

Stock Code
1109

Hsing Ta Cement Co., LTD.

2023 Annual Shareholders' Meeting

Handbook

Hsing Ta Cement Co., LTD. Website
<http://www.hsingta.com.tw>
Market Observation Post System
<http://mops.twse.com.tw>

June 20, 2023

This English version is a translation based on the original Chinese version.
Where any discrepancy arises between the two versions, the Chinese version shall prevail.

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Hsing Ta Cement Co., LTD.

2023 Annual Shareholders' Meeting Procedures

1. Commence Meeting
2. Chairman Takes the Chair
3. Chairman Remarks
4. Reporting Matters
5. Proposed Resolutions
6. Discussions
7. Extempore Motion
8. Adjournment

Hsing Ta Cement Co., LTD.

2023 Annual Shareholders' Meeting Agenda

1. Time: 9 a.m., Tuesday June 20, 2023
2. shareholders meeting will be held by: physical shareholders meeting
3. Venue: Rm. 願景,6F.-6,NO.51,Hengyang Rd.,Zhongzheng Dist. Taipei City(Taipei Foundation Of Finance)
4. Chairman's Remarks
5. Reporting Matters
 - (1) Presenting the Company's 2022 Business Report and Financial Statements.
 - (2) Audit Committee's Review of 2022 Annual Financial Statements.
 - (3) Presenting the Company's 2022 Employees' Compensation and Directors' Remuneration Distribution.
 - (4) Report of the Status of Endorsement and Guarantee.
 - (5) Report the Company's 4th treasury share.
6. Proposed Resolutions
 - (1) Adoption of the Company's 2022 Annual Accounting Final Reports and Statements.
 - (2) Adoption of the Proposal for the Company's Distribution of 2022 Profits.
7. Discussions
 - (1) Amendments to Hsing Ta "The Articles of Incorporation of the Company".
8. Extempore Motion
9. Adjournment

Reporting Matters

- (1) Please refer to pages 5~32 of this manual for the Company's 2022 Business Report and Financial Statements.
- (2) Please refer to page 32 of this manual for Audit Committee's Review Report of 2022 Annual Financial Statements.
- (3) Please refer to page 33 of this manual for 2022 Distribution Report of Employees' Compensation and Directors' Remuneration.
- (4) Please refer to page 33 of this manual for Endorsement and Guarantee Report.
- (5) Please refer to page 34 of this manual for the Company's 4th treasury share Report.

Proposed Resolutions

1. Proposed by the Board of Directors

Proposal:

Adoption of the Company's 2022 Annual Financial Statements.

Explanation:

- (1) The Company's 2022 Annual Financial Statements, including Business Report and Financial Statements, were prepared by the Board of Directors and have been audited by Audit Committee and CPA.
- (2) Please refer to pages 5~32 of this manual for the Annual Financial Statements and Independent Auditor's Report.
- (3) The agenda has been proposed for acknowledgment.

Resolution:

2. Proposed by the Board of Directors

Proposal:

Adoption of the Proposal for the Company's Distribution of 2022 Profits.

Explanation:

- (1) A Proposal for Distribution of 2022 Profits (please refer to page 33 of this manual) has been adopted by the Board of Directors in accordance with the Company Act and Articles of Incorporation and audited by Audit Committee.
- (2) The company plans to appropriate NT\$272,927,094 of distributable earnings for cash dividend distribution, namely NT\$0.8 per share calculated on the basis of the Company's actual number of outstanding shares. The cash dividends being distributed shall be rounded off proportionately to the nearest Taiwan dollar and the sum of all cash dividends less than NT\$1 shall be transferred to other income of the Company.
- (3) Subject to approval of this shareholders' meeting, the Chairman of the Board of Directors is authorized to determine the cash dividend record date.
- (4) The agenda has been proposed for acknowledgment.

Resolution:

Discussions

1.

Proposed by the Board of Directors

Proposal:

Amendments to Hsing Ta "The Articles of Incorporation of the Company".

Explanation:

- (1) In accordance with The Office of the president R.O.C No. 11000115851 letter, Hsing Ta amended "The Articles of Incorporation of the Company".
- (2) Please refer to the comparison table below pages 35 for amendment details, and submit to the general meeting of shareholders for approval.

Resolution:

Extempore Motion

Adjournment

Final Annual Reports

2022 Annual Operation Report and Final Statement

I. Operation Overview

It was originally estimated that the global economy would continue to recover in 2022, but military conflicts broke out between Russia and Ukraine in the first quarter of the year, which led to a surge in the prices of global energy, raw materials, and freight. The outbreak of the pandemic in China's coastal provinces and cities in the second quarter prompted the government to adopt long-term strict anti-pandemic measures. In particular, the suspension of all businesses in Shanghai has dealt another blow to the global supply chain. With the continuous escalating inflation in Europe and the United States, the US Fed has rapidly raised interest rates since March to curb it and scaled down purchases of bonds since the second half of the year. Global financial markets have become more volatile as a result, and most non-USD currencies have depreciated sharply, resulting in a surge in imported inflationary pressures on many countries. Since the second quarter, the number of domestic confirmed COVID-19 cases has begun to increase, and the international economy has been affected by the Russo-Ukrainian War and China's anti-pandemic measures. Thus, demand in Europe, the United States, and China has declined significantly; Taiwan's export growth has slowed down, and businesses turned conservative in investment. Fortunately, the impact of the pandemic has been gradually mitigated, and relevant government measures have been gradually relaxed. The performance of domestic consumption and relevant industries has improved, and the economic support shifted from export to domestic demand. As a result, the performance did not fluctuate too greatly.

In terms of the domestic real estate market, due to the demand for investment to preserve values due to inflation, the high costs have limited the room for property price decline. However, the global environment and economic situation are becoming increasingly sluggish. Governments turned to a tightening monetary policy, and more housing market regulation policies have been launched. The negative factors of the escalation of the domestic pandemic in the second quarter and the tense cross-strait relations dampened the heating domestic real estate market in 2022. In 2020, both transaction prices and volume increased, and in 2022 transaction volume decreased while the prices remained stable. People's willingness to buy property has become more conservative.

In respect of public works, due to a surge in various construction costs and the shortage of construction workers, many public works projects were without bidders. Fortunately, some construction projects had to be launched due to the validity of their construction permits, and the basic cement consumption was still guaranteed.

In the domestic cement market, the overall cement consumption in 2022 reached 13.35 million metric tons. The Company's sales volume of cement

and clinker in 2022 was around 640,000 metric tons, a decrease of 22.23% from the prior year, and the sales amounted to NT\$1,589,053 thousand, a decrease of 8.54% on a year-on-year basis. In terms of other revenue, the Company's revenue from recycling in 2022 was NT\$67,408 thousand and rental revenue was NT\$41,633 thousand, a decrease of NT\$23,103 thousand compared to the prior year.

In China's cement market, 2,289,762 tons of cement were sold, including 1,513,972 tons of PO 42.5 bulk cement, an increase of 149,896 tons on a year-on-year basis, and 775,79 tons of PII 52.5 bulk cement, a decrease of 71,621 tons on a year-on-year basis. In 2022, China's cement industry encountered declining demand, rising costs, and the impact of the pandemic. In first quarter and the second quarter, the market was affected by the pandemic, and the demand for cement plummeted. In May, the cement prices reached the lowest point in recent years. In June, the multiple factors of the real estate companies' debt crises, the difficulty in getting funds, and the market expectations for weakening led to a decline in market demand and sales in this year's cement industry, resulting in increased difficulty in sales and fierce market competition. Cement output hit a new low in nearly 11 years. The annual cement output in 2022 was about 2.15 billion tons, a year-on-year decrease of more than 9%. The demand in 2022 was the lowest since 2022. We believe that there are three factors: The first factor goes to the end user demand. Investments in property has plummeted; infrastructure investment underwent changes; and there were great disagreements on internal sub-items, leading to a sharp decline in demand. The second factor is the supply side. This year, many provinces and cities significantly increased the intensity of staggered peak kiln suspension, the time of staggered peaks has been extended, and the time of cement kiln operations was shortened, affecting supply. The third one is that the recurring pandemic disrupted the construction pace. Most construction sites suspended their business frequently, delaying the progress. The declining demand is the main reason for a sharp decline in cement production, but, most important, the decline in real estate investment has caused a greater impact on cement demand, and this impact may be underestimated. On the one hand, the demand for cement from real estate investment is continuous and obvious, which is different from infrastructure construction. On the other, real estate in many places accounts for half of the cement demand. With this downward trend in the real estate market, this negative effect has become more obvious. Moreover, China has stepped up its macro-control on the real estate market since last year, and the booming real estate market has begun to slow down, and the launch of construction projects, construction, and investment all went down.

In terms of revenue, it will maintain the existing incomes from rental and resource recycle and reuse while at the same time, take care of social needs, environmental protection and economic development to achieve the objectives of industrial symbiosis and sustainable social development.

The consolidated operating revenue in 2022 amounted to NT\$6,388,338 thousand, a decrease of 13.42% from NT\$7,378,229 thousand in 2021; the consolidated net income in 2022 was NT\$517,738 thousand, a decrease of 57.31% from the net income of NT\$1,212,790 thousand in 2021.

II. Comparison of performance between 2022 and 2021

Unit: metric tons

Cement and clinker	Production quantity			Sales quantity		
	2022	2021	Increase (decrease) %	2022	2021	Increase (decrease) %
Domestic	622,805	768,161	(18.92)	637,448.64	819,679	(22.23)
Mainland	2,297,624	2,225,497	3.24	2,297,623.80	2,229,791	3.24
Total	2,920,429	2,993,658	(2.45)	2,935,072.44	3,049,470	(3.62)

Unit: Thousand \$NT

Operating revenues	2022	2021	Increase (decrease) amount	Increase (decrease) %
Domestic	2,213,586	2,673,198	(459,612)	(17.19)
Mainland	4,174,752	4,705,031	(530,279)	(11.27)
Consolidated sales revenue	6,388,338	7,378,229	(989,891)	(13.42)
Consolidated net profits for the year	517,738	1,212,790	(695,052)	(57.31)

III. Research and development

The themes of the Company's R&D are environmental protection, labor safety, efficient operation, quality policy implementation, manufacturing process rationalization, product diversification, and responsibility for pollution prevention and control. In addition, the Company has mass production for related products in response to market demand to increase competitiveness, market penetration and share. The cement industry has entered a mature stage. In order to boost the momentum of future business growth, the Company will continue to promote Type II cement and IS cement to Public Works Division, and continue to develop construction business for better achievements to obtain the best benefits in different construction location.

IV. Business promotion, development direction and strategy

- (I) Actively participate in public work projects, such as Taipei MRT Circular Line, Wanda Line, Sanying Line, Wen Zai Zun Rezoned Area, Taoyuan Airport construction project, Taoyuan Aerotropolis project, and Taoyuan railway underground project.
- (II) Expand the use of the Company's IS-type cement for geological improvement and basic engineering construction.

- (III) Master the characteristics of type I low-alkali cement such as anti-whitening and cracking, and promote the type I low-alkali 40 kg bagged cement to the painting market.
- (IV) Supply flexible freight bags for geological improvement as the lot size is small for the reconstruction of old and dilapidated buildings in Taipei City. Supply cement in cooperation with projects as the number of public works and other facilities in outlying islands has increased.
- (V) Utilize the characteristics of neutralization of heavy metals and dioxin during the high temperature calcination process that cannot be processed by general incinerators to treat relevant domestic and business waste and play a critical role in circular economy and fulfillment of corporate social responsibility.

V. Policy in response to the influence of external competition, legal environment, and overall business environment.

- (I) Implement labor safety management measures to ensure the safety and efficiency of the working environment.
- (II) Adhere to the business philosophy of honesty, diligence, pragmatism, frugality and social responsibility, promote the sustainable development of the Company, increase participation in local community care and health promotion activities, and fulfill corporate social responsibility.
- (III) Cooperate with the government's circular economy policy of environmental protection, energy saving, waste reduction and reuse, actively invest in various equipments and improvements to not only strengthen process stability, but also to improve the dust flying problem during the transportation of raw materials and semi-finished products to protect the environment, and to actively migrate to a green industry.
- (IV) Ensure compliance with all laws and regulations, and regularly review whether the equipment operation efficiency, the professional knowledge and operation technology of the operation personal.
- (V) Implement quality policies to ensure the good operation of the quality control system, and provide products and services that meet customer needs.
- (VI) Continue to improve production efficiency, reduce costs, and strengthen market competitiveness.
- (VII) Improve operating performance of the core cement business, expand the use of funds, and invest in related industries with growth potential.

VI. Business plan and outlook for 2023

Looking ahead to 2023, under the influence of the continuous mutation of the virus, the stalemate in the Russo-Ukrainian War, high inflation, and climate change, major economies (except Japan) have launched a cycle of interest rate hikes to contain inflation. High interest rates affect enterprises' willingness to invest. Manufacturing activities in various countries have slowed down significantly. The European and the U.S. economies may witness zero growth or even fall into recession. Although China's economy is estimated to rebound due to the relaxed anti-pandemic measures, the extent to which the economy will rebound and if orders will return remain to be observed. The weakened global economic

demand severely impacted Taiwan's foreign trade performance and prompted businesses to turn conservative in capital investment due to the sluggish global economy and rising lending interest rates, causing the growth of private investment to slow down significantly. Fortunately, as the government's public construction budget has hit a record high, along with the still strong private consumption and the continuous relaxation of domestic anti-pandemic measures and the re-opening of borders, the domestic economic activities will increase significantly.

Domestic cement market:

Due to a sharp decrease in global demand for semiconductors, the progress of factory construction under the factory affairs system integrated projects related to the semiconductor supply chain has slowed down. As for the private real estate sector, due to the high housing prices and short validity periods of construction licenses, pushing builders to launch construction projects, the number of projects in the rezoned areas in northern Taiwan is still large. After the major earthquakes in Turkey and Syria, the reconstruction of old and dilapidated buildings in Taipei City will be accelerated. Thus, the demand in the first half of the year can still remain, and the demand in the second half of the year remains to be seen.

Due to a decrease in demand in China, cement clinker was no longer imported from Vietnam, and Vietnam, instead, exported it to Taiwan at a lower price, for a greater share of Taiwan's market share. Thus, the Taiwan Cement Manufactures' Association filed an anti-dumping complaint against Vietnam on behalf of the industry in February 2023.

Consequently, the estimated cement demand in 2023 is about 13 million metric tons. On the supply side: Although 25% of the domestic cement market is seized by the importers, the Company estimates that the sales volumes of cement and clinker in Taiwan can reach 620,000 metric tons and 30,000 metric tons, respectively. The Company will continue to integrate resources within the Group and evaluate the possibility of diversifying the business to maintain our own competitive advantage.

China's cement market:

Considering the high cement storage capacity and weakened demand, the room for cement price rebound is relatively limited. The storage capacity is still higher than 70% (a relatively high level on a year-on-year basis) even with the staggered peak production launched in multiple places, while the demand continues to decline (less than 40% at this point). There are many obstacles to rising prices. If demand cannot increase, and storage capacity cannot go down, there is a risk of prices falling further at any time.

Going into 2023, we believe that the low-cost era has ended, and the industry's profit margin will remain at a reasonable level. If the demand declines slightly, and the entire industry is on the same page, the cement

prices will remain stable, and the costs of coals will not fluctuate greatly. Thus, the industry's profits are estimated to remain stable. If the demand declines greatly, enterprises will fall into a chaos of low-price competition as they did in the summer of 2022; then, the industry's profits may be at a risk of further decline. The year of 2023 is the second year after the cement prices have fallen from a high point, and several risk issues cannot be ignored :

First, serious overcapacity. According to the China Cement Big Data Research Institute, 30 new production lines with a total production capacity of over 40 million will be put into operation in 2023. If these production capacities are released to the market, the pressure on the market can be imagined;

Second, serious demand decline more than expected. The world economy is likely to fall into a recession in 2023, and the external environment is still full of challenges. China's economy is still facing the pressure from lower demand, impact on supply, and expectations for weakening. If the real estate market falls down, it may lead to a sharp decline in cement demand again.

Third, risk of high coal prices. The costs of coals account for more than half of the costs of cement production. Extreme weather events may still cause an impact in 2023. If coal produced cannot meet demand or the increase in the supply of coals for electricity leads to a tight supply of coals in the market, there may be a risk of thermal coal prices going up again, and the pressure on the survival of cement enterprises will rise. There may be a decline throughout the year, but the decline will be much smaller; the prices will be low and stable, and the real estate market will still be a drag.

As for demand, there may be a decline throughout the year, but the decline will be much smaller; the prices will be low and stable, and the real estate market will still be the main reason. It is estimated that the sales volume of cement and clinker in Nanjing can reach 2.26 million metric tons.

On the supply side, the new production capacity may fall short of the target, and the supply pressure is controllable; industry restructuring is accelerating, and the supply structure is being optimized; staggered peak production is executed smoothly and can be further enhanced.

In respect of market conditions, the average selling price of cement will fall, and the second half of the year will be better than the first half, and the annual average price will fall by 3 - 6% on a year-on-year basis.

Regarding profits, the industry's profits are estimated to remain stable under the condition that the decline in demand is not large and the prices of cement are stable. If the decline in demand is large, the profits may continue to decrease. There may be a decline throughout the year, but the decline will be much smaller; the prices will be low and stable, and the real estate market will still be a drag.

Since the Company was established more than 60 years ago, we have adhered to the spirit of "credibility and quality first". Facing the above unprecedented situations and challenges, we will continue to maintain a prudent attitude and work hard with all employees, to create more brilliant business performance, while striving to become a stable and eco-friendly enterprise which follows business ethics and duly fulfills social responsibility.

Chairman of BOD : Yang Jee Shing



General manager : Yang Ta-Kuan



Accounting Manager : Tsai Su-Chiu



Year 2022 Consolidated Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Hsing Ta Cement Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Accountants 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Occurrence of revenue recognition of cement sales

Description

Please refer to Note 4(28) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Group's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 6,178,050 thousand, constituting 96.71% of the 2022 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch reports prepared by the cement factory according to actual collection situation. The Group's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures. Additionally, since the cement sales revenue is material to the financial statements, we consider the occurrence of revenue recognition of cement sales as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Group's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.
3. Verified the monthly dispatch reports used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch reports, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended December 31, 2022 and 2021.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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.

Auditor's 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 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Lee, Hsiu-Ling

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
Current assets					
1100	Cash and cash equivalents	\$ 2,767,084	24	\$ 2,643,843	23
1110	Financial assets at fair value through profit or loss - current	1,007,780	9	1,044,096	9
1136	Current financial assets at amortised cost	624,429	5	140,884	1
1150	Notes receivable, net	722,330	6	1,601,360	14
1170	Accounts receivable, net	327,906	3	342,742	3
1200	Other receivables	10,151	-	3,585	-
130X	Inventories	1,011,311	9	907,317	8
1410	Prepayments	89,152	1	62,476	-
1470	Other current assets	334	-	31	-
11XX	Current assets	<u>6,560,477</u>	<u>57</u>	<u>6,746,334</u>	<u>58</u>
Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	182,351	2	206,675	2
1535	Financial assets at amortised cost - non-current	240,324	2	227,908	2
1600	Property, plant and equipment	2,755,243	24	2,744,437	24
1755	Right-of-use assets	172,627	2	148,876	1
1760	Investment property - net	1,430,487	12	1,437,867	12
1780	Intangible assets	8,904	-	9,296	-
1840	Deferred income tax assets	40,815	-	38,552	-
1920	Guarantee deposits paid	32,956	-	34,161	-
1990	Other non-current assets, others	65,842	1	108,239	1
15XX	Non-current assets	<u>4,929,549</u>	<u>43</u>	<u>4,956,011</u>	<u>42</u>
1XXX	Total assets	<u>\$ 11,490,026</u>	<u>100</u>	<u>\$ 11,702,345</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(16)	\$ 106,255	1	\$ 135,895	1
2150	Notes payable		282,961	2	92,152	1
2160	Notes payable - related parties	7	915	-	1,287	-
2170	Accounts payable		765,076	7	810,950	7
2200	Other payables	6(10) and 7	363,222	3	460,630	4
2230	Current income tax liabilities	6(26)	101,357	1	242,325	2
2280	Current lease liabilities		8,172	-	5,208	-
2399	Other current liabilities, others		1,135	-	1,505	-
21XX	Current Liabilities		<u>1,629,093</u>	<u>14</u>	<u>1,749,952</u>	<u>15</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	88,458	1	6,313	-
2580	Non-current lease liabilities	6(26)	43,301	1	19,542	-
2640	Accrued pension liabilities	6(11)	32,872	-	34,602	-
2670	Other non-current liabilities, others	6(26)	32,750	-	38,764	1
25XX	Non-current liabilities		<u>197,381</u>	<u>2</u>	<u>99,221</u>	<u>1</u>
2XXX	Total liabilities		<u>1,826,474</u>	<u>16</u>	<u>1,849,173</u>	<u>16</u>
Equity attributable to owners of parent						
	Share capital	6(12)				
3110	Share capital - common stock		3,411,589	30	3,419,579	29
	Capital surplus	6(13)				
3200	Capital surplus		15,644	-	22,962	-
	Retained earnings					
3310	Legal reserve		1,615,360	14	1,528,279	13
3320	Special reserve		200,753	2	175,551	2
3350	Unappropriated retained earnings		2,659,051	23	2,885,240	25
	Other equity interest	6(15)				
3400	Other equity interest		(136,484)	(1)	(200,753)	(2)
31XX	Equity attributable to owners of the parent		<u>7,765,913</u>	<u>68</u>	<u>7,830,858</u>	<u>67</u>
36XX	Non-controlling interest		<u>1,897,639</u>	<u>16</u>	<u>2,022,314</u>	<u>17</u>
3XXX	Total equity		<u>9,663,552</u>	<u>84</u>	<u>9,853,172</u>	<u>84</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 11,490,026</u>	<u>100</u>	<u>\$ 11,702,345</u>	<u>100</u>

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(8)(9)(16) and 7	\$ 6,388,338	100	\$ 7,378,229	100
5000	Operating costs	6(21)(22) and 7	(5,138,589)	(81)	(5,175,302)	(70)
5900	Gross profit		1,249,749	19	2,202,927	30
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(121,029)	(2)	(172,624)	(2)
6200	General and administrative expenses		(217,455)	(3)	(269,965)	(4)
6450	Expected credit losses	12(2)	(126)	-	(2,796)	-
6000	Total operating expenses		(338,610)	(5)	(445,385)	(6)
6900	Operating profit		911,139	14	1,757,542	24
	Non-operating income and expenses					
7100	Interest income	6(17)	41,584	1	19,936	-
7010	Other income	6(18)	29,418	-	23,562	-
7020	Other gains and losses	6(19)	11,483	-	38,309	1
7050	Finance costs	6(20)	(870)	-	(375)	-
7000	Total non-operating income and expenses		81,615	1	81,432	1
7900	Profit before income tax		992,754	15	1,838,974	25
7950	Income tax expense	6(23)	(475,016)	(7)	(626,184)	(9)
8200	Profit for the year		\$ 517,738	8	\$ 1,212,790	16
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	\$ 503	-	\$ 11,871	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(101)	-	(2,374)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		96,675	2	(37,737)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		96,675	2	(37,737)	-
8300	Other comprehensive income (loss) for the year		\$ 97,077	2	(\$ 28,240)	-
8500	Total comprehensive income for the year		\$ 614,815	10	\$ 1,184,550	16
	Profit, attributable to:					
8610	Owners of the parent		\$ 399,166	6	\$ 862,861	11
8620	Non-controlling interest		118,572	2	349,929	5
			\$ 517,738	8	\$ 1,212,790	16
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 463,300	8	\$ 845,618	11
8720	Non-controlling interest		151,515	2	338,932	5
			\$ 614,815	10	\$ 1,184,550	16
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		\$ 1.17		\$ 2.52	
9850	Total diluted earnings per share		\$ 1.16		\$ 2.51	

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

The accompanying notes are an integral part of these consolidated financial statements.
 HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 YEARS ENDED DECEMBER 31, 2022 AND 2021
 (Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Notes	Capital Reserves			Retained Earnings			Exchange differences on translation of foreign financial statements	Total	Non-controlling interest	Total equity
		Ordinary share	Capital surplus, treasury share transactions	Capital surplus, others	Legal reserve	Special reserve	Unappropriated retained earnings				
<u>2020</u>											
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 252	\$ 1,332,001	\$ 118,512	\$ 2,157,722	(\$ 231,848)	\$ 6,818,517		
Profit for the year		-	-	-	-	-	1,004,034	-	1,004,034		
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	(4,928)	56,297	51,369		
Total comprehensive income		-	-	-	-	-	999,106	56,297	1,055,403		
Appropriations and distribution of 2019 retained earnings:	6(14)										
Legal reserve appropriated		-	-	-	96,367	-	(96,367)	-	-		
Special reserve appropriated		-	-	-	-	113,336	(113,336)	-	-		
Cash dividends		-	-	-	-	-	(376,154)	-	(376,154)		
Expired unclaimed dividends transferred to capital surplus		-	-	100	-	-	-	-	100		
Balance at December 31		<u>\$ 3,419,579</u>	<u>\$ 22,299</u>	<u>\$ 352</u>	<u>\$ 1,428,368</u>	<u>\$ 231,848</u>	<u>\$ 2,570,971</u>	<u>(\$ 175,551)</u>	<u>\$ 7,497,866</u>		
<u>2021</u>											
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 352	\$ 1,428,368	\$ 231,848	\$ 2,570,971	(\$ 175,551)	\$ 7,497,866		
Profit for the year		-	-	-	-	-	862,861	-	862,861		
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	7,959	(25,202)	(17,243)		
Total comprehensive income		-	-	-	-	-	870,820	(25,202)	845,618		
Appropriations and distribution of 2020 retained earnings:	6(14)										
Legal reserve appropriated		-	-	-	99,911	-	(99,911)	-	-		
Special reserve appropriated		-	-	-	-	(56,297)	56,297	-	-		
Cash dividends		-	-	-	-	-	(512,937)	-	(512,937)		
Expired unclaimed dividends transferred to capital surplus		-	-	311	-	-	-	-	311		
Balance at December 31		<u>\$ 3,419,579</u>	<u>\$ 22,299</u>	<u>\$ 663</u>	<u>\$ 1,528,279</u>	<u>\$ 175,551</u>	<u>\$ 2,885,240</u>	<u>(\$ 200,753)</u>	<u>\$ 7,830,858</u>		

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 992,754	\$ 1,838,974
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(9)(21)	308,107	310,413
Amortisation expense	6(21)	3,863	3,511
Expected credit losses	12(2)	126	2,796
Net gain on financial assets at fair value through profit or loss	6(2)(19)	(136)	(36,173)
Interest expense	6(20)	870	375
Interest income	6(17)	(41,584)	(19,936)
Dividend revenue	6(18)	(9,985)	(5,993)
Gain on lease modification	6(7)(19)	(549)	(12)
Property, plan and equipment transferred to expenses		-	38
Gain (loss) on disposals of property, plant and equipment	6(19)	1,135	(4,240)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		879,030	85,980
Accounts receivable, net		14,709	44,719
Other receivables		269	516
Inventories		(103,994)	(13,634)
Prepayments		(26,676)	3,121
Other current assets		(5)	114
Changes in operating liabilities			
Current contract liabilities		(29,640)	73,404
Notes payable		190,809	(19,051)
Notes payable - related parties		(372)	196
Accounts payable		(45,874)	(362,414)
Other payables		(96,057)	(91,847)
Other current liabilities, others		(370)	198
Net defined benefit liability		(3,228)	(18,179)
Cash inflow generated from operations		2,033,202	1,792,876
Interest paid		(870)	(375)
Income taxes paid		(538,474)	(638,290)
Net cash flows from operating activities		<u>1,493,858</u>	<u>1,154,211</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 1,675,704)	(\$ 1,434,530)
Proceeds from disposal of financial assets at fair value through profit or loss		1,743,398	1,569,507
Acquisition of financial assets at amortised cost		(782,924)	(81,514)
Proceeds from disposal of financial assets at amortised cost		285,887	68,006
Acquisition of property, plant and equipment(include prepayments for equipment)	6(25)	(252,728)	(138,460)
Acquisition of investment property	6(9)	(520)	(768)
Proceed from disposal of property, plant and equipment		4,789	8,317
Decrease in refundable deposits		1,205	(1,675)
Decrease in other non-current assets, others		11,783	28,512
Interest received		36,512	19,473
Dividends received		9,985	5,993
Net cash flows (used in) from investing activities		(618,317)	42,861
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease (increase) in guarantee deposits received	6(26)	(6,353)	772
Payments of lease liabilities	6(26)	(5,132)	(2,796)
Cash dividend paid	6(14)	(512,937)	(512,937)
Dividends paid to non-controlling interests	4(3)	(276,190)	(309,034)
Expired unclaimed dividends transferred to capital surplus		447	311
Purchase of treasury shares	6(12)	(15,755)	-
Net cash flows used in financing activities		(815,920)	(823,684)
Effect of exchange rate changes on cash and cash equivalents		63,620	(6,057)
Net increase in cash and cash equivalents		123,241	367,331
Cash and cash equivalents at beginning of year		2,643,843	2,276,512
Cash and cash equivalents at end of year		\$ 2,767,084	\$ 2,643,843

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

Year 2022 Parent Company Only Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Hsing Ta Cement Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 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 parent company only 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters..

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Occurrence of revenue recognition of cement sales

Description

Please refer to Note 4(26) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Company's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 1,663,061 thousand, constituting 93.85% of the 2022 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch report prepared by the cement factory according to actual collection situation. The Company's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures. Additionally, since the cement sales revenue is material to the financial statements and the Company's subsidiaries, accounted for using equity method, have the same matters as the aforementioned, we consider the occurrence of revenue recognition of cement sales of the Company and its subsidiaries as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Company's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.
3. Verified the monthly dispatch report used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch report, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current period 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.

Lee, Hsiu-Ling

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,136,981	14	\$ 988,309	12
1110	Financial assets at fair value through profit or loss - current	6(2)	38,020	1	44,976	-
1150	Notes receivable, net	6(4)	102,622	1	151,617	2
1160	Notes receivable - related parties	6(4) and 7	24,047	-	28,636	-
1170	Accounts receivable, net	6(4)	78,016	1	59,451	1
1200	Other receivables		8,247	-	1,012	-
130X	Inventories	6(5)	453,624	6	392,411	5
1410	Prepayments		19,983	-	2,169	-
11XX	Current assets		<u>1,861,540</u>	<u>23</u>	<u>1,668,581</u>	<u>20</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	182,351	2	206,675	3
1535	Financial assets at amortised cost - non-current	6(3) and 8	216,314	3	215,188	3
1550	Investments accounted for under equity method	6(6)	3,650,019	45	3,904,654	47
1600	Property, plant and equipment	6(7)	728,875	9	752,935	9
1755	Right-of-use assets	6(8)	27,916	-	780	-
1760	Investment property - net	6(10)	1,428,699	17	1,436,056	17
1840	Deferred income tax assets	6(23)	40,284	-	37,718	-
1900	Other non-current assets		57,868	1	69,868	1
15XX	Non-current assets		<u>6,332,326</u>	<u>77</u>	<u>6,623,874</u>	<u>80</u>
1XXX	Total assets		<u>\$ 8,193,866</u>	<u>100</u>	<u>\$ 8,292,455</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(16) and 7	\$ 57,384	1	\$ 66,230	1
2170	Accounts payable		44,644	1	48,084	1
2200	Other payables		159,076	2	186,991	2
2230	Current income tax liabilities		43,357	-	98,159	1
2280	Current lease liabilities	6(25)	5,508	-	3,890	-
2300	Other current liabilities		1,015	-	1,371	-
21XX	Current Liabilities		<u>310,984</u>	<u>4</u>	<u>404,725</u>	<u>5</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	38,968	1	6,313	-
2580	Non-current lease liabilities	6(25)	26,022	-	338	-
2640	Accrued pension liabilities	6(11)	33,943	-	32,963	1
2645	Guarantee deposits received	6(25)	18,036	-	17,258	-
25XX	Non-current liabilities		<u>116,969</u>	<u>1</u>	<u>56,872</u>	<u>1</u>
2XXX	Total liabilities		<u>427,953</u>	<u>5</u>	<u>461,597</u>	<u>6</u>
Equity						
	Share capital	6(12)				
3110	Share capital - common stock		3,411,589	42	3,419,579	41
	Capital surplus	6(13)				
3200	Capital surplus		15,644	-	22,962	-
	Retained earnings	6(14)				
3310	Legal reserve		1,615,360	20	1,528,279	18
3320	Special reserve		200,753	3	175,551	2
3350	Unappropriated retained earnings		2,659,051	32	2,885,240	35
	Other equity interest	6(15)				
3400	Other equity interest		(136,484)	(2)	(200,753)	(2)
3XXX	Total equity		<u>7,765,913</u>	<u>95</u>	<u>7,830,858</u>	<u>94</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 8,193,866</u>	<u>100</u>	<u>\$ 8,292,455</u>	<u>100</u>

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

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(9)(10)(16) and 7	\$ 1,772,103	100	\$ 1,939,978	100
5000	Operating costs	6(5)(10)(21)(22)	(1,366,145)	(77)	(1,481,325)	(76)
5900	Gross profit		405,958	23	458,653	24
5910	Unrealized profit from sales		(251)	-	(131)	-
5920	Realized profit from sales		131	-	237	-
5950	Net operating margin		405,838	23	458,759	24
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(40,137)	(2)	(58,287)	(3)
6200	General and administrative expenses		(67,778)	(4)	(89,657)	(5)
6000	Total operating expenses		(107,915)	(6)	(147,944)	(8)
6900	Operating profit		297,923	17	310,815	16
	Non-operating income and expenses					
7100	Interest income	6(17)	16,017	1	5,247	-
7010	Other income	6(18)	15,204	1	18,359	1
7020	Other gains and losses	6(19)	10,512	-	(5,425)	-
7050	Finance costs	6(20)	(471)	-	(41)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)				
			232,936	13	677,911	35
7000	Total non-operating income and expenses		274,198	15	696,051	36
7900	Profit before income tax		572,121	32	1,006,866	52
7950	Income tax expense	6(23)	(172,955)	(10)	(144,005)	(7)
8200	Profit for the year		\$ 399,166	22	\$ 862,861	45
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	(\$ 996)	-	\$ 7,582	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		662	-	1,893	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	199	-	(1,516)	-
8310	Components of other comprehensive (loss)income that will not be reclassified to profit or loss		(135)	-	7,959	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)(15)	64,269	4	(25,202)	(1)
8360	Components of other comprehensive income(loss) that will be reclassified to profit or loss		64,269	4	(25,202)	(1)
8300	Other comprehensive income (loss) for the year		\$ 64,134	4	(\$ 17,243)	(1)
8500	Total comprehensive income for the year		\$ 463,300	26	\$ 845,618	44
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		\$ 1.17		\$ 2.52	
9850	Total diluted earnings per share		\$ 1.16		\$ 2.51	

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves			Retained Earnings		Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Amount
		Share capital - common stock	Treasury stock transactions	Others	Legal reserve	Special reserve			
<u>2020</u>									
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 252	\$ 1,332,001	\$ 118,512	\$ 2,157,722	(\$ 231,848)	\$ 6,818,517
Profit for the year		-	-	-	-	-	1,004,034	-	1,004,034
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	(4,928)	56,297	51,369
Total comprehensive income		-	-	-	-	-	999,106	56,297	1,055,403
Appropriations and distribution of 2019 retained earnings:	6(14)								
Legal reserve appropriated		-	-	-	96,367	-	(96,367)	-	-
Special reserve appropriated		-	-	-	-	113,336	(113,336)	-	-
Cash dividends		-	-	-	-	-	(376,154)	-	(376,154)
Expired unclaimed dividends transferred to capital surplus		-	-	100	-	-	-	-	100
Balance at December 31		\$ 3,419,579	\$ 22,299	\$ 352	\$ 1,428,368	\$ 231,848	\$ 2,570,971	(\$ 175,551)	\$ 7,497,866
<u>2021</u>									
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 352	\$ 1,428,368	\$ 231,848	\$ 2,570,971	(\$ 175,551)	\$ 7,497,866
Profit for the year		-	-	-	-	-	862,861	-	862,861
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	7,959	(25,202)	(17,243)
Total comprehensive income		-	-	-	-	-	870,820	(25,202)	845,618
Appropriations and distribution of 2020 retained earnings:	6(14)								
Legal reserve appropriated		-	-	-	99,911	-	(99,911)	-	-
Special reserve appropriated		-	-	-	-	(56,297)	56,297	-	-
Cash dividends		-	-	-	-	-	(512,937)	-	(512,937)
Expired unclaimed dividends transferred to capital surplus		-	-	311	-	-	-	-	311
Balance at December 31		\$ 3,419,579	\$ 22,299	\$ 663	\$ 1,528,279	\$ 175,551	\$ 2,885,240	(\$ 200,753)	\$ 7,830,858

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 572,121	\$ 1,006,866
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(21)	113,256	127,382
Net loss on financial assets at fair value through profit or loss	6(2)(19)	22,007	6,082
Interest expense	6(8)(20)	471	41
Interest income	6(17)	(16,017)	(5,247)
Dividend revenue	6(18)	(9,985)	(5,993)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(232,936)	(677,911)
Gain on lease modification	6(8)(19)	(549)	(12)
Property, plant and equipment transferred to expense		-	38
Loss on disposal of property, plant and equipment	6(19)	3,358	2,667
Unrealized gain from sale		251	131
Realized gain from sale		(131)	(237)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		48,995	(10,343)
Notes receivable - related parties		4,589	5,952
Accounts receivable, net		(18,565)	(2,063)
Other receivables		(5,471)	-
Inventories		(61,213)	(7,035)
Prepayments		(17,814)	14,542
Other non-current assets		3,376	-
Changes in operating liabilities			
Current contract liabilities		(8,846)	33,332
Accounts payable		(3,440)	(57,974)
Other payables		(27,915)	(19,037)
Other current liabilities		(356)	240
Net defined benefit liability		(15)	(100)
Cash inflow generated from operations		365,171	411,321
Income taxes paid		(197,469)	(106,625)
Interest paid		(471)	(41)
Net cash flows from operating activities		<u>167,231</u>	<u>304,655</u>

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 7,509	\$ 20,215
Acquisition of financial assets at amortised cost		(1,126)	(1,664)
Acquisition of property, plant and equipment	6(7)	(79,189)	(31,986)
Acquisition of investment property	6(10)	(520)	(768)
Proceeds from disposal of property, plant and equipment		427	412
Decrease (increase) in refundable deposits		246	(681)
Decrease in prepayments for business facilities		8,379	10,183
Interest received		16,017	4,779
Dividends received	6(6)(18)	562,365	624,060
Decrease in other non-current assets, others		-	162
Net cash flows from investing activities		<u>514,108</u>	<u>624,712</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in guarantee deposits received	6(25)	778	(44)
Cash dividend paid	6(14)	(512,937)	(512,937)
Purchase of treasury shares	6(12)	(15,755)	-
Payments of lease liabilities	6(25)	(5,200)	(95)
Expired unclaimed dividends transferred to capital surplus		447	311
Net cash flows used in financing activities		<u>(532,667)</u>	<u>(512,765)</u>
Net increase in cash and cash equivalents		148,672	416,602
Cash and cash equivalents at beginning of year		988,309	571,707
Cash and cash equivalents at end of year		<u>\$ 1,136,981</u>	<u>\$ 988,309</u>

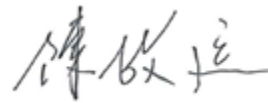
The accompanying notes are an integral part of these parent company only financial statements.

Audit Committee's Review Report of 2022 Annual Accounting Final Statements

Audit Report of Audit Committee

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and Earnings Distribution Proposal. The Company's Financial Statements have been audited and an audit report has been issued by the PricewaterhouseCoopers. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the Audit Committee. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Hsing Ta Cement Co., LTD.
Chairman of the Audit Committee : Chen Jheng-Ting



March 14, 2023

2022 Distribution Report of Employees' Compensation and Directors' Remuneration

1. The total amount of NTD \$12,172,778 shall be distributed in cash as employees' compensation.
2. The total amount of NTD \$24,345,555 shall be distributed in cash as Directors' remuneration.

Endorsement and Guarantee

As of December 31, 2022, the Company's aggregate balance of endorsement and guarantee was not more than the Company's net asset value based on the latest financial statements and the total endorsement and guarantee for a single enterprise was not more than 50 percent of the Company's net asset value based on the latest financial statements, both of which were in accordance with the Rules of Procedure of Endorsement and Guarantee. The list of details is as follows:

(Thousand \$NTD)		
Name of the Company being Endorsed/ Guaranteed	Limit on Endorsement/ Guarantee Provided for a Single Enterprise	The Ending Balance of Endorsement/Guarantee
Hsin I Ready Mixed Concrete Co., Ltd.	3,882,956	321,176

2022 Earnings Distribution Table

Hsing Ta Cement Co., Ltd.
2022 Earnings Distribution Table

	\$NTD
Unappropriated Retained Earnings at Beginning of Year	2,260,019,880
Add (Less): 2022 Remeasurement of Defined Benefit Obligations	(134,840)
2022 Profit After Tax	399,165,884
Appropriation of Special Reserve	64,268,908
Appropriation of Legal Reserve	(39,903,104)
Distributable Earnings for the Current Period	2,683,416,728
Less: Cash Dividends (\$0.8/Per Share)	(272,927,094)
Unappropriated Retained Earnings at End of Year	2,410,489,634

Chairman of BOD : Yang Jee-Shing



General manager : Yang Ta-Kuan



Accounting Manager : Tsai Su Chiu



The Company's 4th Treasury Share Report

2023/04/22

The company's 4th treasury share repurchase result at the end of repurchase period	
Date and times	The company's 4th treasury share repurchase
purpose	In order to maintain the company's credit and shareholders' rights and interests
Originally scheduled period for the repurchase	2022/05/23~2022/07/22
Originally determined repurchase price range (NTD)	\$15 ~ 23
Actual period of the current repurchase	2022/06/14~2022/07/19
No. of shares actual repurchased (shares)	799,000 share
Total monetary amount of shares currently repurchased (NTD)	\$15,755,532
Current average repurchase price per share (NTD)	\$19.72
The ratio of the quantity bought back to the quantity scheduled to be bought back(%)	11.86%
Cancelled shares	Common stock 799,000 share
Cumulative no. of the company's own shares held (shares)	Common stock 0 share
Cumulative no. of the company's own shares as a percentage of the total no. of the company's issued shares (%)	0.00%

Appendix

Table of Amendments to The Articles of Incorporation of the Company

Amended Clause	Current Clause	Note
<p>Article 11 The shareholders' meetings of the Company shall include regular and special meetings. Regular meetings shall be convened at least once a year within six months following the end of the fiscal year, and a written notice for convening a regular meeting shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. Special meetings shall be called when necessary, and a written notice for convening a special meeting shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The convening date, place and subjects of a meeting shall be indicated in the notice provided to each shareholder.</p> <p><u>The company hold a shareholders meeting, it can held by video conference or other way announced by the competent authority.</u></p> <p>The shareholders' meeting shall be called by the Board of Directors unless specified otherwise by the Company Act.</p>	<p>Article 11 The shareholders' meetings of the Company shall include regular and special meetings. Regular meetings shall be convened at least once a year within six months following the end of the fiscal year, and a written notice for convening a regular meeting shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. Special meetings shall be called when necessary, and a written notice for convening a special meeting shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The convening date, place and subjects of a meeting shall be indicated in the notice provided to each shareholder.</p> <p>The shareholders' meeting shall be called by the Board of Directors unless specified otherwise by the Company Act.</p>	
<p>Article 29 These Articles of Incorporation were enacted on March 15, 1964, with the 1st amendment on April 12, 1966; the 2nd amendment on August 15, 1966;the 41st amendment on June 21, 2018;<u>the 42st amendment on June 20,2023,</u> effective from the date of resolution of the shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.</p>	<p>Article 29 These Articles of Incorporation were enacted on March 15, 1964, with the 1st amendment on April 12, 1966; the 2nd amendment on August 15, 1966;the 41st amendment on June 21, 2018, effective from the date of resolution of the shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.</p>	

Rules of Procedure of Hsing Ta Cement Co., Ltd. Shareholders' Meeting
Date: June 16, 2017 (Amended)

Article 1

Shareholders' meeting of the Company shall be governed by these Rules except as otherwise provided by law or regulation.

Article 2

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders shall hand in the sign-in cards in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed in plus the number of shares in voting rights exercised electronically.

Article 3

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

Article 4

The venue of a shareholders' meeting shall be the premises of the Company or a place accessible to the shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 am and no later than 3 pm.

Article 5

A shareholders' meeting convened by the Board of Directors shall be presided over by the Chairman of the Board of Directors. In case of the absence of the Chairman, a Director appointed by the Chairman shall be designated to act on behalf thereof. In the absence of the designation, the Directors shall elect one representative from among themselves to act on behalf of the Chairman.

For the shareholders' meeting convened by any other person having the convening right, the convener shall act as the Chairman of that meeting provided.

Article 6

The lawyers, accountants or relevant personnel appointed by the company may attend the shareholders' meeting.

Staffs handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 7

The Company shall make an uninterrupted audio and video recording throughout the process of a shareholders' meeting and the recorded materials shall be retained for at least one year.

Article 8

The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided

that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

Prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9

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

The provision of the preceding paragraph shall apply to a shareholders' meeting convened by a party having the convening right that is not the Board of Directors. The Chairman shall not announce 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 close of the said meeting, shareholders shall not elect another Chairman to continue the meeting at the same or any other place. If the Chairman declares the meeting adjourned in violation of the rules of procedure, attending shareholders shall elect a new Chairman by agreement of a majority of the votes represented by the attending shareholders and then continue the meeting.

Article 10

Before speaking, an attending shareholder must specify on a speaker's slip the subject, shareholder account number and account name. The order in which shareholders speak will be set by the Chairman.

Attending shareholder 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 shall not speak or interrupt unless they have obtained the consent of the Chairman and the speaking shareholder. The Chairman shall stop any violation.

Article 11

Except with the consent of the Chairman, a shareholder may not speak more than twice on the same proposal and shall not exceed five minutes in a single speech. If the shareholder's speech violates the provision of the preceding paragraph or exceeds the scope of the agenda, the Chairman may terminate the speech.

Article 12

When a juristic person is appointed to attend a shareholders' meeting, it shall designate only one person as a representative in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one representative shall speak on the same proposal.

Article 13

After an attending shareholder has spoken, the Chairman may respond in person or direct relevant personnel to respond.

Article 14

When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

Article 15

The scrutineer and counting personnel for the vote on a proposal shall be appointed by the Chairman, provided that all scrutineers shall be shareholders of the Company. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting and recorded.

Article 16

When a meeting is in progress, the Chairman may announce a break based on time considerations.

Article 17

The passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders unless specified otherwise by the Company Act and the Company's Article of Incorporation.

In case of a vote, if the shareholders exercising voting rights electronically have no objection to a proposal and other attending shareholders have no objection via the Chairman's query, it shall be deemed as passed. The effect shall be the same as that of a vote.

Article 18

When there is an amendment or an alternative to the same proposal, the Chairman shall decide the voting order in conjunction with the original case. When one of the cases is passed, the other proposals shall then be deemed rejected, and no further voting shall be required.

Article 19

The Chairman may direct the proctors (or security personnel) to help maintain order at the venue. When proctors (or security personnel) help maintain order at the meeting, they shall wear arm bands bearing the word "Proctor."

Article 20

These rules will be implemented after approval by the shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.

Article of Incorporation of Hsing Ta Cement Co., Ltd.

Chapter 1 General Provisions

Article 1

The Company shall be incorporated as a Company Limited by Shares under the Company Act, and its name shall be Hsing Ta Cement Co., Ltd.

Article 2

The Company shall have its head office in Taipei City, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices, mining areas or manufacturing factories within or outside the territory of the Republic of China when deemed necessary.

Article 3

The Code of Business Scope of the Company shall be ZZ99999, all business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 4

Deleted.

Article 5

The Company may provide endorsement or act as a guarantor pursuant to its business needs.

Article 5-1

The total amount of the Company's investment shall not be subject to the restriction of the Company Act. Any matter regarding the long-term equity investment shall be upon adoption of a resolution at the meeting of the Board of Directors.

Chapter 2 Capital Stock

Article 6

The total capital stock of the Company shall be in the amount of 5,400,000,000 New Taiwan Dollars, divided into 540,000,000 shares, at ten New Taiwan Dollars each, to be issued in installments.

Article 7

The share certificates of the Company shall all be name-bearing share certificates, and before they are issued, shall be signed by or affixed with the seals of no less than three Directors of the Company, and be certified pursuant to the law. The Company shall be exempted from printing any share certificate for the shares issued and shall register the issued shares with a centralized securities depository enterprise.

Article 8

Seal specimen shall be submitted by each shareholder to the Company for filing, and this shall apply to any change to the seal specimen. The seal specimen kept

by the Company shall be the basis for the exercise of each shareholder's right.

Article 9

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address conducted by each shareholder of the Company shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Article 10

Registration for transfer of shares shall be suspended 60 days immediately before the convening date of a regular shareholders' meeting, and 30 days immediately before the convening date of any special shareholders' meeting, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Shareholders' Meeting

Article 11

The shareholders' meetings of the Company shall include regular and special meetings. Regular meetings shall be convened at least once a year within six months following the end of the fiscal year, and a written notice for convening a regular meeting shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. Special meetings shall be called when necessary, and a written notice for convening a special meeting shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The convening date, place and subjects of a meeting shall be indicated in the notice provided to each shareholder.

The shareholders' meeting shall be called by the Board of Directors unless specified otherwise by the Company Act.

Article 12

In the event that any shareholder cannot attend a shareholders' meeting in person, the shareholder may entrust a representative to attend the meeting by presenting a proxy issued by the Company, stamped with the original seal specimen and specifying the scope of authorization. When a person is entrusted by two or more shareholders, the number of the voting rights represented shall not exceed 3% of the total outstanding number of voting shares of the Company. Otherwise, the portion in excess of 3% voting rights represented by the total outstanding shares shall not be counted.

The use of a proxy for attendance at shareholders' meeting shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" unless specified otherwise by the Company Act.

Article 13

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Company unless specified otherwise by the Company Act. In

case of the absence of the Chairman, a Director appointed by the Chairman shall be designated to act on behalf thereof. In the absence of the designation, the Directors shall elect one representative from among themselves to act on behalf of the Chairman.

Shareholders' meeting shall follow Rules of Procedure for Shareholders' Meeting of the Company.

Article 14

Each share held by each shareholder of the Company shall carry one voting right unless specified otherwise by the Company Act.

A shareholder shall exercise the voting right at a shareholders' meeting in writing or by the way of electronic transmission. The exercise of the voting right shall be in accordance with the Company Act and the Regulation of Competent Authority.

Article 15

Unless specified otherwise by the Company Act, resolution of the shareholders' meeting shall be adopted by a majority vote of the shareholders at a meeting attended by shareholders representing over half of the total outstanding shares.

Article 16

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes affixed with the signature or seal of the Chairman and distributed to all shareholders within 20 days following the meeting.

The distribution of minutes shall be in accordance with the Company Act.

The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting.

The minutes shall be kept persistently throughout the life of the company. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the Article 189 of the Company Act hereof, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter 4 Directors, Audit Committee

Article 17

The Company shall have nine Directors, including three Independent Directors. In accordance with Article 192-1 of the Company Act, a candidate nomination system shall be adopted by the Company and the shareholders shall elect the Directors from among the nominees listed in the roster of Director candidates. The term of office of a Director shall not exceed three years and may be eligible for re-election. The total number of registered shares owned by all Directors shall be in accordance with the ratio stipulated in "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

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 in accordance with the Regulation of Competent Authority.

The Directors of the Company shall be elected in accordance with Article 198 of the Company Act, with Independent and Non-Independent Directors elected at the same time, but in separately calculated numbers. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed an Independent and Non-Independent Director elected.

The Company may obtain Directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 17-1

The Company shall establish an Audit Committee, which shall be composed of all Independent Directors, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

The Audit Committee shall be responsible for the duties of supervisors stipulated in the provisions of the Company Act, Securities and Exchange Act and other laws and regulations.

The exercise of powers by Audit Committees shall comply with the provisions of relevant regulations and the Company rules. The Audit Committee Charter shall be adopted by resolution of the Board of Directors.

Article 18

The Directors shall establish the Board of Directors. The Chairman of the Board of Directors shall be elected from among the Directors, and the Chairman shall be responsible for the overall administration of the business operations of the Company and represent the Company externally.

Article 19

In calling a meeting of the Board of Directors, a notice shall be sent to each Director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the Board of Directors may be convened at any time. The reasons for calling a Board of Directors meeting shall be indicated on the notice which shall be sent in writing, by email or fax.

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside the meeting of the Board of Directors, and in case of the absence of the Chairman, a Director appointed by the Chairman shall be designated to act on behalf thereof. In the absence of the designation, the Directors shall elect one representative from among themselves to act on behalf of the Chairman.

In case a meeting of the Board of Directors is proceeded via visual communication network, then the Directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In case of the absence of a Director, another Director shall be appointed to attend a meeting of the Board of Directors on behalf thereof with written proxy on which the scope of authority with reference to the subjects to be discussed at the meeting shall be indicated.

Article 20

Unless specified otherwise by 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.

Article 21

Deleted.

Article 22

The Board of Directors shall be authorized to determine the remuneration of Directors in line with industry standards. The transportation allowance for the Directors shall be adopted by resolution of the Board of Directors.

Chapter 5 Management**Article 23**

The Company shall have one General manager and more Deputy General Managers, Senior managers and Managers. Appointment and discharge of the managerial personnel shall be decided by a resolution to be adopted by a majority vote of the Directors at a meeting of the Board of Directors attended by at least a majority of the entire Directors of the Company.

The General manager shall be responsible for the overall administration of the business operations of the Company in accordance with resolutions of the Board of Directors.

Article 24

The Company shall have one Chief Engineer of whom the appointment and discharge proposed by the Chairman of the Board of Directors shall be decided by a resolution of the Board of Directors.

Chapter 6 Accounting**Article 25**

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for recognition:

1. Business Report.
2. Financial Statements.
3. Proposals Concerning the Distribution of Earnings or Compensation of Losses.

Article 26

If there is profit at the end of each fiscal year, at least 1% but less than 3% of profit of the current year shall be appropriated as employees' compensation and not more than 5% shall be distributed as Directors' remuneration. The employees' compensation and Directors' remuneration shall be upon adoption of a resolution at the meeting of the Board of Directors and be submitted to the shareholders'

meeting. However, the Company shall reserve a sufficient amount to offset its accumulated losses.

Article 26-1

The earnings of the current year, if any, shall be used to pay the tax first, offset the losses of the prior years, and then 10% of the remaining amount shall be set aside as legal reserve. When necessary if needed, the special reserve or retained earnings shall be set aside. Distribution as shareholders' dividends of remaining earnings along with the beginning unappropriated retained earnings shall be proposed by the Board of Directors and upon subject to the approval of the shareholders' meeting.

In accordance with the Regulation of Competent Authority, if there are Unrealized impairment loss on long-term investment, Accumulated translation adjustment or other debits of Shareholders' Equity, the same amount of special reserve within the following limits shall be set aside before distribution of retaining earnings.

1. Special reserve set aside for the current year's amount of the debit balance on Shareholders' Equity shall not be more than the sum of current year's net profit after tax and prior years' accumulated unappropriated retained earnings.
2. The prior years' amount of the debit balance on Shareholders' Equity shall not be more than the net of the amount reserved on subparagraph 1 deducted by prior years' accumulated unappropriated retained earnings.

The amount reversed from the debit balance of Shareholders' Equity may be distributed as earnings when reversed. The Company has entered a mature stage and regarding the distribution of dividends, the cash dividends shall not less than 10% of shareholders' bonuses of the current year unless needed in fact for future capital expenditures or financial plans of the Company's development.

Chapter 7 Supplemental Provisions

Article 27

The Company's organization and business guidelines shall be separately prescribed.

Article 28

Matters not stipulated herein shall be governed by the Company Act and other relevant laws and regulations.

Article 29

These Articles of Incorporation were enacted on March 15, 1964, with the 1st amendment on April 12, 1966; the 2nd amendment on August 15, 1966; the 3rd amendment on May 20, 1967; the 4th amendment on April 10, 1972; the 5th amendment on October 4, 1973; the 6th amendment on March 21, 1974; the 7th amendment on November 20, 1974; the 8th amendment on April 15, 1975; the 9th amendment on August 20, 1975; the 10th amendment on December 22, 1975; the 11th amendments on November 1, 1977; the 12th amendment on July 21, 1979; the 13th amendment on October 2, 1979; the 14th amendment on May 22, 1980; the 15th amendment on November 17, 1982; the 16th amendment on June 11,

1983; the 17th amendment on October 29, 1983; the 18th amendment on June 16, 1984; the 19th amendment on June 15, 1985; the 20th amendment on July 1, 1987; the 21st amendment on June 11, 1988; the 22nd amendment on February 19, 1990; the 23rd amendment on April 17, 1990; the 24th amendment on May 26, 1990; the 25th amendment on May 24, 1991; the 26th amendment on May 14, 1992; the 27th amendment on May 25, 1993; the 28th amendment on May 24, 1995; the 29th amendment on May 26, 2000; the 30th amendment on June 14, 2002; the 31st amendment on May 30, 2003; the 32nd amendment on June 14, 2005; the 33rd amendment on June 9, 2006; the 34th amendment on June 18, 2010; the 35th amendment on June 22, 2012; the 36th amendment on June 28, 2013 the 37th amendment on June 12, 2014; the 38th amendment on June 18, 2015; the 39th amendment on June 22, 2016 ; the 40th amendment on June 16, 2017; the 41st amendment on June 21, 2018, effective from the date of resolution of the shareholders' meeting. Subsequent amendments thereto shall be affected in the same manner.

Current Directors' Shareholdings are as follows on April 22, 2023:

Title	Name	Appointment Date	Number of Shares Held at the Time of Appointment			Number of Shares Held Currently			Note
			Stock Class	Number of Shares	%	Stock Class	Number of Shares	%	
Chairman	Yang Jee-Shing	July 09, 2021	Common Stock	34,426,166	10.07	Common Stock	34,905,166	10.23	-
Director	Yang Chung-Hsiung	July 09, 2021	Common Stock	41,528,048	12.14	Common Stock	41,528,048	12.17	-
Director	Yang Ren-Hsiung	July 09, 2021	Common Stock	36,108,783	10.56	Common Stock	36,108,783	10.58	-
Director	Yang Da-Qin	July 09, 2021	Common Stock	8,145,934	2.38	Common Stock	8,145,934	2.39	-
Director	Lin Hua-ling	July 09, 2021	Common Stock	3,188,620	0.93	Common Sock	3,350,620	0.98	
Director Representative of director: Bowei Yang	Turbo investment Co., Ltd.	July 09, 2021	Common Stock	50,000	0.01	Common Stock	50,000	0.01	-
Independent Director	Chen Zheng-ting	July 09, 2021	Common Stock	0	0.00	Common Stock	0	0.00	-
Independent Director	Wu Ruei-Tai	June 09, 2021	Common Stock	0	0.00	Common Stock	0	0.00	-
Independent Director	Shih Cheng-Tung	July 09, 2021	Common Stock	0	0.00	Common Stock	0	0.00	-
Total				123,447,551		Common Stock	124,088,551		

Total Number of Outstanding Shares on July 09, 2021: 341,957,868

Total Number of Outstanding Shares on April 22, 2023: 341,158,868

Note:

Total Number of Shares shall be held by all Directors pursuant to the law: 13,646,354.

Total Number of Shares held by all Directors as of April 22, 2023:124,088,551.

The shareholdings of Independent Directors of the Company shall not be counted in the total of the shareholdings of Directors.

All Directors' shareholdings of the Company shall be in accordance with the percentage of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".