unclaimed dividends extinguished by prescription (Note 24) | - | 2,315 | - | - | - | - | - | - | - | 2,315 | |
| BALANCE, DECEMBER 31, 2020 | 7,747,805 | 960,402 | 2,319,663 | 2,275,704 | 7,058,382 | (404,225) | 5,343,439 | | (1,119,023) | 24,182,147 | |
| Appropriation of 2020 earnings (Note 24) | - | - | 183,510 | - | (183,510) | - | - | - | - | - | |
| Legal reserve | - | - | (1,079,560) | - | (1,079,560) | - | - | - | - | (1,079,560) | |
| Cash dividends | - | - | - | (17,708) | 17,708 | - | - | - | - | - | |
| Reverse of special reserve | - | - | - | - | - | - | - | - | - | - | |
| Changes in equity of associates accounted for using the equity method (Note 24) | - | 8,406 | - | - | - | - | - | - | - | 8,406 | |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 657,848 | - | - | - | - | 657,848 | |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 5,052 | (396,011) | 1,435,915 | - | - | 1,044,966 | |
| Other comprehensive income (loss) for the year ended December 31, 2021 (Note 24) | - | - | - | - | - | (396,011) | 1,435,915 | - | - | 1,702,814 | |
| Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24) | - | 155,010 | - | - | - | - | - | - | - | 155,010 | |
| Share-based payment (Notes 24 and 29) | - | 15,428 | - | - | - | - | - | - | - | 15,428 | |
| Reissuance of treasury shares (Note 24) | - | (96) | - | - | - | - | - | - | 41,073 | 40,977 | |
| Unclaimed dividends extinguished by prescription (Note 24) | - | 146 | - | - | - | - | - | - | - | 146 | |
| BALANCE, DECEMBER 31, 2021 | \$ 7,747,805 | \$ 1,139,296 | \$ 2,503,173 | \$ 2,257,996 | \$ 6,475,930 | \$ (800,236) | \$ 6,779,354 | | \$ (1,077,950) | \$ 25,025,368 | |

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

| | 2021 | 2020 |
|--|------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 674,629 | \$ 1,819,485 |
| Adjustments for: | | |
| Depreciation expense | 109,860 | 144,956 |
| Amortization expense | 15 | - |
| Expected credit gain | (231) | (150) |
| Net (gain) loss on fair value changes of financial assets at fair value through profit or loss | (36,661) | 11,939 |
| Finance costs | 89,277 | 93,356 |
| Interest income | (23,187) | (43,532) |
| Dividend income | (747,616) | (530,595) |
| Compensation costs arising from share-based payment | 15,428 | - |
| Share of profit of subsidiaries, associates and joint ventures | (265,777) | (1,618,271) |
| Gain on disposal of property, plant and equipment | (29) | - |
| Gain on modification of lease | - | (27) |
| 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 | 72 | 14 |
| Realized gain on transactions with subsidiaries, associates and joint ventures | (895) | (895) |
| Net loss on foreign currency exchange | 106,243 | 48,192 |
| Changes in operating assets and liabilities: | | |
| Financial assets mandatorily classified as at fair value through profit or loss | (194,128) | 300,446 |
| Notes receivable from unrelated parties | 9,506 | 17,329 |
| Trade receivables from unrelated parties | 13,599 | (2,390) |
| Trade receivables from related parties | (4,915) | (6,097) |
| Other receivables from unrelated parties | 11 | 29 |
| Other receivables from related parties | 57 | 610 |
| Inventories | 5,824 | (17,744) |
| Prepayments | (42,270) | (24) |
| Contract liabilities | 7,354 | (72) |
| Notes payable to unrelated parties | 340 | 105 |
| Trade payables to unrelated parties | 42,349 | (42,693) |
| Trade payables to related parties | 49,981 | (10,709) |
| Other payables to unrelated parties | (19,553) | (8,828) |
| Other payables to related parties | 1,319 | (7,114) |
| Net defined benefit liabilities | (8) | 1 |
| Cash (used in) generated from operations | (209,406) | 150,472 |
| Interest paid | (90,064) | (92,729) |
| Income tax paid | (2,961) | (5,160) |
| Net cash (used in) generated from operating activities | <u>(302,431)</u> | <u>52,583</u> |

(Continued)

CHIA HSIN CEMENT CORPORATION

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

| | 2021 | 2020 |
|---|---------------------|-------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | \$ (90,000) | \$ (10,000) |
| Purchase of financial assets at amortized cost | - | (337,034) |
| Proceeds from sale of financial assets at amortized cost | 290,208 | - |
| Acquisition of investments accounted for using the equity method | (50,000) | (1,244,460) |
| Cash returns from liquidation of investees accounted for using the equity method | - | 25,071 |
| Payments for property, plant and equipment | (7,725) | (210) |
| Proceeds from disposal of property, plant and equipment | 29 | - |
| Decrease in refundable deposits paid | - | 130 |
| Decrease in other receivables from related parties | 20,575 | 97,788 |
| Payments for intangible assets | (184) | - |
| Decrease in finance lease receivables | 41,039 | 34,141 |
| Decrease (increase) in other non-current assets | 151 | (81) |
| Interest received | 25,134 | 45,565 |
| Dividends received from subsidiaries, associates and joint ventures | 2,036,756 | 791,892 |
| Other dividends received | <u>747,616</u> | <u>530,595</u> |
| Net cash generated from (used in) investing activities | <u>3,013,599</u> | <u>(66,603)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayments of) proceeds from short-term borrowings | (615,000) | 879,000 |
| Repayment of short-term bills payable | (2,000) | (133,000) |
| (Repayments of) proceeds of long-term loans | (457,500) | 376,322 |
| Refund of guarantee deposits received | (823) | (822) |
| Repayment of the principal portion of lease liabilities | (45,515) | (38,813) |
| Payments for buy-back of ordinary shares | - | (22,240) |
| Proceeds from reissuance of treasury shares | 40,977 | - |
| Cash dividends paid | (1,079,560) | (771,781) |
| Return of unclaimed dividends extinguished by prescription | <u>146</u> | <u>1,895</u> |
| Net cash (used in) generated from financing activities | <u>(2,159,275)</u> | <u>290,561</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | | |
| | <u>(106,244)</u> | <u>(46,263)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 445,649 | 230,278 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>593,591</u> | <u>363,313</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 1,039,240</u> | <u>\$ 593,591</u> |

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

(Concluded)

Annex 2: Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Amendment

Chia Hsin Cement Corporation

The Procedures for Acquisition or Disposal of Assets Amendments

| After Amendment | Before Amendment | Description |
|--|--|--|
| <p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong and with the following:</u></p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute | <p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 4. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 5. May not be a related party or de facto related party of any party to the transaction. 6. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 4. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 5. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and | <p>Amended in accordance with the competent authority amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> |

| After Amendment | Before Amendment | Description |
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| <p>adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p> | <p>use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>6. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p> | |
| <p>Article 7</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is NTD1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's | <p>Article 7</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 5. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 6. Where the transaction amount is NTD1 billion or more, appraisals from two or more professional appraisers shall be obtained. 7. Where any one of the following circumstances applies with respect to the professional appraiser's | <p>Amended in accordance with the competent authority amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> |

| After Amendment | Before Amendment | Description |
|--|---|-------------|
| <p>appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p> | <p>appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>8. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p> | |

| After Amendment | Before Amendment | Description |
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| <p>Article 8 The company acquiring or disposing of long-term and short-term investments, in addition to operating in accordance with the provisions of Section VII of Chapter VII of the company's internal control system, the authorized level to determine the transaction conditions must first be signed in writing and approved by the competent authority "The Rules of Authorization Management" before proceeding.</p> <p>The execution units of the company's acquisition or disposal of long-term and short-term investments are as follows:</p> <ol style="list-style-type: none"> 1. For long-term investment, special team in charge will be formed. 2. For short-term investment, the department in charge is responsible for the development of investment plans, trading and analysis. <p>The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NTD300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> | <p>Article 8 The company acquiring or disposing of long-term and short-term investments, in addition to operating in accordance with the provisions of Section VII of Chapter VII of the company's internal control system, the authorized level to determine the transaction conditions must first be signed in writing and approved by the competent authority "The Rules of Authorization Management" before proceeding.</p> <p>The execution units of the company's acquisition or disposal of long-term and short-term investments are as follows:</p> <ol style="list-style-type: none"> 1. For long-term investment, special team in charge will be formed. 2. For short-term investment, the department in charge is responsible for the development of investment plans, trading and analysis. <p>The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NTD300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> | <p>Amended in accordance with the competent authority amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> |

| After Amendment | Before Amendment | Description |
|---|---|--|
| <p>Article 9 Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The calculation of the transaction amounts referred to in Article 7, Article 8 and Paragraph 1 of this article shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> | <p>Article 9 Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the transaction amounts referred to in Article 7, Article 8 and Paragraph 1 of this article shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> | <p>Amended in accordance with the competent authority amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> |
| <p>Article 11 When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with this procedure, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 Paragraph 2 herein.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more, except</p> | <p>Article 11 When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with this procedure, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 Paragraph 2 herein.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more, except</p> | <p>Amended in accordance with the competent authority amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> |

| After Amendment | Before Amendment | Description |
|---|--|-------------|
| <p>in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p><u>If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> | <p>in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> 8. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 9. The reason for choosing the related party as a transaction counterparty. 10. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17. 11. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 12. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 13. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 14. Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> | |

| After Amendment | Before Amendment | Description |
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| <p>The calculation of the transaction amounts referred to <u>paragraph 1</u> and in the <u>preceding paragraph</u> shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>shareholders' meeting</u> and recognized by the supervisors need not be counted toward the transaction amount.</p> | | |
| <p>Article 31 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading | <p>Article 31 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 7. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 8. Merger, demerger, acquisition, or transfer of shares. 9. Losses from derivatives trading | <p>Amended in accordance with the competent authority amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> |

| After Amendment | Before Amendment | Description |
|---|--|-------------|
| <p>reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p style="padding-left: 20px;">A. For the company whose paid-in capital is less than NTD10 billion, the transaction amount reaches NTD500 million or more.</p> <p style="padding-left: 20px;">B. For the company whose paid-in capital is NTD10 billion or more, the transaction amount reaches NTD1 billion or more.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NTD500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NTD300 million; provided, this shall not apply to the following circumstances:</p> <p style="padding-left: 20px;">A. Trading of domestic government bonds or <u>foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p style="padding-left: 20px;">B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds,</u> or ordinary corporate bonds or general bank debentures</p> | <p>reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>10. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p style="padding-left: 20px;">A. For the company whose paid-in capital is less than NTD10 billion, the transaction amount reaches NTD500 million or more.</p> <p style="padding-left: 20px;">B. For the company whose paid-in capital is NTD10 billion or more, the transaction amount reaches NTD1 billion or more.</p> <p>11. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NTD500 million.</p> <p>12. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NTD300 million; provided, this shall not apply to the following circumstances:</p> <p style="padding-left: 20px;">A. Trading of domestic government bonds.</p> <p style="padding-left: 20px;">B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or</p> | |

| After Amendment | Before Amendment | Description |
|--|--|-------------|
| <p>without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes.</u></p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC</p> | <p>redemption of securities investment trust funds or futures trust funds.</p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 5. The amount of any individual transaction. 6. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 7. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. 8. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days</p> | |

| After Amendment | Before Amendment | Description |
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| <p>by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> | <p>counting inclusively from the date of knowing of such error or omission.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> | |

Annex 3: 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

| After Amendment | Before Amendment | Description |
|---|--|---|
| <p>Article 2</p> <p>Attending shareholders and their proxies shall hand in a sign-in card in lieu of signing in.</p> <p>The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> | <p>Article 2</p> <p>Attending shareholders and their proxies shall hand in a sign-in card in lieu of signing in.</p> <p>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.</p> | <p>Pursuant to the amendment of Company Act, text of content regarding the virtual shareholders' meeting is added accordingly</p> |
| <p>Article 4</p> <p>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.</p> <p><u>The restrictions on the place of the meeting shall not apply when the Company convenes virtual shareholders' meeting.</u></p> | <p>Article 4</p> <p>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.</p> | <p>With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to the amendment of Company Act, text of content regarding the virtual shareholders' meeting is added accordingly</p> |
| <p>Article 7</p> <p>The entire audio or video recording of the proceedings of the shareholders' meeting shall be kept for at least one year.</p> <p><u>Where a virtual shareholders' meeting is convened, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes</u></p> | <p>Article 7</p> <p>The entire audio or video recording of the proceedings of the shareholders' meeting shall be kept for at least one year.</p> | <p>Pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly</p> |

| After Amendment | Before Amendment | Description |
|---|---|---|
| <p><u>cast and results of votes counted & etc., and shall record continuously audio and video without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> | | |
| <p>Article 8 The chairperson of a shareholders' meeting shall call the meeting to order at the appointed meeting time, and report the relevant information on the number of having non-voting rights and the total number of attending shares. 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 <u>and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p><u>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares,</u> a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; <u>all shareholders shall be notified of the tentative resolution that another</u></p> | <p>Article 8 The chairperson of a shareholders' meeting shall call the meeting to order at the appointed meeting time, and report the relevant information on the number of having non-voting rights and the total number of attending shares. 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, <u>but the attending shareholders represent one third or more of the total number of issued shares,</u> 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>With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly</p> |

| After Amendment | Before Amendment | Description |
|---|---|---|
| <p><u>shareholders' meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall, in compliance with Regulations Governing the Administration of Shareholder Services of Public Companies, re-register with the Company.</u></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>Article 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.</p> <p>If the speech of any shareholder violates the preceding paragraph or exceeds the scope of the agenda item, the chairperson may terminate the speech.</p> <p><u>Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the time chairperson declaring the meeting open until the chairperson declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The aforementioned rules do not</u></p> | <p>Article 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.</p> <p>If the speech of any shareholder violates the preceding paragraph or exceeds the scope of the agenda item, the chairperson may terminate the speech.</p> | <p>With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly</p> |

| After Amendment | Before Amendment | Description |
|---|---|---|
| <p><u>apply to the preceding 2 paragraphs nor do they apply to Articles 11 and 13.</u></p> <p>As long as questions so raised are in accordance with the preceding paragraph and not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</p> | | |
| <p>Article 20</p> <p>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.</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). 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,</p> | <p>Article 20</p> <p>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.</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). 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,</p> | <p>With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly</p> |

| After Amendment | Before Amendment | Description |
|--|--|--|
| <p>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.</p> <p>The meeting minutes shall be preserved for the duration of the existence of the Company.</p> <p><u>Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chairperson's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</u></p> | <p>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.</p> <p>The meeting minutes shall be preserved for the duration of the existence of the Company.</p> | |
| <p>Article 21</p> <p><u>In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall</u></p> | <p>New</p> | <p>With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of</p> |

| After Amendment | Before Amendment | Description |
|---|------------------|--|
| <u>continue at least 15 minutes after the chairperson announced the meeting adjourned.</u> | | Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly |
| Article 22 <u>When the Company convenes a virtual shareholders' meeting, both the chairperson and secretary shall be in the same location, and the chairperson shall declare the address of their location when the meeting is called to order.</u> | New | With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly |
| Article 23 <u>In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues. In the event of a virtual shareholders' meeting, when declaring the meeting open, the chairperson shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or</u> | New | With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly |

| After Amendment | Before Amendment | Description |
|---|------------------|-------------|
| <p><u>other force majeure events before the chairperson has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session. For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.</u></p> <p><u>When the Company convenes a</u></p> | | |

| After Amendment | Before Amendment | Description |
|---|------------------|-------------|
| <p><u>hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' 'meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public</u></p> | | |

| After Amendment | Before Amendment | Description |
|---|---|---|
| <p><u>Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p> | | |
| <p>Article 24 <u>When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</u></p> | New | <p>With reference to provisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", pursuant to amendments of Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies, text of content regarding the virtual shareholders' meeting is added accordingly</p> |
| <p>Article 25 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."</p> | <p>Article 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."</p> | Articles moved from 21 to 25 |
| <p>Article 26 The Rules and any amendment shall take effect after being approved at the shareholders' meeting.</p> | <p>Article 22 The Rules and any amendment shall take effect after being approved at the shareholders' meeting.</p> | Articles moved from 22 to 26 |

Annex 4: Comparison Table for the Articles of Incorporation Before and After Amendment

Chia Hsin Cement Corporation The Articles of Incorporation Amendments

| After Amendment | Before Amendment | Description |
|---|--|---|
| <p>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. <u>In case the Company's shareholders' meeting is held, the Company may convene a visual communication meeting or by any other method announced by the competent authority.</u></p> | <p>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.</p> | <p>Pursuant to amendment of Articles 172-2 of the Company Act, text of content regarding convening the virtual shareholders' meeting is added accordingly</p> |
| <p>Article 10: A shareholder of the Company shall have one vote for each share held. <u>In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u> 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</p> | <p>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</p> | <p>Pursuant to amendment of Articles 172-2 of the Company Act</p> |

| After Amendment | Before Amendment | Description |
|---|--|-------------------------------|
| <p>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.</p> <p>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.</p> <p>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.</p> | <p>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.</p> <p>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.</p> <p>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.</p> | |
| <p><u>Chapter Four Directors, Board of Directors, Functional Committees, Managerial Officers and Officers</u></p> | <p><u>Chapter Four Directors, Audit Committee, Managerial Officers and Officers</u></p> | <p>To adjust Chapter name</p> |

| After Amendment | Before Amendment | Description |
|--|--|---|
| <p>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.</p> <p>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 <u>one-third</u> 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.</p> <p><u>In order to achieve the Company's operation requirement and needs of business developments, the composition of the board of directors shall be more diversified. It should include but not limited to the following two standards:</u></p> <p><u>1. Basic conditions and values: gender, age, nationality and culture, etc. There should be at least one female director serving on the Board.</u></p> <p><u>2. Professional knowledge and</u></p> | <p>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.</p> <p>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 <u>one-fifth</u> 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.</p> <p>The total number of shares owned by all directors shall be in compliance with the rules promulgated by the Securities Bureau.</p> | <p>To comply with the Company's policy to strengthen corporate governance</p> |

| After Amendment | Before Amendment | Description |
|---|---|--|
| <p><u>skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.</u></p> <p>The total number of shares owned by all directors shall be in compliance with the rules promulgated by the Securities Bureau.</p> | | |
| <p>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. <u>In accordance with Article 14-6 of the Securities and Exchange Act, the Company has established a Remuneration Committee, of which more than half of the members are independent directors.</u> <u>Exercising of powers and other rules to be complied by the Remuneration Committee shall be governed by the Company Law, the Securities and Exchange Law and relevant laws and regulations.</u> <u>In order to practice corporate social responsibility, promote economic, environmental and social progress, and achieve the goal of sustainable development, the company has established the Sustainable Development Committee, of which more than half of the members are independent</u></p> | <p>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.</p> | <p>To comply with the Company's policy and operation strategy to promote sustainable development</p> |

| After Amendment | Before Amendment | Description |
|--|---|---|
| <u>directors.</u> | | |
| <p>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 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; <u>amended on June 14, 2022 for the 50th time</u>, amendments will be effective after approval.</p> | <p>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 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, amendments will be effective after approval.</p> | <p>To add the date and amended text of content of the Articles of Incorporation</p> |

Annex 5: List of Director and Independent Director Candidates and the Related Information

| Name | Nationality | Education | Experience | Current Positions | Shareholding |
|--|-------------|--|---|---|-------------------------|
| <p>Director: Jason K. L. Chang</p> | <p>ROC</p> | <p>Master, Massachusetts Institute of Technology</p> | <p>Chairman of Chia Hsin Cement Corp. Director of Taiwan Cement Corp.</p> | <p>Chairman of: YJ Int'l Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Construction Corp. (JPR) Tong Yang Chia Hsin Int'l Corp. Chia Hsin Foundation Vice Chairman of: EPOCH Foundation Director of: Chia Pei Int'l Corp. (JPR) Chia Hsin Property Management & Development Corp. (JPR) Chia Hsin Business Consulting (Shanghai) Co., Ltd. (JPR) Shanghai Jia Huan Concrete Co., Ltd. (JPR) Shanghai Chia Hsin Ganghui Co., Ltd. (JPR) Chia Hsin Pacific Limited Effervesce Investment Pte Ltd Sparksvieview Pte Ltd Tong Yang Chia Hsin Marine Corp. (JPR) Taiwan Cement Corp. (JPR)</p> | <p>4,808,396 shares</p> |

| Name | Nationality | Education | Experience | Current Positions | Shareholding |
|-----------------------------|-------------|---|---|---|-------------------|
| Director: Chi-Te Chen | ROC | MBA, University of California, Santa Clara | Director of Chia Hsin Cement Corp. Chairman of Chien Kuo Construction Co. Ltd Director of Taiwan Cement Corp. | Chairman of: Chien Kuo Development Co., Ltd. Chien Hwei Investment Co. Ltd. Golden Canyon Venture Capital Investment Co., Ltd Golden Canyon II Venture Capital Investment Co., Ltd Rock Publishing International Chien Huei Cultural & Educational Foundation Chien Kuo Foundation for Arts And Culture. Vice Chairman of: Chien Kuo Construction Co., Ltd. Director of: Chia Hsin property Management & Development Corp, (JPR) China Real Estate Management Co., Ltd Silver Shadow Holdings Co., Ltd. Golden Canyon Co., Ltd. Chien Kuo Asia Co., Ltd. Taiwan Cement Corp. (JPR) | 692,955 shares |

| Name | Nationality | Education | Experience | Current Positions | Shareholding |
|---|-------------|---|---|--|--|
| Director: Tong Yang Chia Hsin Int'l Corp. Pan Howard Wei-Hao | USA | Master of EE and MBA, Massachusetts Institute of Technology | Director of Chia Hsin Cement Corp. Cheng Yeh Chemical Works Ltd. (also President) | Director of: Chia Hsin property Management & Development Corp, (JPR) Jaho Life Plus+ Management Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Construction Corp. (JPR) Chia Hsin Pacific Limited Effervesce Investment Pte Ltd Sparksview Pte Ltd Cheng Yeh Chemical Works Ltd. (also President) Hao An Enterprise Co., Ltd. Micro Tech Enterprise Co., Ltd. Chia Hsin Foundation CFA Society of Taiwan | 127,370,320 shares (Representative: 0 shares) |
| Director: Tong Yang Chia Hsin Int'l Corp. I-Cheng Liu | ROC | MBA, Wharton School of the University of Pennsylvania BA, College of Management, National Taiwan University | Director of Chia Hsin Cement Corp. Director of Next Commercial Bank CO., LTD (also President) MD of LINE CORP/LINE BANK Chief Innovation Officer of CTBC Financial Holding CO., LTD. | Director of Taiwan Film and Audiovisual Institute Director of Sunsino Innovation Technology Inc Independent Independent Director of PlayNitride Inc. | 127,370,320 shares (Representative:0 shares) |

| Name | Nationality | Education | Experience | Current Positions | Shareholding |
|---|-------------|--|--|--|--------------|
| Independent Director: Robert K. Su | ROC | Ph. D., Accounting, Louisiana State University | Independent Director of Chia Hsin Cement Corp. Chairman of Chinese Association of Business and Intangible Assets Valuation Professor, Department of Accounting of National Cheng Chi University Dean of NCCU College of Commerce | Independent Director, DBS Bank (Taiwan) Ltd Independent Director, Ta-Yuan Cogen Co., Ltd. Consultant, Chien Kuo Construction Co., Ltd. Supervisor, Shun Long International Electrical Engineering Co., Ltd. Adjunct Professor, Department of Accounting, National Chengchi University | 0 shares |
| Independent Director: Pao-Chu Lin | ROC | MBA, National Taiwan University BA, Accounting, National Taiwan University | Consultant, Chairman/CEO's Office KPMG CPA, KPMG | None | 0 shares |
| Independent Director: Kevin Kuo-I Chen | ROC | LL.M, New York University School of Law LL.B, National Taiwan University College of Law | Vice President, National Taiwan Sport University Consultant, Chinese Taipei Olympic Committee | Vice President, National Taiwan Sport University Adjunct Professor, National Taiwan Sport University Adjunct Professor, University of Taipei Consultant, Chinese Taipei Olympic Committee | 0 shares |

Annex 6: List of Releasing Director Candidates from Non-Competition Restriction

| Name | Other Positions |
|--|--|
| Jason K. L. Chang | <p>Chairman of: Tong Yang Chia Hsin Int'l Corp. Chia Hsin Foundation</p> <p>Vice Chairman of: EPOCH Foundation</p> <p>Director of: Chia Hsin Business Consulting (Shanghai) Co., Ltd. (JPR) Shanghai Jia Huan Concrete Co., Ltd. (JPR) Shanghai Chia Hsin Ganghui Co., Ltd. (JPR) Chia Hsin Pacific Limited Effervesce Investment Pte Ltd Sparksvie Pte Ltd Tong Yang Chia Hsin Marine Corp. (JPR) Taiwan Cement Corp. (JPR)</p> |
| Chi-Te Chen | <p>Chairman of: Chien Kuo Development Co., Ltd. Chien Hwei Investment Co. Ltd. Golden Canyon Venture Capital Investment Co., Ltd Golden Canyon II Venture Capital Investment Co., Ltd Rock Publishing International Chien Hwei Cultural & Educational Foundation Chien Kuo Foundation for Arts And Culture.</p> <p>Vice Chairman of: Chien Kuo Construction Co., Ltd.</p> <p>Director of: China Real Estate Management Co., Ltd Silver Shadow Holdings Co., Ltd. Golden Canyon Co., Ltd. Chien Kuo Asia Co., Ltd. Taiwan Cement Corp. (JPR)</p> |
| JPR of Tong Yang Chia Hsin Int'l Corp. Pan Howard Wei-Hao | <p>Director of: Chia Hsin Pacific Limited Effervesce Investment Pte Ltd Sparksvie Pte Ltd Cheng Yeh Chemical Works Ltd. (also President) Hao An Enterprise Co., Ltd. Micro Tech Enterprise Co., Ltd. Chia Hsin Foundation CFA Society of Taiwan</p> |
| JPR of Tong Yang Chia Hsin Int'l Corp. I-Cheng Liu | <p>Director of Taiwan Film and Audiovisual Institute Director of Sunsino Innovation Technology Inc Independent Director of PlayNitride Inc.</p> |
| Robert K. Su | <p>Independent Director, DBS Bank (Taiwan) Ltd Independent Director, Ta-Yuan Cogen Co., Ltd. Consultant, Chien Kuo Construction Co., Ltd. Supervisor, Shun Long International Electrical Engineering Co., Ltd.</p> |

III. Appendix

Appendix 1:

Chia Hsin Cement Corporation The Rules of Procedures for the Shareholders' Meeting (Before Amendment)

Amended by the resolution of the Annual
General Meeting of Shareholders on August
18, 2021

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 and the Articles of Incorporation of the Company.
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 of the Company shall act as the chairperson of the meeting. In case the Vice-Chairman is also 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, and report the relevant information on the number of having non-voting rights and the total number of attending shares. 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, 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.

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 be 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). 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.

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
(Before Amendment)

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 (NTD 15,000,000,000) divided into 1.5 billion shares with a par value of ten New Taiwan Dollars (NTD 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, amendments will be effective after approval.

Appendix 3:

Rules for Election of Directors

Amendment approved by the General Shareholder's Meeting on 2021.08.18

Articles 1

Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the directors of this company shall be elected in accordance with the rules specified herein.

Article 2

Election of directors of this Company shall be held at the shareholders' meeting.

Article 3

In the election of directors, the names of voters may be representative by shareholders' numbers.

Article 4

In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors shall be calculated separately.

This Company's independent directors shall be elected by adopting the candidate nomination system in compliance with related regulation specified by the Company Law.

Article 5

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.

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 TWSE/TPEX Listed Companies and relevant rules and regulations issued by authorities.

Article 6

The Board of Directors shall prepare the same number of ballots as the number of directors to be elected and the number of voting rights associated with each ballot shall be specified on the ballots.

Article 7

In the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots.

Article 8

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.

Article 9

Voters shall fill in the candidate's name or shareholder's name on the ballot.

The shareholder may use a seal in lieu of a signature when filling in the candidate's name or shareholder's name as required in the preceding Paragraph.

Article 10

A ballot is invalid under any of the following circumstances:

- (1) The ballot was not prepared by a person with the right to convene;
- (2) Blank ballots not completed by the voter;
- (3) Illegible wording;
- (4) The candidate whose name is entered in the ballot does not conform to the director candidate list;
- (5) Other words or marks are entered in addition to the name or shareholder's name of the candidate, and the number of votes cast for the candidate;
- (6) (Deleted)
- (7) (Deleted)
- (8) The writing has been altered;
- (9) The ballot is torn into incomplete one;
- (10) Failed to follow the requirements of the ballot remark column.

Article 11

If the ballots are deemed void as prescribed in the preceding Article or other dispute, validity shall be decided by the monitoring personnel.

Article 12

After the vote casting, the ballot box shall be opened in public by the persons appointed to check the votes.

Article 13

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. as well as the list of those not elected as directors and the numbers of votes obtained.

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.

Article 14

This Company shall issue notifications to the directors elected.

Article 15

These Rules and any revisions thereof shall become effective after approval at the shareholders' meeting.

Appendix 4:

Shareholdings of All Directors

Chia Hsin Cement Corporation Directors' Shareholding Status

Base date: April 16, 2022

| 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 | 4,808,396 | 0.62 |
| 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.) | 2019.6.21 ~ 2022.6.20 | 127,370,320 | 16.44 | 127,370,320 | 16.44 |

Note: 1. Actual Paid-in capital on April 16, 2022: NTD 7,747,805,480 (774,780,548 shares).

- The minimum shares required to be held by the entire body of directors of the Corporation shall not be lower than 24,792,977 shares (3.2%).
As of April 16, 2022, the numbers of shares held by the entire body of directors were 132,871,671 shares (17.15%).
As of April 16, 2022, the numbers of shares held by the entire body of independent directors were 0 share.
(In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies": The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.)
- The shares required to be held by the entire body of directors is in accordance with the requirements set forth in "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public.

Appendix 5:

Other matters:

Handling of shareholders' proposals to be discussed at the 2022 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 March 28th to April 7th, 2022 and the information is posted on Market Observation Post System in accordance with relevant laws.

As of April 7th, 2022, the Company has not received any shareholder's proposal for discussion.

