

CHIA HSIN CEMENT CORPORATION 2023 Annual Meeting of Shareholders



嘉新企業團
CHIA HSIN CEMENT GROUP

Meeting Handbook

Meeting Date : 9:00 a.m Tuesday, May 30, 2023

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



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Chia Hsin Cement Corporation
2023 Annual General Shareholders' Meeting

I. Meeting Agenda

1. Date: 9:00 a.m., Tuesday, May 30, 2023
2. Venue: 6F, No.66, Wugong Rd., Xinzhuang Dist. New Taipei City 242, Taiwan
(Gala De Chine Xinzhuang, Jindeng Room)

Meeting type: hybrid shareholders' meeting

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

3. Announcement of Quorum and Meeting Commencement
4. Chairman's Address
5. Matters to Report
 - (1) 2022 Employees' and Directors' Compensation
 - (2) 2022 Business and Financial Statements
 - (3) Audit Committee's Review of 2022 Business and Financial Statements
 - (4) Other matters
6. Matters for Ratification
 - (1) 2022 Business and Financial Statements
 - (2) 2022 Earnings Distribution Proposal
7. Matters for Discussion
 - (1) The Proposal for Issuance of New Shares Through Capitalization of Earnings
8. Special Motion
9. Meeting Adjourned

Matters to Report

1. 2022 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.

Pursuit to the aforementioned article of incorporation, the Company will not allocate compensation for employees and the directors as the Company shows a net loss before tax for the year 2022.

2. 2022 Business and Financial Statements

【Business Report】

In 2022, it was originally expected that the global economy would continue to recover. However, the onset of the Russian-Ukrainian war in the first quarter led to a sharp rise in global energy and raw material prices. Following this, China implemented even stricter control measures in the second quarter due to its zero-tolerance COVID policy, which further impacted the global supply chain.

Although the domestic epidemic-related control measures gradually eased in the second half of the year, driving a slow recovery in domestic demand, the high prices of oil, natural gas, and coal have led to a significant increase in the purchasing cost of cement, impacting on the profitability of the cement business for the whole year. As for the warehousing business, during the initial onset of the war in Ukraine, the volume of coal transshipment at the port decreased sharply. Although we see a gradual recovery towards year end, it has not reached the scale of previous years. On the other hand, other building materials such as cement, sand, and gravel have been less affected by the epidemic, even showing a slight growth. We will closely monitor changes in coal transportation volume in the future and continue to strive for more bulk cargo unloading capacity. The real estate leasing business has maintained its growth through actively expanding its customer base. Finally, in the service industries such as hospitality and healthcare, although operations have been constrained by epidemic development in recent years, with the gradual relaxation of relevant control measures, operations have gradually warmed up, especially with the rapid growth of business and tourism activities in Okinawa, Japan. Hotel Collective business has surged significantly.

The construction of the Toyosaki Project in Okinawa has been delayed due to the impact of labor and material shortages as well as increase in construction costs. Currently, we are actively discussing with our partner, InterContinental Hotels Group (IHG), to determine the optimal design plan to ensure that the project is competitive and has good investment returns in the future.

Our main strategic investment is Taiwan Cement Corporation (referred to as "Taiwan Cement" for short). In terms of its operations, Taiwan Cement has accelerated its corporate transformation in response to changes in the external environment, and its operations are divided into two major categories: cement and non-cement businesses. Although the cement business has also expanded into the European and African markets, the main source of revenue and profits still comes from the production and sales of cement in mainland China. Due to the continued weakness of the mainland Chinese real estate market in 2022 and strict epidemic prevention and control policies, the demand for cement has decreased significantly, affecting overall performance. We see continuous revenue growth in Taiwan Cement non-cement businesses (battery, renewable energy, energy storage, and other businesses, demonstrating that the layout of new energy transformation is

effective. Even though the non-cement sector profitability is not yet significant, but it is believed to be forward looking. Our company received a cash dividend of approximately 324 million NTD from "Taiwan Cement" in 2022. Due to the slowed operations of Taiwan Cement in mainland China in 2022, it is expected that the company's dividend income in 2023 will also be affected.

In addition, after establishing the Sustainable Development Committee at the end of 2021, the company has selected to focus on six of the United Nations Sustainable Development Goals (SDGs): Health and Well-being, Gender Equality, Quality Education, Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Action. Based on this, the company developed a sustainable development blueprint and strategy for the future of the corporation. In addition, besides continuing the support of scholarships and various student aid activities organized by CHIA HSIN FOUNDATION, the company also launched various projects, such as deepening employee care and responding to the impact of climate change by joining relevant initiatives, accelerating digital transformation, and other measures. The company hopes to achieve sustainable management goals and expand its social impact.

1. Operating Performance:

The Company's consolidated operating revenue in 2022 was NTD 2,253,659,000 showing an increase of NTD 33,405,000 or 1.5%, compared to NTD 2,220,254,000 in 2021. The Consolidated net loss after tax was NTD 173,886,000; attributable to owners of Company was NTD 180,762,000 and loss per share (after tax) attributable to owners of the Company was NTD 0.28.

2. Main Production and Sales Distribution:

- (1) Sales of Cement: In 2022, the Company sold 360,000 metric tons of cement in Taiwan.
- (2) Real Estate Leasing: The Company's leasing business mainly came from rental revenue of Chia Hsin Building, which has a comprehensive leasing rate of 96%.
- (3) Storage and Logistic: The loading and unloading business at Taipei Port was a total of 1.131 million metric tons of coal and 3.54 million metric tons of aggregate and other bulk cargoes.
- (4) Hospitality Services: The operating revenue in 2022 was approximately NTD 450 million which includes the revenue from Chia Hsin Ryukyu Hotel Collective and JAH0 Life Plus+.

3. Financial Report:

The Company's consolidated net loss before tax was NTD121,302,000 and showed a net loss after tax of NTD 173,886,000. The Consolidated net loss after tax was NTD 173,886,000; attributable to owners of Company was NTD 180,762,000 and loss per share (after tax) attributable to owners of the Company was NTD0.28. Total assets in the consolidated financial statements amounted to NTD 36,412,314,000 and total liabilities amounted to NTD 14,412,887,000. Current ratio was 303% and total equity attributable to owners of the Company was NTD 21,285,995,000 with equity ratio of 58%.

Chairman: Chang Kang-Lung

President: Li-Hsin Wang

Accounting Supervisor: Mars Feng

3. Audit Committee's Review of 2022 Business and Financial Statements

Chia Hsin Cement Corporation

Audit Committee's Review Report

The Board of Directors of Chia Hsin Cement Corporation (CHC) has submitted the Company's 2022 business report and financial statements to the Audit Committee. The CPA firm, Deloitte & Touche, was retained by the Board to audit CHC's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of CHC. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Independent Directors:

Pao-Chu Lin



Robert K. Su



Kevin Kuo-I Chen



March 9, 2023

Chia Hsin Cement Corporation

Audit Committee's Review Report

The Board of Directors of Chia Hsin Cement Corporation (CHC) has submitted the Company's proposal for distribution of the 2022 earnings to the Audit Committee. The proposal has been reviewed and determined to be correct and accurate by the Audit Committee of CHC. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Independent Directors:

Pao-Chu Lin



Robert K. Su



Kevin Kuo-I Chen



April 18, 2023

4. Other Matters

- (1) Implementation of 2022 Endorsements/Guarantees Report
(Annex 1 – Page 22)
- (2) Report the adjustment of the Company’s organization structure
(Annex 2 – page 23)
- (3) Report on Amendment to Rules of Procedure for Board Meetings
(Annex 3 – Page 25)

Explanatory Notes: For details of the aforementioned, please refer to pages 22~27.

Matters for Ratification

【1. 2022 Business and Financial Statements】

(Proposed by the Board of Directors)

Description:

1. The Company's 2022 Business Report and Consolidated Financial Statements have been audited by independent auditors, Chiang Hsun Chen and Sheng Tai Liang 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. 2022 Business Report: Please refer to pages 3~5.
2. Independent Auditors' Report: Please refer to pages 10~17.
3. Financial Statements: Please refer to pages 28~41. (Annex 4)

Explanatory Notes: The Company's 2022 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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Impairment of Property, Plant and Equipment

As of December 31, 2022, the net carrying amount of property, plant and equipment of the hotel operated by the Group located in Ryukyu, Japan was NT\$3,832,598 thousand, representing 11% of total consolidated assets, which was material to the consolidated financial statements. Due to the impact of 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 the impairment of property, plant, and equipment. Since the information used in the **assessment was subject to management's judgment and involved high 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**. We also assessed the **reasonableness of management's adoption of such assumptions and data**.
2. We assessed the appropriateness of the discount rates used by external specialists in their valuation reports.
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, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Sheng Tai Liang.

Chiang Hsun Chen Sheng-Tai Liang

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

Notice to Readers

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

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



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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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Impairment of Investment in Subsidiaries Accounted for Using the Equity Method

As of December 31, 2022, the net carrying amount of property, plant and equipment of CHC Ryukyu COLLECTIVE KK was NT\$3,832,598 thousand, which was material to the financial statements. Due to the impact of 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 the impairment of property, plant, and equipment. Since the information used in the assessment **was subject to management's judgment and involved high 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. We also assessed the reasonableness of **management's adoption of such assumptions and data**.
2. We assessed the appropriateness of the discount rates used by external specialists in their valuation reports.
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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Sheng Tai Liang.

Chiang Hsun Chen Sheng-Tai Liang

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

Notice to Readers

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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. 2022 Earnings Distribution Proposal】

(Proposed by the Board of Directors)

Description:

1. Pursuant to Article 26 of the Company's Articles of Incorporation, the Table of 2022 earnings distribution is herewith made accordingly. (Please refer to Page 19 of the Handbook)
2. Pursuant to Paragraph 3, Article 26 of the Articles of Incorporation, if the Company shows a profit after tax for 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 net loss after tax in 2022 is NTD 180,762,698, adding re-measurement of defined benefit plan recognized in retained earnings of NTD 8,964,689 and retained earnings adjusted for investment accounted for using equity method of NTD 3,836,537; total amount of loss to be offset for the fiscal year is NTD 167,961,472 which shall be made up by the accumulated retained earnings. In addition, NTD 386,672,774 was allocated from the accumulated earnings of previous years as shareholders' stock dividends. The Company will pay a cash dividend of NTD 0.3 and stock dividend of NTD 0.2 per share.
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 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 2022

Unit: NTD

Item	Amount	
Opening Unappropriated Retained Earnings (Unappropriated Retained Earnings listed in the 2022 Annual General meeting of shareholders)		5,905,194,049
Add (Less):		
Add: Net loss for 2022	(180,762,698)	
Add: re-measurement of defined benefit plan recognized in retained earnings	8,964,689	
Add: retained earnings adjusted for investment accounted for using equity method	3,836,537	
Earnings in 2022 Available for Distribution		(167,961,472)
Retained Earnings Available for Distribution as of December 31, 2022		5,737,232,577
Less: Distribution Item		
Stock Dividends to Common Share Holders (NTD0.2 per share)		(154,669,110)
Cash Dividends to Common Share Holders (NTD0.3 per share)		(232,003,664)
Unappropriated Retained Earnings		5,350,559,803

Chairman: Chang Kang-Lung

President: Li-Hsing Wang

Accounting Supervisor: Mars Feng

Matters for Discussion

【1. The Proposal for Issuance of New Shares Through Capitalization of Earnings】

(Proposed by the Board of Directors)

Description:

1. The Company's total capital is NTD15,000,000,000, divided into 1,500,000,000 shares, NTD 10 per share, issued in installments; a total of 774,780,548 common shares issued and 725,219,452 unissued shares
2. To replenish capital and strengthen financial structure, it is proposed that the Company allocate from the accumulated distributable earnings of previous years in the amount of NTD 154,669,110 as shareholders' stock dividends and issue 15,466,911 new shares through capitalization (par value at NT\$10 per share). Total capital after issuance of new shares will be increased to NTD 7,902,474,590.
3. It is proposed that stock dividends be calculated on the basis of 773,345,548 outstanding shares, i.e., 20 shares for each 1,000 shares held.
4. Regarding any amount less than one share, the shareholders may go through the Company's stock affairs agency "Capital Securities Corporation, Stock Affairs Department" within five days from the first day on which the transfer of shares is closed at the time of ex-rights for combination. If the combination is not completed within the aforementioned period or if the combination is still less than one share, the dividends will be distributed in cash with minimum calculation unit rounded down in one NT dollar. The Chairperson of the Board of Directors will be authorized to approach specific persons of the purchase of these shares based on the face value.
5. The rights and obligations of new shares issued through the capital increase are identical to those of the existing shares.
6. Upon the approval the competent authority and after the resolution by the 2023 Annual General Shareholders' Meeting, the Board of Directors is authorized to determine the distribution record date and handle necessary related matters. It is also proposed that the Board of Directors be authorized to adjust the aforementioned terms, due to the circumstances of change of environment of need as well as to adjust the stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution; and to adjust the capital increase plan as a result of any amendment to applicable laws or regulations or as required by the competent authorities.
7. Please discuss the matter.

Resolution:

Special Motions

Meeting Adjourned

Annex 1: Implementation of 2022 Endorsements/Guarantees Report

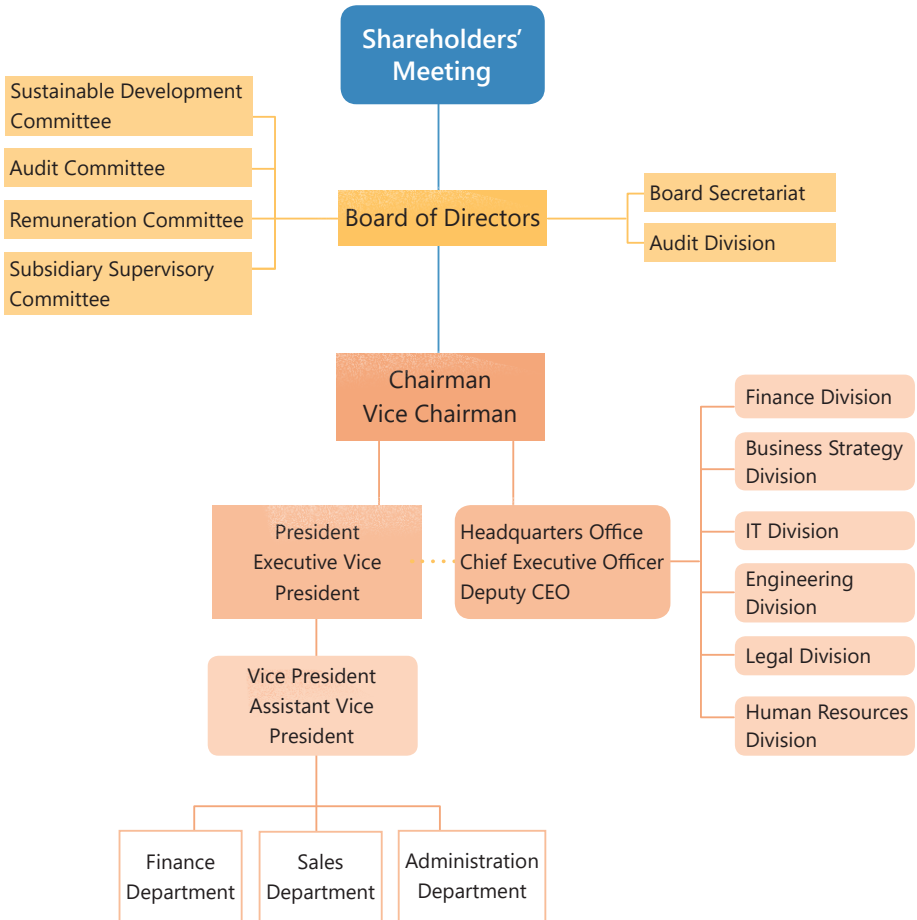
Other than to LDC ROME HOTELS S.R.L where the Company holds 40% shares of the entity and issuance of guarantee is based relatively on the ratio of shareholding, most of the other guarantees were issued to its 100% owned subsidiaries. It is considered reasonable and necessary in view of overall business developments.

As of December, 31, 2022, the total endorsements/guarantees issued by the Company and its subsidiaries amounted to NTD 9,076,375,000 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:

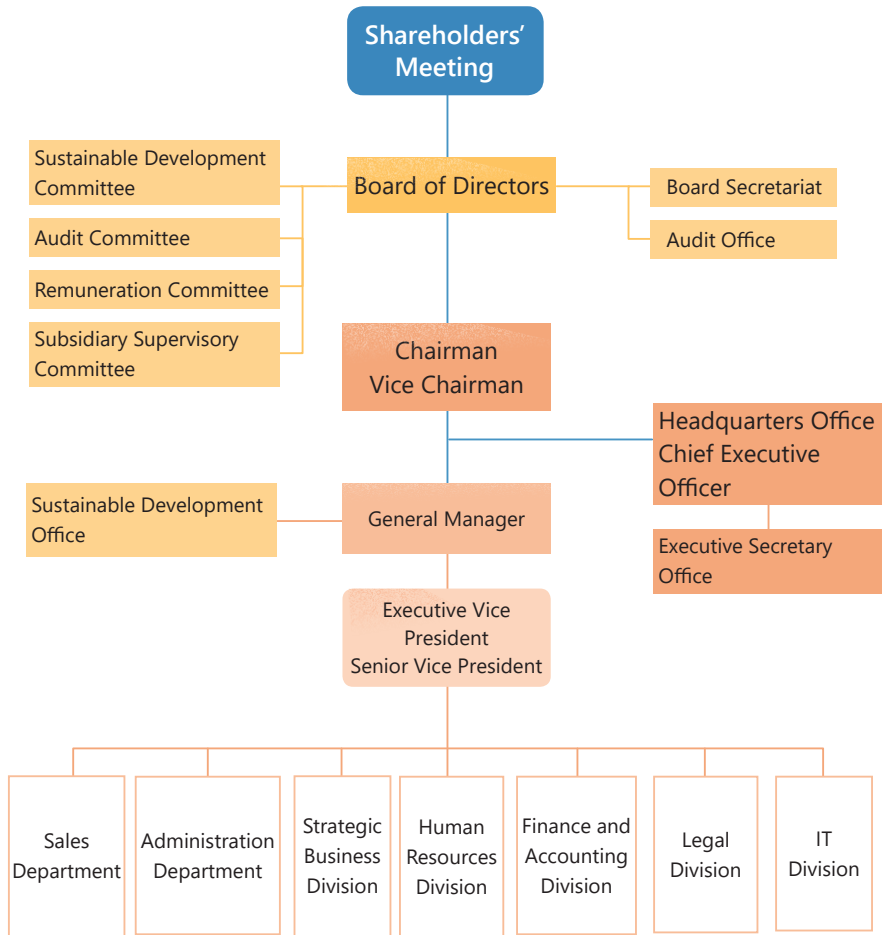
Endorsements / Guarantees Offered by	Endorsements / Guarantees Received	Balance of Endorsements / Guarantees (NTD / Thousand)
Chia Hsin Cement Corporation	LDC ROME HOTELS S.R.L.	340,000
	CHC Ryukyu Development GK	766,920
	CHC Ryukyu COLLECTIVE KK	1,525,955
The Company Total		2,632,875
Chia Hsin Property Management & Development Corporation	Chia Hsin Cement Corporation	6,440,000
Jaho Life Plus+ Management Corp., Ltd.	Gemcare Maternity Center	2,500
	Gemcare Dunhua Maternity Center	1,000
Subsidiaries Total		6,443,500
The Company and Its Subsidiaries Total		9,076,375

Annex 2: Report the adjustment of the Company's organization structure

Chia Hsin Cement Corporation Organization Chart (Before Adjustment)



Chia Hsin Cement Corporation
Organization Chart (After Adjustment)



Annex 3: Comparison Table for the Rules of Procedure for Board Meetings Before and After Amendment

Chia Hsin Cement Corporation

The Rules of Procedure for Board Meetings Amendments

After Amendment	Before Amendment	Description
<p>Article 2: The Company's board directors shall meet once every quarter. The reasons for calling a board of directors meeting shall be notified to each director seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice and in such case the directors may not raise any objections. The notice set forth in the preceding paragraph may be effected by means of electronic transmission after obtaining prior consent from the recipients thereof.</p> <p>All matters set out in the subparagraphs of Article 11, paragraph 1 shall be specified in the notice of reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>Article 2: The Company's board directors shall meet once every quarter. The reasons for calling a board of directors meeting shall be notified to each director seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice and in such case the directors may not raise any objections. The notice set forth in the preceding paragraph may be effected by means of electronic transmission after obtaining prior consent from the recipients thereof.</p> <p>All matters set out in the subparagraphs of Article 11, paragraph 1, <u>with the exception of emergency cases or unless there is some legitimate reason to do otherwise</u>, shall be specified in the notice of reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>In compliance with Order No. 1110383263 of the Financial Supervisory Commission Public Announcement for amendment</p>
<p>Article 11: The Company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> 1. Company business plan 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA). 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 5. The offering, issuance, or private placement of any equity-type securities. 6. Appointment or discharge of 	<p>Article 11: The Company shall submit the following items for discussion by the board of directors:</p> <ol style="list-style-type: none"> 1. Company business plan 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA). 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 5. The offering, issuance, or private placement of any equity-type securities. 6. The appointment or discharge of a 	<p>In compliance with Order No. 1110383263 of the Financial Supervisory Commission Public Announcement for amendment</p>

After Amendment	Before Amendment	Description
<p><u>Chairman of the Board of Directors</u></p> <p>7. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>9. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an</p>	<p>financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but is unable to attend the meeting in person shall,</p>	

After Amendment	Before Amendment	Description
objection or reservation but is unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.	unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.	
<p>Article 18: These Rules and Procedures shall be approved at the board of directors meeting; and to be reported at the General Shareholders' Meeting. In the future, any amendments shall be resolved at the board of directors meeting.</p> <p>These Regulations came into force effectively from March 22nd, 2007; and subsequently first amendment made on March 20th, 2008, second amendment made on January 28th, 2013, third amendment made on June 5th, 2013, fourth amendment made on July 11th, 2016, fifth amendment made on November 9th, 2017, sixth amendment made on May 6th, 2020 <u>and seventh amendment made on April 18th, 2023.</u></p>	<p>Article 18: These Rules and Procedures shall be approved at the board of directors meeting; and to be reported at the General Shareholders' Meeting. In the future, any amendments shall be resolved at the board of directors meeting.</p> <p>These Regulations came into force effectively from March 22nd, 2007; and subsequently first amendment made on March 20th, 2008, second amendment made on January 28th, 2013, third amendment made on June 5th, 2013, fourth amendment made on July 11th, 2016, fifth amendment made on November 9th, 2017 <u>and</u> sixth amendment made on May 6th, 2020.</p>	Additional dates of amendment

Annex 4: 2022 Financial Statements

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,463,396	12	\$ 3,685,347	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,317,483	4	1,387,308	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,347,407	7	2,982,413	8
Financial assets at amortized cost - current (Notes 4 and 9)	1,689,701	5	2,638,297	7
Notes receivable from unrelated parties (Notes 4, 10 and 26)	141,706	-	137,437	-
Trade receivables from unrelated parties (Notes 4, 10 and 26)	108,919	-	78,308	-
Trade receivables from related parties (Notes 4, 26 and 35)	4,876	-	10,864	-
Finance lease receivables - current (Notes 4 and 12)	2,916	-	2,852	-
Other receivables from unrelated parties (Notes 4 and 11)	375,759	-	28,546	-
Other receivables from related parties (Notes 4 and 35)	68	-	317	-
Current tax assets (Notes 4 and 28)	1,021	-	467	-
Inventories (Notes 4 and 13)	163,658	1	55,320	-
Prepayments (Note 20)	114,900	-	149,047	-
Refundable deposits - current (Note 4)	15	-	20	-
Other current assets (Note 20)	1,702	-	117	-
Total current assets	10,895,347	29	11,156,660	28
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	9,533,730	26	12,152,445	30
Financial assets at amortized cost - non-current (Notes 4, 9 and 36)	27,428	-	25,856	-
Investments accounted for using the equity method (Notes 4 and 15)	3,540,238	10	3,445,200	9
Property, plant and equipment (Notes 4, 5, 16 and 36)	4,848,433	13	5,282,102	13
Right-of-use assets (Notes 4 and 17)	1,545,094	4	1,652,742	4
Investment properties (Notes 4, 18 and 36)	6,194,334	17	6,130,417	15
Intangible assets (Notes 4 and 19)	6,651	-	7,580	-
Deferred tax assets (Notes 4 and 28)	268,635	1	333,077	1
Refundable deposits - non-current (Note 4)	29,394	-	31,539	-
Finance lease receivables - non-current (Notes 4 and 12)	1,111	-	4,027	-
Net defined benefit assets - non-current (Notes 4 and 24)	18,579	-	4,834	-
Other non-current assets (Notes 10 and 20)	3,320	-	21,082	-
Total non-current assets	26,016,967	71	29,090,991	72
TOTAL	\$ 36,412,314	100	\$ 40,247,651	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 36)	\$ 1,673,664	5	\$ 914,000	2
Short-term bills payable (Note 21)	1,275,614	-	134,842	1
Contract liabilities (Notes 4 and 26)	27,860	-	23,704	-
Notes payable to unrelated parties (Note 22)	1,907	-	3,351	-
Trade payables to unrelated parties (Note 22)	86,994	-	118,141	-
Trade payables to related parties (Note 35)	83,229	-	124,010	-
Other payables to unrelated parties (Notes 23 and 32)	206,644	1	227,742	1
Other payables to related parties (Note 35)	-	-	72	-
Current tax liabilities (Notes 4 and 28)	108,242	-	121,492	-
Lease liabilities - current (Notes 4 and 17)	139,172	1	132,442	-
Advance receipts (Note 23)	6,536	-	8,820	-
Current portion of long-term borrowings (Notes 21 and 36)	933,090	3	947,847	3
Guarantee deposits - current (Note 35)	29,759	-	29,995	-
Other current liabilities (Note 23)	6,773	-	7,870	-
Total current liabilities	3,431,484	10	2,789,328	7
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 21 and 36)	7,439,628	21	7,908,939	20
Deferred tax liabilities (Notes 4 and 28)	1,594,249	4	1,583,897	4
Lease liabilities - non-current (Notes 4 and 17)	1,514,484	4	1,599,272	4
Deferred revenue - non-current (Notes 23 and 31)	342,402	1	367,431	1
Guarantee deposits - non-current (Note 35)	906,400	-	88,551	-
Total non-current liabilities	10,988,403	30	11,548,090	29
Total liabilities	14,412,887	40	14,337,418	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Share capital				
Ordinary shares	7,747,805	21	7,747,805	19
Capital surplus	1,238,426	3	1,139,296	3
Retained earnings				
Legal reserve	2,571,235	7	2,503,173	6
Special reserve	2,257,996	6	2,257,996	6
Unappropriated earnings	5,737,233	16	6,475,930	16
Total retained earnings	10,566,464	29	11,237,099	28
Other equity	2,811,232	8	5,979,118	15
Treasury shares	(1,077,950)	(3)	(1,077,950)	(3)
Total equity attributable to owners of the Company	21,285,995	58	25,025,368	62
NON-CONTROLLING INTERESTS (Note 25)				
Total equity	713,452	2	884,865	2
Total equity	21,999,427	60	25,910,233	64
TOTAL	\$ 36,412,314	100	\$ 40,247,651	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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	\$ 2,253,659	100	\$ 2,220,254	100
OPERATING COSTS (Notes 13, 27 and 35)	<u>(2,121,073)</u>	<u>(94)</u>	<u>(2,189,455)</u>	<u>(99)</u>
GROSS PROFIT	<u>132,586</u>	<u>6</u>	<u>30,799</u>	<u>1</u>
OPERATING EXPENSES (Notes 10, 11, 27 and 35)				
Selling and marketing expenses	(42,016)	(2)	(32,965)	(1)
General and administrative expenses	(485,687)	(22)	(523,691)	(24)
Expected credit gain (loss)	<u>(253)</u>	<u>-</u>	<u>221</u>	<u>-</u>
Total operating expenses	<u>(527,956)</u>	<u>(24)</u>	<u>(556,435)</u>	<u>(25)</u>
LOSS FROM OPERATIONS	<u>(395,370)</u>	<u>(18)</u>	<u>(525,636)</u>	<u>(24)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 15, 27 and 35)				
Interest income	76,114	3	52,932	2
Other income	445,728	20	1,262,036	57
Other gains and losses	(218,231)	(10)	311,367	14
Finance costs	(169,438)	(7)	(159,902)	(7)
Share of profit or loss of associates and joint ventures	<u>139,895</u>	<u>6</u>	<u>(121,277)</u>	<u>(5)</u>
Total non-operating income and expenses	<u>274,068</u>	<u>12</u>	<u>1,345,156</u>	<u>61</u>
(LOSS) PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(121,302)	(6)	819,520	37
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(52,584)</u>	<u>(2)</u>	<u>(71,985)</u>	<u>(3)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(173,886)</u>	<u>(8)</u>	<u>747,535</u>	<u>34</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	13,484	1	5,776	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(3,355,102)	(149)	1,441,456	65

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	\$ (93,915)	(4)	\$ 52,959	3
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(2,696)</u>	-	<u>(1,155)</u>	-
	<u>(3,438,229)</u>	<u>(152)</u>	<u>1,499,036</u>	<u>68</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	199,110	9	(554,584)	(25)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	6,412	-	(4,289)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(44,016)</u>	<u>(2)</u>	<u>147,470</u>	<u>6</u>
	<u>161,506</u>	<u>7</u>	<u>(411,403)</u>	<u>(19)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(3,276,723)</u>	<u>(145)</u>	<u>1,087,633</u>	<u>49</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (3,450,609)</u>	<u>(153)</u>	<u>\$ 1,835,168</u>	<u>83</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (180,762)	(8)	\$ 657,848	30
Non-controlling interests	<u>6,876</u>	-	<u>89,687</u>	4
	<u>\$ (173,886)</u>	<u>(8)</u>	<u>\$ 747,535</u>	<u>34</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (3,335,828)	(148)	\$ 1,702,814	77
Non-controlling interests	<u>(114,781)</u>	<u>(5)</u>	<u>132,354</u>	<u>6</u>
	<u>\$ (3,450,609)</u>	<u>(153)</u>	<u>\$ 1,835,168</u>	<u>83</u>
(LOSS) EARNINGS PER SHARE (Note 29)				
From continuing operations				
Basic	<u>\$ (0.28)</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ (0.28)</u>		<u>\$ 1.02</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Other Equity Components (Less) on Financial Assets at Fair Value Through Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	\$ 7,747,805	\$ 960,402	\$ 2,319,663	\$ 2,275,704	\$ 7,058,382	\$ (404,225)	\$ (1,119,023)	\$ (1,119,023)	\$ 24,182,147	\$ 835,202	\$ 25,017,349
Appropriation of 2020 earnings (Note 25)	-	-	183,510	-	(183,510)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,079,560)	-	-	-	(1,079,560)	-	(1,079,560)
Reversal of special reserve	-	-	-	(17,708)	17,708	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method (Note 25)	-	3,461	-	-	-	-	-	-	3,461	-	3,461
Unallocated dividends designated by prescribers (Note 25)	-	344	-	-	657,848	-	-	-	344	29	373
Net profit for the year ended December 31, 2021	-	-	-	-	5,052	(736,011)	-	-	657,848	89,887	747,735
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	5,052	(736,011)	-	-	1,044,566	(2,667)	1,041,899
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	6,604	(736,011)	-	-	1,702,414	132,220	1,834,634
Changes in capital surplus due to cash dividends of the Company paid to subsidiaries (Note 25)	-	135,010	-	-	-	-	-	-	135,010	-	135,010
Share-based payment (Notes 25 and 30)	-	20,175	-	-	-	-	-	-	20,175	412	20,587
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(83,132)	(83,132)
Retirement of treasury shares (Note 25)	-	(96)	-	-	-	-	-	-	-	-	(96)
BALANCE, DECEMBER 31, 2021	7,747,805	1,139,296	2,503,173	2,257,996	6,475,930	(800,236)	(1,077,930)	(1,077,930)	25,025,568	894,865	25,910,433
Appropriation of 2021 earnings (Note 25)	-	-	68,062	-	(68,062)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(502,672)	-	-	-	-	-	(502,672)
Changes in equity of associates and joint ventures accounted for using the equity method (Note 25)	-	26,158	-	-	-	-	-	-	26,158	-	26,158
Unallocated dividends designated by prescribers (Note 25)	-	795	-	-	-	-	-	-	795	29	824
Net (loss) profit for the year ended December 31, 2022	-	-	-	-	(180,762)	-	-	-	(180,762)	6,876	(173,886)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	13,862	131,514	(3,319,382)	-	(3,155,866)	(31,827)	(3,236,223)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(167,560)	151,514	(3,355,382)	-	(3,355,382)	(114,781)	(3,500,609)
Changes in capital surplus due to cash dividends of the Company paid to subsidiaries (Note 25)	-	72,177	-	-	-	-	-	-	72,177	-	72,177
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(66,681)	(66,681)
BALANCE, DECEMBER 31, 2022	\$ 7,747,805	\$ 1,238,426	\$ 2,571,233	\$ 2,257,996	\$ 5,377,231	\$ (648,720)	\$ (1,077,930)	\$ (1,077,930)	\$ 21,983,926	\$ 713,432	\$ 22,697,358

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (121,302)	\$ 819,520
Adjustments for:		
Depreciation expenses	494,834	524,834
Amortization expenses	2,605	2,629
Expected credit loss (gain)	253	(221)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	264,762	(102,103)
Finance costs	169,438	159,902
Interest income	(76,114)	(52,932)
Dividend income	(352,303)	(1,128,413)
Compensation costs arising from share-based payment	-	20,587
Share of (profit) loss of associates and joint ventures	(139,895)	121,277
Loss on disposal of property, plant and equipment	19,623	143
Investment property transferred to expenses	-	1,492
Gain on disposal of associates and joint ventures accounted for using the equity method	-	(3,245)
Gain on disposal of right-of-use assets	-	(140)
(Gain) loss on lease modification	(5,469)	95
Gain on disposal of subsidiaries	-	(291,167)
Impairment loss recognized on non-financial assets	38,780	404
Realized gain on deferred revenue	(12,387)	(13,884)
Net (gain) loss on foreign currency exchange	(71,069)	105,410
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(153,417)	(194,128)
Notes receivable from unrelated parties	(4,296)	10,070
Trade receivables from unrelated parties	(30,865)	28,116
Trade receivables from related parties	5,988	(6,823)
Other receivables from unrelated parties	6,349	3,018
Inventories	(112,168)	5,315
Prepayments	(7,140)	(49,828)
Other current assets	(1,548)	(124)
Contract liabilities	4,186	10,778
Notes payable to unrelated parties	(1,444)	340
Trade payables to unrelated parties	(31,064)	42,083
Trade payables to related parties	(40,781)	50,878
Other payables to unrelated parties	(54,795)	(47,597)
Other payables to related parties	(72)	-
Advanced receipts	(2,394)	(2,960)
Other current liabilities	3,854	(4,412)
Net defined benefit liability	(261)	(65)
Cash (used in) generated from operations	(208,112)	8,849

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2022	2021
Interest paid	\$ (144,019)	\$ (129,874)
Income tax paid	<u>(39,706)</u>	<u>(73,691)</u>
Net cash used in operating activities	<u>(391.837)</u>	<u>(194.716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(91,485)	(90,000)
Purchase of financial assets at amortized cost	(2,659)	(74,951)
Proceeds from sale of financial assets at amortized cost	1,012,087	1,467,434
Purchase of associates accounted for using the equity method	(48,698)	(50,000)
Cash return of capital due to liquidation of associates and joint ventures accounted for using the equity method	-	66,327
Payments for property, plant and equipment	(39,616)	(105,482)
Payments for and proceeds from disposal of property, plant and equipment	(14,696)	178
Decrease in refundable deposits paid	2,284	2,747
Decrease in other receivables from related parties	249	19,118
Payments for intangible assets	(1,968)	(184)
Payments for investment properties	(82,477)	(71,967)
Decrease in finance lease receivables	2,852	2,047
Decrease in other non-current assets	2,724	1,708
Increase in prepayments for equipment	(1,196)	(4,149)
Interest received	60,808	53,296
Dividends received	<u>390,054</u>	<u>1,144,142</u>
Net cash generated from investing activities	<u>1,188,263</u>	<u>2,360,264</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	757,900	(650,000)
Repayments of short-term bills payable	(7,000)	(2,000)
Proceeds from long-term loans	1,683,707	1,679,000
Repayments of long-term loans	(2,067,665)	(1,619,271)
Proceeds of guarantee deposits received	1,830	4,749
Repayments of the principal portion of lease liabilities	(109,949)	(117,847)
Dividend paid to owners of the Company	(430,498)	(924,550)
Proceeds from reissuance of treasury shares	-	40,977
Dividends paid to non-controlling interests	(55,600)	(83,132)
Return of unclaimed dividends extinguished by prescription	<u>824</u>	<u>373</u>
Net cash used in financing activities	<u>(226.451)</u>	<u>(1,671.701)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>208,074</u>	<u>(184,481)</u>
		(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 778,049	\$ 309,366
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,685,347</u>	<u>3,375,981</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,463,396</u>	<u>\$ 3,685,347</u>

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

(Concluded)

CHIA HSIN CEMENT CORPORATION

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,445,328	5	\$ 1,039,240	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	814,418	3	702,571	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	1,146,083	4	1,424,469	5
Financial assets at amortized cost - current (Notes 4 and 9)	347,231	1	887,458	3
Notes receivable from unrelated parties (Notes 4, 10 and 25)	141,265	-	136,134	1
Trade receivables from unrelated parties (Notes 4, 10 and 25)	28,010	-	20,536	-
Trade receivables from related parties (Notes 4, 25 and 33)	9,637	-	16,795	-
Finance lease receivables - current (Notes 4, 12 and 33)	73,719	-	58,825	-
Other receivables from unrelated parties (Notes 4 and 11)	3,399	-	385	-
Other receivables from related parties (Notes 4 and 33)	36,240	-	43,974	-
Current tax assets	624	-	395	-
Inventories (Notes 4 and 13)	154,220	1	47,024	-
Prepayments (Note 19)	2,392	-	45,472	-
Total current assets	<u>4,202,566</u>	<u>14</u>	<u>4,423,478</u>	<u>14</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	7,295,724	25	9,253,483	28
Financial assets at amortized cost - non-current (Notes 4, 9 and 34)	9,476	-	9,476	-
Investments accounted for using the equity method (Notes 4, 14 and 33)	15,247,296	53	16,602,015	50
Property, plant and equipment (Notes 4, 5 and 15)	622,127	2	724,113	2
Right-of-use assets (Notes 4 and 16)	5,784	-	10,289	-
Investment properties (Notes 4 and 17)	265,186	1	266,420	1
Intangible assets (Notes 4 and 18)	1,534	-	169	-
Deferred tax assets (Notes 4 and 27)	184,091	1	242,361	1
Refundable deposits (Notes 4 and 19)	7,006	-	7,006	-
Finance lease receivables - non-current (Notes 4, 12 and 33)	1,246,591	4	1,226,741	4
Net defined benefit assets - non-current (Notes 4 and 23)	842	-	-	-
Other non-current assets (Note 19)	87	-	1,859	-
Total non-current assets	<u>24,885,744</u>	<u>86</u>	<u>28,343,932</u>	<u>86</u>
TOTAL	<u>\$ 29,088,310</u>	<u>100</u>	<u>\$ 32,767,410</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 20 and 34)	\$ 1,340,000	5	\$ 804,000	3
Short-term bills payable (Notes 4 and 20)	127,614	1	134,842	1
Contract liabilities (Notes 4 and 25)	12,753	-	12,278	-
Notes payable to unrelated parties (Note 21)	1,907	-	3,351	-
Trade payables to unrelated parties (Note 21)	64,037	-	91,987	-
Trade payables to related parties (Note 33)	89,022	-	129,596	-
Other payables to unrelated parties (Note 22)	27,294	-	49,643	-
Other payables to related parties (Note 33)	19,818	-	20,899	-
Current tax liabilities (Notes 4 and 27)	-	-	25,084	-
Lease liabilities - current (Notes 4 and 16)	77,999	-	63,370	-
Current portion of long-term borrowings (Notes 4, 20 and 34)	577,500	2	577,500	2
Guarantee deposits - current	540	-	2,660	-
Total current liabilities	<u>2,338,484</u>	<u>8</u>	<u>1,915,210</u>	<u>6</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 20 and 34)	3,888,750	14	4,266,250	13
Deferred tax liabilities (Notes 4 and 27)	304,447	1	296,290	1
Lease liabilities - non-current (Notes 4 and 16)	1,248,248	4	1,232,677	4
Net defined benefit liabilities - non-current (Notes 4 and 23)	-	-	10,528	-
Guarantee deposits - non-current	22,386	-	21,087	-
Total non-current liabilities	<u>5,463,831</u>	<u>19</u>	<u>5,826,832</u>	<u>18</u>
Total liabilities	<u>7,802,315</u>	<u>27</u>	<u>7,742,042</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	7,747,805	27	7,747,805	24
Capital surplus	1,238,426	4	1,139,296	3
Retained earnings	-	-	-	-
Legal reserve	2,571,235	9	2,503,173	7
Special reserve	2,257,996	8	2,257,996	7
Unappropriated earnings	5,737,233	19	6,475,930	20
Total retained earnings	<u>10,566,464</u>	<u>36</u>	<u>11,237,099</u>	<u>34</u>
Other equity	2,811,250	10	5,979,118	18
Treasury shares	(1,077,950)	(4)	(1,077,950)	(3)
Total equity attributable to owners of the Company	<u>21,285,995</u>	<u>73</u>	<u>25,025,368</u>	<u>76</u>
Total equity	<u>21,285,995</u>	<u>73</u>	<u>25,025,368</u>	<u>76</u>
TOTAL	<u>\$ 29,088,310</u>	<u>100</u>	<u>\$ 32,767,410</u>	<u>100</u>

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

CHIA HSIN CEMENT CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)				
Sales	\$ 986,402	84	\$ 1,062,850	85
Rental revenue	4,730	-	4,695	-
Service revenue	33,896	3	22,174	2
Other operating revenue	<u>151,322</u>	<u>13</u>	<u>159,212</u>	<u>13</u>
Total operating revenue	<u>1,176,350</u>	<u>100</u>	<u>1,248,931</u>	<u>100</u>
OPERATING COSTS (Notes 13, 26 and 33)				
Cost of goods sold	(987,044)	(84)	(1,073,360)	(86)
Rental costs	(1,746)	-	(1,684)	-
Service costs	(29,758)	(3)	(20,180)	(2)
Other operating costs	<u>(133,202)</u>	<u>(11)</u>	<u>(138,140)</u>	<u>(11)</u>
Total operating costs	<u>(1,151,750)</u>	<u>(98)</u>	<u>(1,233,364)</u>	<u>(99)</u>
GROSS PROFIT	24,600	2	15,567	1
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(1,100)	-	(72)	-
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	<u>24,395</u>	<u>2</u>	<u>16,390</u>	<u>1</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	(11,417)	(1)	(11,753)	(1)
General and administrative expenses	(174,713)	(15)	(226,728)	(18)
Expected credit gain (loss) (Note 10)	<u>(128)</u>	<u>-</u>	<u>231</u>	<u>-</u>
Total operating expenses	<u>(186,258)</u>	<u>(16)</u>	<u>(238,250)</u>	<u>(19)</u>
LOSS FROM OPERATIONS	<u>(161,863)</u>	<u>(14)</u>	<u>(221,860)</u>	<u>(18)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 26 and 33)				
Interest income	34,026	3	23,187	2
Other income	268,635	23	785,507	63
Other gains and losses	(70,310)	(6)	(88,705)	(7)

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
Finance costs	\$ (102,470)	(9)	\$ (89,277)	(7)
Share of profit or loss of subsidiary, associates and joint ventures	<u>(154,239)</u>	<u>(13)</u>	<u>265,777</u>	<u>21</u>
Total non-operating income and expenses	<u>(24,358)</u>	<u>(2)</u>	<u>896,489</u>	<u>72</u>
PROFIT BEFORE (LOSS) INCOME TAX FROM CONTINUING OPERATIONS	(186,221)	(16)	674,629	54
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 27)	<u>5,459</u>	<u>-</u>	<u>(16,781)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(180,762)</u>	<u>(16)</u>	<u>657,848</u>	<u>53</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	11,206	1	5,730	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,327,630)	(198)	992,174	79
Share of the other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method	(987,915)	(84)	444,219	36
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(2,241)</u>	<u>-</u>	<u>(1,146)</u>	<u>-</u>
	<u>(3,306,580)</u>	<u>(281)</u>	<u>1,440,977</u>	<u>115</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	165,564	14	(306,820)	(25)
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	23,830	2	(188,194)	(15)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(37,880)</u>	<u>(3)</u>	<u>99,003</u>	<u>8</u>
	<u>151,514</u>	<u>13</u>	<u>(396,011)</u>	<u>(32)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(3,155,066)</u>	<u>(268)</u>	<u>1,044,966</u>	<u>83</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (3,335,828)</u>	<u>(284)</u>	<u>\$ 1,702,814</u>	<u>136</u>

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
(LOSS) EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ (0.28)</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ (0.28)</u>		<u>\$ 1.02</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Other Equity		Total Equity
				Special Reserve	Unappropriated Earnings			Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Treasury Shares	
BALANCE, JANUARY 1, 2021	\$ 7,747,805	\$ 960,402	\$ 2,319,663	\$ 2,275,704	\$ 7,058,382	\$ (494,225)	\$ 5,343,439	\$ (1,113,023)	\$ 24,182,147	
Appropriation of 2020 earnings (Note 24)	-	-	183,510	-	(183,510)	-	-	-	(1,079,560)	
Legal reserve contribution	-	-	-	-	17,708	-	-	-	-	
Revenue of special reserve	-	-	-	(17,708)	-	-	-	-	-	
Changes in equity of associate accounted for using the equity method (Note 24)	-	8,406	-	-	-	-	-	-	8,406	
Unclaimed dividends entitling by prescription (Note 24)	-	146	-	-	-	-	-	-	146	
Proceeds from issuance of treasury shares (Notes 24 and 29)	-	(96)	-	-	657,848	-	-	41,073	40,977	
Net profit for the year ended December 31, 2021	-	-	-	-	5,062	(396,011)	-	-	657,848	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	5,062	(396,011)	-	-	1,044,956	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	662,910	(396,011)	-	-	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)	-	15,628	-	-	-	-	-	-	15,628	
BALANCE, DECEMBER 31, 2021	7,747,805	1,139,296	2,503,173	2,257,696	6,473,930	(800,236)	6,779,334	(1,077,930)	25,025,368	
Appropriation of 2021 earnings (Note 24)	-	-	68,062	-	(68,062)	-	-	-	(502,675)	
Legal reserve contribution	-	-	-	-	(502,675)	-	-	-	-	
Cash dividends	-	-	-	-	-	-	-	-	26,335	
Changes in equity of associate accounted for using the equity method (Note 24)	-	598	-	-	-	-	-	-	598	
Unclaimed dividends entitling by prescription (Note 24)	-	-	-	-	-	-	-	-	(180,762)	
Net loss for the year ended December 31, 2022	-	-	-	-	(180,762)	-	-	-	(180,762)	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,802	151,514	(3,319,382)	-	(3,155,066)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(67,960)	151,514	(3,319,382)	-	(3,333,828)	
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24)	-	72,177	-	-	-	-	-	-	72,177	
BALANCE, DECEMBER 31, 2022	\$ 7,747,805	\$ 1,238,426	\$ 2,571,235	\$ 2,257,696	\$ 5,737,243	\$ (648,722)	\$ 3,459,972	\$ (1,077,930)	\$ 21,985,595	

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (186,221)	\$ 674,629
Adjustments for:		
Depreciation expenses	108,629	109,860
Amortization expenses	243	15
Expected credit loss (gain)	128	(231)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	120,353	(36,661)
Finance costs	102,470	89,277
Interest income	(34,026)	(23,187)
Dividend income	(235,473)	(747,616)
Compensation costs arising from share-based payment	-	15,428
Share of loss (profit) of subsidiaries, associates and joint ventures	154,239	(265,777)
Gain on disposal of property, plant and equipment	-	(29)
Write-down of inventories	3,587	-
Unrealized gain on transactions with subsidiaries, associates and joint ventures	1,100	72
Realized gain on transactions with subsidiaries, associates and joint ventures	(895)	(895)
Net (gain) loss on foreign currency exchange	(67,393)	106,243
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(190,680)	(194,128)
Notes receivable from unrelated parties	(5,183)	9,506
Trade receivables from unrelated parties	(7,550)	13,599
Trade receivables from related parties	7,158	(4,915)
Other receivables from unrelated parties	(11)	11
Other receivables from related parties	3,668	57
Inventories	(110,783)	5,824
Prepayments	1,560	(42,270)
Contract liabilities	475	7,354
Notes payable to unrelated parties	(1,444)	340
Trade payables to unrelated parties	(27,950)	42,349
Trade payables to related parties	(40,574)	49,981
Other payables to unrelated parties	(23,192)	(19,553)
Other payables to related parties	(1,081)	1,319
Net defined benefit liabilities	(164)	(8)
Cash used in operations	(429,010)	(209,406)
Interest paid	(101,855)	(90,064)
Income tax refunds (paid)	10,518	(2,961)
Net cash used in operating activities	(520,347)	(302,431)

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (91,485)	\$ (90,000)
Proceeds from sale of financial assets at amortized cost	540,227	290,208
Acquisition of investments accounted for using the equity method	(48,698)	(50,000)
Payments for property, plant and equipment	(904)	(7,725)
Proceeds from disposal of property, plant and equipment	-	29
Decrease in other receivables from related parties	-	20,575
Payments for intangible assets	(1,608)	(184)
Decrease in finance lease receivables	36,925	41,039
Decrease in other non-current assets	1,772	151
Interest received	31,223	25,134
Dividends received from subsidiaries, associates and joint ventures	548,984	2,036,756
Other dividends received	<u>235,473</u>	<u>747,616</u>
Net cash generated from investing activities	<u>1,251,909</u>	<u>3,013,599</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	536,000	-
Repayments of short-term borrowings	-	(615,000)
Repayment of short-term bills payable	(7,000)	(2,000)
Repayments of long-term loans	(377,500)	(457,500)
Refund of guarantee deposits received	(821)	(823)
Repayment of the principal portion of lease liabilities	(41,469)	(45,515)
Cash dividends paid	(502,675)	(1,079,560)
Proceeds from reissuance of treasury shares	-	40,977
Return of unclaimed dividends extinguished by prescription	<u>598</u>	<u>146</u>
Net cash used in financing activities	<u>(392,867)</u>	<u>(2,159,275)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>67,393</u>	<u>(106,244)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	406,088	445,649
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>1,039,240</u>	<u>593,591</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,445,328</u>	<u>\$ 1,039,240</u>

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

(Concluded)

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 June 14,
2022

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 the sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence of 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.

The restrictions on the place of the meeting shall not apply when the Company convenes virtual shareholders' meeting.

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.

Where a virtual shareholders' meeting is convened, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes 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.

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 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.

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, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution that another 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.

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.
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 apply to the preceding 2 paragraphs nor do they apply to Articles 11 and 13.
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.
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 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.

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.

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.

21. 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 continue at least 15 minutes after the chairperson announced the meeting adjourned.
22. 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.
23. 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 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.

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.

When the Company convenes a 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.

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.

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.

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 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.

24. 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.
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."
26. The Rules and any amendment shall take effect after being approved at the shareholders' meeting.

Appendix 2:

[English Translation, for reference only]

Chia Hsin Cement Corporation Articles of Incorporation

Revised and approved at Annual General Meeting of
Shareholders on June 14, 2022

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.

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.

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.

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.

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, Board of Directors,
Functional Committees, 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-third 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.

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:

1. Basic conditions and values: gender, age, nationality and culture, etc. There should be at least one female director serving on the Board.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

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.

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. 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.

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 directors.

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.
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; amended on June 14, 2022
for the 50th time, amendments will be effective after approval.

Appendix 3:

Shareholdings of All Directors

Chia Hsin Cement Corporation Directors' Shareholding Status

Base date: April 1, 2023

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	Chang Kang-Lung	2022.06.14~2025.06.13	4,808,396	0.62	4,808,396	0.62
Independent Director	Robert K. Su	2022.06.14~2025.06.13	0	0	0	0
Independent Director	Pao-Chu Lin	2022.06.14~2025.06.13	0	0	0	0
Independent Director	Kevin Kuo-I Chen	2022.06.14~2025.06.13	0	0	0	0
Director	Chi-Te Chen	2022.06.14~2025.06.13	692,955	0.09	692,955	0.09
Director	Pan Howard Wei-Hao (Representative of Tong Yang Chia Hsin International Corp.)	2022.06.14~2025.06.13	127,370,320	16.44	127,370,320	16.44
			(Representative:0)	(Representative:0)		
Director	I-Cheng Liu (Representative of Tong Yang Chia Hsin International Corp.)	2022.06.14~2025.06.13	127,370,320	16.44	127,370,320	16.44
			(Representative:0)	(Representative:0)		

Note: 1. Actual Paid-in capital on April 1, 2023: NTD 7,747,805,480 (774,780,548 shares).

2. The minimum shares required to be held by the entire body of directors of the Corporation shall not be lower than 24,792,977 shares (3.2%).

As of April 1, 2023, the numbers of shares held by the entire body of directors were 132,871,671 shares (17.15%).

As of April 1, 2023, the numbers of shares held by the entire body of independent directors were 0 share.

(In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies": The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.)

3. The shares required to be held by the entire body of directors is in accordance with the requirements set forth in "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public."

Appendix 4:

Other matters:

Handling of shareholders' proposals to be discussed at the 2023 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.

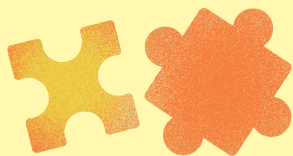
The proposing period is from March 10th to March 20th, 2023 and the information is posted on Market Observation Post System in accordance with relevant laws.

As of March 20th, 2023, the Company has not received any shareholder's proposal for discussion.

MEMO



嘉新企業團
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