

Stock Code
1109

Hsing Ta Cement Co., LTD.

2022 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 22, 2022

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.

2022 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.

2022 Annual Shareholders' Meeting Agenda

1. Time: 9 a.m., Wednesday June 22, 2022
2. shareholders meeting will be held by means of: physical shareholders meeting
3. Venue: Rm. 百合, 2F., No. 20, Sec. 1, Changsha St., Zhongzheng Dist. Taipei City (Taipei Hero House).
4. Chairman's Remarks
5. Reporting Matters
 - (1) Presenting the Company's 2021 Business Report and Financial Statements.
 - (2) Audit Committee's Review of 2021 Annual Financial Statements.
 - (3) Presenting the Company's 2021 Employees' Compensation and Directors' Remuneration Distribution.
 - (4) Report of the Status of Endorsement and Guarantee.
6. Proposed Resolutions
 - (1) Adoption of the Company's 2021 Annual Accounting Final Reports and Statements.
 - (2) Adoption of the Proposal for the Company's Distribution of 2021 Profits.
7. Discussions
 - (1) Amendments to Hsing Ta "Regulations Governing the Acquisition and Disposal of Assets"
8. Extempore Motion
9. Adjournment

Reporting Matters

- (1) Please refer to pages 5~30 of this manual for the Company's 2021 Business Report and Financial Statements.
- (2) Please refer to page 31 of this manual for Audit Committee's Review Report of 2021 Annual Financial Statements.
- (3) Please refer to page 32 of this manual for 2021 Distribution Report of Employees' Compensation and Directors' Remuneration.
- (4) Please refer to page 32 of this manual for Endorsement and Guarantee Report.

Proposed Resolutions

1. Proposed by the Board of Directors

Proposal:

Adoption of the Company's 2021 Annual Financial Statements.

Explanation:

- (1) The Company's 2021 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 5~30 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 2021 Profits.

Explanation:

- (1) A Proposal for Distribution of 2021 Profits (please refer to page 34 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\$512,936,802 of distributable earnings for cash dividend distribution, namely NT\$1.5 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 “Regulations Governing the Acquisition and Disposal of Assets”.

Explanation:

- (1) In accordance with The Financial Supervisory Commission R.O.C(FSC) No.11103804655 letter, Hsing Ta amended “Regulations Governing the Acquisition and Disposal of Assets”.
- (2) Please refer to the comparison table below pages 33~46 for amendment details, and submit to the general meeting of shareholders for approval.

Resolution:

Extempore Motion

Adjournment

Final Annual Reports

2021 Annual Operation Report and Final Statement

I. Operation Overview

The world has been ravaged by the COVID-19 pandemic for more than two years. In 2021, countries around the world have continued to be affected by the Delta and Omicron variants, and the world was facing a new wave of challenges posed by the pandemic, including labor shortages, unstable supply, and rising inflationary pressure. All of these have impacted the global economic performance. With the improvement to the virus testing capabilities and the increase in the vaccination coverage (one dose and two doses), the number of severe infections and mortality have dropped significantly. As major countries, considering economic development, will not easily restart strict anti-pandemic measures, the global economy is still expected to be on the road to recovery. Taiwan's anti-pandemic efforts yielded good results in 2021. However, with an outbreak of infections in May, Taiwan raised the pandemic alert to level 3. By July, due to the excellent control over the pandemic, the alert was lowered to level 2, and the factors affecting the economy were slightly eliminated. In the second half of the year, as economic frictions occurred between China and Australia, and China boycotted Australia's coal and iron sand, along with the high shipping costs, the price of coal skyrocketed, and the prices of cement fluctuated.

In the domestic construction industry, due to the return of investment from overseas Taiwanese businesspeople, the world's strong demand for semiconductors, the continuous expansion of production capacity by domestic semiconductor companies, such as TSMC, as well as Taiwanese citizens' increasing willingness to invest in real estate, the construction industry in northern and southern Taiwan was booming.

In the domestic cement market, the overall cement consumption in 2021 was only 12.67 million metric tons. With the collective efforts of all employees, the sales volume of cement and clinker in 2021 was around 820 thousand metric tons, an increase of 9.85% from the prior year, and the sales amount was NT\$1,737, 521 thousand, an increase of 11.65% year on year. In terms of other revenue in 2021, the Company's income from the recycle processing service was NT\$89,638 thousand and the lease revenue was NT\$42,507 thousand, an increase of NT\$24,298 thousand compared to 2020.

In the cement market in China, the pandemic situation in China was under control. In addition to the delay due to the production halted during the city lockdowns, the local government's requirements for pollution prevention and control have become stricter. Under the policy of energy conservation and emission reduction, staggered peak production, comprehensive mine remediation, and transportation regulation, as well as

power rationing, the second-largest Evergrande Real Estate Group in mainland China experienced a financial crisis in September. Fortunately, it did not have construction projects in Nanjing, so it had little impact on the business of Company's Nanjing Xinning operation. The government in China frequently launched infrastructure construction programs to boost its internal circulation of economic activities, thereby pushing the demand for cement; thus, the increase cement prices were stable, and the profit from cement recovered gradually. Jiangsu Xinning New Building Materials Co., Ltd. in which the Company holds 66.67% of its shares, witnessed a decrease of sales by 6.9% in 2021 due to the pandemic and power rationing implemented in September 2021, compared with 2020.

With the efforts of our entire group, the consolidated operating revenue in 2021 was NT\$7,378,229 thousand, a decrease of 2.83% from the NT\$7,593,294 thousand in 2020; the consolidated net income in 2021 was NT\$1,212,790 thousand, which represented a decrease of 16.29% from the net income of NT\$1,448,873 thousand in 2020.

II. Comparison of performance between 2021 and 2020

Unit: metric tons

Cement and clinker	Production quantity			Sales quantity		
	2021	2020	Increase (decrease) %	2021	2020	Increase (decrease) %
Domestic	768,161	732,371	4.89	819,679	746,175	9.85
Mainland	2,225,497	2,126,103	4.67	2,229,791	2,118,499	5.25
Total	2,993,658	2,585,474	4.73	3,049,470	2,864,674	6.45

Unit: Thousand \$NT

Operating revenues	2021	2020	Increase (decrease) amount	Increase (decrease) %
Domestic	2,673,198	2,539,619	133,579	5.26
Mainland	4,705,351	5,053,675	(348,644)	(6.9)
Consolidated sales revenue	7,378,229	7,593,294	(215,065)	(2.83)
Consolidated net profits for the year	1,212,790	1,448,873	(236,083)	(16.29)

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, Ankeng Line, Sanying Line, Taoyuan Green Line, Taoyuan Airport construction project, Taoyuan Aerotropolis project, and Taoyuan railway underground project.
- (II) Expand the use of the Company's blast furnace slag 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 50 kg bagged cement to the painting market.
 - (IV) Promote new building materials and dry-mixed concrete sand business through the existing bagged cement distribution channels, including finish materials, partition materials, and substrate materials.
 - (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 2022

Looking ahead to 2022, as domestic consumption momentum recovered, and companies at home and abroad continued to invest in Taiwan, while the global digital transformation trend continued in 2021, our country's economic growth rate, with the increasing domestic and foreign investment, reached 6.28% in 2021. Exports, as of February 2022, had remained strong. As supply chain problems were improved, international demand was stable, emerging technology applications were launched, domestic semiconductor manufacturers with leading manufacturing

processes were actively expanding their factories, overseas Taiwanese and local businesses continued to invest in building new plants, new plants have been established one after another. However, the outbreak of the Russo-Ukrainian War on February 24 has dealt a severe blow to the world economy. It has prompted the prices of commodity, particularly fuel and food prices to soar, thereby pushing up inflation in various countries, impacting economic growth, and resulting in currency devaluation.

Domestic cement market: Although the construction industry is actively investing in the integration of the factory systems related to the semiconductor supply chains, due to the recent high cost of steel bars, insufficient migrant workers, the tightened supply of ready-mix concrete materials, and shortage of labor in northern Taiwan due to factory expansion by TSMC in southern Taiwan, the progress of the contracts for civil engineering projects in northern Taiwan was not as expected. However, the real estate market was booming last year, around 70% of the construction companies estimate that the economic performance in this industry will remain flat in 2022. Looking ahead, construction companies still have many projects under construction, and the proportion of the private sector in the composition of the engineering business will also increase, particularly in the high-end manufacturing sector; however, due to government's failure to raise the budget in time and shortage of labor and materials, the bidders were hesitant about bidding for public work construction projects, so more than 70% of the construction companies believe that the business in the construction industry will remain flat in the next six months. As the domestic cement price has risen sharply due to the high cost of coals, making it difficult to obtain cement, suppliers offer conservative quotations or do not offer quotations. The demand for cement has surged, and downstream demand has declined due to a wait-and-see approach adopted. Due to the expected rising inflation, the new real estate projects has increased, and Taiwanese people's willingness to invest does not show a sign of abating. thus, the demand for cement and ready-mix concrete will also increase, and the nation-wide demand for cement will remain stable in the future. In summary, the domestic cement market is expected to maintain a dynamic balance in terms of cement demand and supply in 2022. The Company's cement and clinker sales target in Taiwan is 720 thousand metric tons. The company will continue to integrate resources within the Group and evaluate business diversification to maintain its competitive advantage.

Cement market in China: With the tightened environmental protection policy and the power rationing and energy consumption control policy that is expected to be in place, the supply side of the cement industry will continue to be controlled and the cement staggered production policy will continue to be executed. As for environmental protection, mainland China announced the prohibition of the use of low-end cement as it aims to strengthen its internal circulation of economic activities, maintain economic growth, continue to expand and stimulate domestic demand, and mitigate the impact of the US-China trade war. With the policy of promoting urbanization development, the overall trend is conducive to the

cement industry for development. However, since the real estate market has been regulated and controlled due to frequent financial issues, It will be a year full of uncertainties in 2022.

In terms of other revenues, the company will maintain the existing revenue from rental and resource recycle and reuse while fulfill social needs, environmental protection and economic development to achieve the objectives of industrial symbiosis and sustainable social development.

Chairman of BOD : Yang Jee Shing General manager : Yang Ta-Kuan Accounting Manager : Tsai Su-Chiu



Year 2021 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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public 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(18) 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 7,223,925 thousand, constituting 97.91% of the 2021 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 recognized 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, 2021 and 2020.

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 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 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 auditor's 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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.

Lai, Chung-Hsi

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2022

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,643,843	23	\$ 2,276,512	19
1110	Financial assets at fair value through profit or loss - current	6(2)	1,044,096	9	1,126,395	10
1136	Current financial assets at amortised cost	6(3) and 8	140,884	1	129,429	1
1150	Notes receivable, net	6(4)	1,601,360	14	1,687,340	14
1170	Accounts receivable, net	6(4)	342,742	3	390,257	3
1200	Other receivables		3,585	-	3,638	-
130X	Inventories	6(5)	907,317	8	893,683	8
1410	Prepayments		62,476	-	65,597	1
1470	Other current assets		31	-	145	-
11XX	Current assets		<u>6,746,334</u>	<u>58</u>	<u>6,572,996</u>	<u>56</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	206,675	2	233,766	2
1535	Financial assets at amortised cost - non-current	6(3) and 8	227,908	2	226,244	2
1600	Property, plant and equipment	6(6)	2,744,437	24	2,928,658	25
1755	Right-of-use assets	6(7)	148,876	1	152,475	1
1760	Investment property - net	6(9)	1,437,867	12	1,445,742	12
1780	Intangible assets		9,296	-	49,460	1
1840	Deferred income tax assets	6(24)	38,552	-	34,875	-
1920	Guarantee deposits paid		34,161	-	32,486	-
1990	Other non-current assets, others		108,239	1	134,351	1
15XX	Non-current assets		<u>4,956,011</u>	<u>42</u>	<u>5,238,057</u>	<u>44</u>
1XXX	Total assets		<u>\$ 11,702,345</u>	<u>100</u>	<u>\$ 11,811,053</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(17)	\$ 135,895	1	\$ 62,491	-
2150	Notes payable		92,152	1	111,203	1
2160	Notes payable - related parties	7	1,287	-	1,091	-
2170	Accounts payable		810,950	7	1,173,364	10
2200	Other payables	6(10) and 7	460,630	4	556,945	5
2230	Current income tax liabilities	6(24)	242,325	2	249,898	2
2280	Current lease liabilities		5,208	-	6,322	-
2399	Other current liabilities, others		1,505	-	1,307	-
21XX	Current Liabilities		<u>1,749,952</u>	<u>15</u>	<u>2,162,621</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	6,313	-	4,797	-
2580	Non-current lease liabilities		19,542	-	15,980	-
2640	Accrued pension liabilities	6(12)	34,602	-	48,491	1
2670	Other non-current liabilities, others		38,764	1	38,148	-
25XX	Non-current liabilities		<u>99,221</u>	<u>1</u>	<u>107,416</u>	<u>1</u>
2XXX	Total liabilities		<u>1,849,173</u>	<u>16</u>	<u>2,270,037</u>	<u>19</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(13)	3,419,579	29	3,419,579	29
Capital surplus						
3200	Capital surplus	6(14)	22,962	-	22,651	-
Retained earnings						
3310	Legal reserve	6(15)	1,528,279	13	1,428,368	12
3320	Special reserve		175,551	2	231,848	2
3350	Unappropriated retained earnings		2,885,240	25	2,570,971	22
Other equity interest						
3400	Other equity interest	6(16)	(200,753)	(2)	(175,551)	(1)
31XX	Equity attributable to owners of the parent		<u>7,830,858</u>	<u>67</u>	<u>7,497,866</u>	<u>64</u>
36XX	Non-controlling interest		<u>2,022,314</u>	<u>17</u>	<u>2,043,150</u>	<u>17</u>
3XXX	Total equity		<u>9,853,172</u>	<u>84</u>	<u>9,541,016</u>	<u>81</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 11,702,345</u>	<u>100</u>	<u>\$ 11,811,053</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, 2021 AND 2020

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

				Year ended December 31			
		Notes		2021		2020	
Items		AMOUNT	%	AMOUNT	%		
4000	Sales revenue	\$ 7,378,229	100	\$ 7,593,294	100		
5000	Operating costs						
		(5,175,302)	(70)	(4,983,512)	(65)		
5900	Gross profit	2,202,927	30	2,609,782	35		
	Operating expenses						
6100	Selling expenses	(172,624)	(2)	(184,119)	(3)		
6200	General and administrative expenses	(269,965)	(4)	(310,250)	(4)		
6450	Expected credit losses	(2,796)	-	(13,054)	-		
6000	Total operating expenses	(445,385)	(6)	(507,423)	(7)		
6900	Operating profit	1,757,542	24	2,102,359	28		
	Non-operating income and expenses						
7100	Interest income	19,936	-	9,261	-		
7010	Other income	23,562	-	25,953	-		
7020	Other gains and losses	38,309	1	(16,982)	-		
7050	Finance costs	(375)	-	(2,160)	-		
7000	Total non-operating income and expenses	81,432	1	16,072	-		
7900	Profit before income tax	1,838,974	25	2,118,431	28		
7950	Income tax expense	(626,184)	(9)	(669,558)	(9)		
8200	Profit for the year	\$ 1,212,790	16	\$ 1,448,873	19		
	Other comprehensive income						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	\$ 11,871	-	(\$ 6,540)	-		
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,374)	-	1,308	-		
8310	Components of other comprehensive income that will not be reclassified to profit or loss	9,497	-	(5,232)	-		
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	(37,737)	-	85,525	1		
8360	Components of other comprehensive income that will be reclassified to profit or loss	(37,737)	-	85,525	1		
8300	Other comprehensive (loss) income for the year	(\$ 28,240)	-	\$ 80,293	1		
8500	Total comprehensive income for the year	\$ 1,184,550	16	\$ 1,529,166	20		
	Profit, attributable to:						
8610	Owners of the parent	\$ 862,861	11	\$ 1,004,034	13		
8620	Non-controlling interest	349,929	5	444,839	6		
		\$ 1,212,790	16	\$ 1,448,873	19		
	Comprehensive income attributable to:						
8710	Owners of the parent	\$ 845,618	11	\$ 1,055,403	14		
8720	Non-controlling interest	338,932	5	473,763	6		
		\$ 1,184,550	16	\$ 1,529,166	20		
	Basic earnings per share						
9750	Total basic earnings per share	\$ 2.52		\$ 2.94			
9850	Total diluted earnings per share	\$ 2.51		\$ 2.92			

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, 2021 and 2020
 (Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										
	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					
2020											
		\$ 3,419,579	\$ 22,299	\$ 252	\$ 1,332,001	\$ 118,512	\$ 2,157,722	(\$ 231,848)	\$ 6,818,517	\$ 1,811,605	\$ 8,630,122
		-	-	-	-	-	1,004,034	-	1,004,034	444,839	1,448,873
	6(16)	-	-	-	-	-	(4,928)	56,297	51,369	28,924	80,293
		-	-	-	-	-	999,106	56,297	1,055,403	473,763	1,529,166
	6(15)										
		-	-	-	96,367	-	(96,367)	-	-	-	-
		-	-	-	-	113,336	(113,336)	-	-	-	-
		-	-	-	-	-	(376,154)	-	(376,154)	-	(376,154)
		-	-	100	-	-	-	-	100	-	100
		-	-	-	-	-	-	-	-	(242,218)	(242,218)
		\$ 3,419,579	\$ 22,299	\$ 352	\$ 1,428,368	\$ 231,848	\$ 2,570,971	(\$ 175,551)	\$ 7,497,866	\$ 2,043,150	\$ 9,541,016
2021											
		\$ 3,419,579	\$ 22,299	\$ 352	\$ 1,428,368	\$ 231,848	\$ 2,570,971	(\$ 175,551)	\$ 7,497,866	\$ 2,043,150	\$ 9,541,016
		-	-	-	-	-	862,861	-	862,861	349,929	1,212,790
	6(16)	-	-	-	-	-	7,959	(25,202)	(17,243)	(10,997)	(28,240)
		-	-	-	-	-	870,820	(25,202)	845,618	338,932	1,184,550
	6(15)										
		-	-	-	99,911	-	(99,911)	-	-	-	-
		-	-	-	-	(56,297)	56,297	-	-	-	-
		-	-	-	-	-	(512,937)	-	(512,937)	-	(512,937)
		-	-	311	-	-	-	-	311	-	311
		-	-	-	-	-	-	-	-	(359,768)	(359,768)
		\$ 3,419,579	\$ 22,299	\$ 663	\$ 1,528,279	\$ 175,551	\$ 2,885,240	(\$ 200,753)	\$ 7,830,858	\$ 2,022,314	\$ 9,853,172

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,838,974	\$ 2,118,431
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(9)(22)	310,413	318,741
Amortisation expense	6(22)	3,511	5,771
Expected credit losses	12(2)	2,796	13,054
Net gain on financial assets at fair value through profit or loss	6(2)(20)	(36,173)	(30,675)
Interest expense	6(7)(21)	375	2,160
Interest income	6(18)	(19,936)	(9,261)
Dividend revenue	6(19)	(5,993)	(15,627)
Gain on lease modification	6(7)(20)	(12)	(688)
Property, plant and equipment transferred to expense		38	-
Loss on disposal of property, plant and equipment	6(20)	(4,240)	7,526
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		85,980	348,620
Accounts receivable, net		44,719	92,275
Other receivables		516	(646)
Inventories		(13,634)	(63,401)
Prepayments		3,121	(12,362)
Other current assets		114	(141)
Changes in operating liabilities			
Current contract liabilities		73,404	(23,041)
Notes payable		(19,051)	35,335
Notes payable - related parties		196	(70)
Accounts payable		(362,414)	226,357
Other payables		(91,847)	(41,343)
Other current liabilities, others		198	97
Net defined benefit liability		(18,179)	(113,982)
Cash inflow generated from operations		1,792,876	2,857,130
Income taxes paid		(638,290)	(709,500)
Net cash flows from operating activities		<u>1,154,586</u>	<u>2,147,630</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 1,434,530)	(\$ 1,859,655)
Proceeds from disposal of financial assets at fair value through profit or loss		1,569,507	2,104,308
Acquisition of financial assets at amortised cost		(81,514)	(137,578)
Proceeds from disposal of financial assets at amortised cost		68,006	79,502
Proceeds from capital reduction of financial assets at fair value through profit or loss		-	33,410
Proceeds from liquidation of financial assets at fair value through profit or loss		-	10,384
Acquisition of property, plant and equipment	6(6)(26)	(132,211)	(128,374)
Acquisition of investment property	6(9)	(768)	-
Proceeds from disposal of property, plant and equipment		8,317	11,908
Decrease in refundable deposits		(1,675)	473
Decrease in other non-current assets, others		28,512	50,174
Increase in prepayments for business facilities		(6,249)	(22,765)
Interest received		19,473	9,389
Dividends received		5,993	15,627
Net cash flows from investing activities		<u>42,861</u>	<u>166,803</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of long-term debt	6(28)	-	(222,538)
Increase (decrease) in guarantee deposits received	6(27)	772	(8,775)
Decrease in shareholder accounts		-	(72,000)
Payments of lease liabilities	6(27)	(3,171)	(3,071)
Cash dividend paid	6(15)	(512,937)	(376,154)
Interest paid		(375)	(3,350)
Dividends paid to non-controlling interests	4(3)	(309,034)	(242,218)
Expired unclaimed dividends transferred to capital surplus		311	100
Net cash flows used in financing activities		<u>(824,434)</u>	<u>(928,006)</u>
Effect of exchange rate changes on cash and cash equivalents		(5,682)	15,513
Net increase in cash and cash equivalents		367,331	1,401,940
Cash and cash equivalents at beginning of year		2,276,512	874,572
Cash and cash equivalents at end of year		<u>\$ 2,643,843</u>	<u>\$ 2,276,512</u>

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

Year 2021 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, 2021 and 2020, 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, 2021 and 2020, 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 generally accepted auditing standards in 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 2021 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 2021 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 1,807,833 thousand, constituting 93.19% of the 2021 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 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.

Lai, Chung-Hsi

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2022

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 988,309	12	\$ 571,707	7
1110	Financial assets at fair value through profit or loss - current	6(2)	44,976	-	44,182	1
1150	Notes receivable, net	6(4)	151,617	2	141,274	2
1160	Notes receivable - related parties	6(4) and 7	28,636	-	34,588	-
1170	Accounts receivable, net	6(4)	59,451	1	57,388	1
1200	Other receivables		1,012	-	544	-
130X	Inventories	6(5)	392,411	5	385,376	5
1410	Prepayments		2,169	-	16,711	-
11XX	Current assets		<u>1,668,581</u>	<u>20</u>	<u>1,251,770</u>	<u>16</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	206,675	3	233,766	3
1535	Financial assets at amortised cost - non-current	6(3) and 8	215,188	3	213,524	3
1550	Investments accounted for under equity method	6(6)	3,904,654	47	3,868,013	49
1600	Property, plant and equipment	6(7)	752,935	9	839,378	10
1755	Right-of-use assets	6(8)	780	-	4,218	-
1760	Investment property - net	6(10)	1,436,056	17	1,443,908	18
1840	Deferred income tax assets	6(23)	37,718	-	30,423	-
1900	Other non-current assets		69,868	1	79,532	1
15XX	Non-current assets		<u>6,623,874</u>	<u>80</u>	<u>6,712,762</u>	<u>84</u>
1XXX	Total assets		<u>\$ 8,292,455</u>	<u>100</u>	<u>\$ 7,964,532</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(16) and 7	\$ 66,230	1	\$ 32,898	-
2170	Accounts payable		48,084	1	106,058	1
2200	Other payables		186,991	2	206,028	3
2230	Current income tax liabilities		98,159	1	53,484	1
2280	Current lease liabilities		3,890	-	3,508	-
2300	Other current liabilities		1,371	-	1,131	-
21XX	Current Liabilities		<u>404,725</u>	<u>5</u>	<u>403,107</u>	<u>5</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	6,313	-	4,797	-
2580	Non-current lease liabilities		338	-	815	-
2640	Accrued pension liabilities	6(11)	32,963	1	40,645	1
2645	Guarantee deposits received		17,258	-	17,302	-
25XX	Non-current liabilities		<u>56,872</u>	<u>1</u>	<u>63,559</u>	<u>1</u>
2XXX	Total liabilities		<u>461,597</u>	<u>6</u>	<u>466,666</u>	<u>6</u>
Equity						
Share capital		6(12)				
3110	Share capital - common stock		3,419,579	41	3,419,579	43
Capital surplus		6(13)				
3200	Capital surplus		22,962	-	22,651	-
Retained earnings		6(14)				
3310	Legal reserve		1,528,279	18	1,428,368	18
3320	Special reserve		175,551	2	231,848	3
3350	Unappropriated retained earnings		2,885,240	35	2,570,971	32
Other equity interest		6(15)				
3400	Other equity interest		(200,753)	(2)	(175,551)	(2)
3XXX	Total equity		<u>7,830,858</u>	<u>94</u>	<u>7,497,866</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>\$ 8,292,455</u>	<u>100</u>	<u>\$ 7,964,532</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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(16) and 7	\$ 1,939,978	100	\$ 1,728,042	100
5000 Operating costs	6(5)(10)(11)(21)(22)	(1,481,325)	(76)	(1,342,353)	(78)
5900 Gross profit		458,653	24	385,689	22
5910 Unrealized profit from sales		(131)	-	(237)	-
5920 Realized profit from sales		237	-	132	-
5950 Net operating margin		458,759	24	385,584	22
Operating expenses	6(11)(21)(22) and 7				
6100 Selling expenses		(58,287)	(3)	(66,874)	(4)
6200 General and administrative expenses		(89,657)	(5)	(99,524)	(5)
6000 Total operating expenses		(147,944)	(8)	(166,398)	(9)
6900 Operating profit		310,815	16	219,186	13
Non-operating income and expenses					
7100 Interest income	6(17)	5,247	-	4,101	-
7010 Other income	6(18)	18,359	1	17,103	1
7020 Other gains and losses	6(19)	(5,425)	-	(19,516)	(1)
7050 Finance costs	6(20)	(41)	-	(101)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(6)				
		677,911	35	879,299	51
7000 Total non-operating income and expenses		696,051	36	880,886	51
7900 Profit before income tax		1,006,866	52	1,100,072	64
7950 Income tax expense	6(23)	(144,005)	(7)	(96,038)	(6)
8200 Profit for the year		\$ 862,861	45	\$ 1,004,034	58
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial gain (loss) on defined benefit plan	6(11)	\$ 7,582	-	(\$ 5,693)	-
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		1,893	-	(374)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(1,516)	-	1,139	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		7,959	-	(4,928)	-
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)	(25,202)	(1)	56,297	3
8360 Components of other comprehensive income that will be reclassified to profit or loss		(25,202)	(1)	56,297	3
8300 Other comprehensive (loss) income for the year		(\$ 17,243)	(1)	\$ 51,369	3
8500 Total comprehensive income for the year		\$ 845,618	44	\$ 1,055,403	61
Basic earnings per share	6(24)				
9750 Total basic earnings per share		\$ 2.52		\$ 2.94	
9850 Total diluted earnings per share		\$ 2.51		\$ 2.92	

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,006,866	\$ 1,100,072
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(21)	127,382	143,414
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(19)	6,082	565
Interest expense	6(8)(20)	41	101
Interest income	6(17)	(5,247)	(4,101)
Dividend revenue	6(18)	(5,993)	(15,627)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(677,911)	(879,299)
Gain on lease modification	6(8)(19)	(12)	(688)
Property, plant and equipment turn to expense		38	-
Loss on disposal of property, plant and equipment	6(19)	2,667	4,742
Gain on disposal of investment property	6(19)	-	(120)
Unrealized gain from sale		131	237
Realized gain from sale		(237)	(132)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(10,343)	(21,274)
Notes receivable - related parties		5,952	(12,464)
Accounts receivable, net		(2,063)	(11,340)
Inventories		(7,035)	8,250
Prepayments		14,542	(7,570)
Other current assets		-	5
Changes in operating liabilities			
Current contract liabilities		33,332	(3,204)
Notes payable		-	(12,848)
Accounts payable		(57,974)	47,507
Other payables		(19,037)	15,915
Other current liabilities		240	157
Net defined benefit liability		(100)	(117,392)
Cash inflow generated from operations		411,321	234,906
Income taxes paid		(106,625)	(69,497)
Net cash flows from operating activities		304,696	165,409

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of financial assets at fair value through profit or loss		\$ 20,215	\$ -
Proceeds from capital reduction of financial assets at fair value through profit or loss		-	33,410
Proceeds from liquidation of financial assets at fair value through profit or loss		-	10,384
Acquisition of financial assets at amortised cost		(1,664)	(1,666)
Acquisition of property, plant and equipment	6(7)	(31,986)	(57,596)
Acquisition of investment property	6(10)	(768)	-
Proceeds from disposal of property, plant and equipment	6(7)	412	709
Proceeds from disposal of investment property	6(10)	-	4,777
Decrease in refundable deposits		(681)	165
Decrease (increase) in other non-current assets, others		162	975
Increase in prepayments for business facilities		10,183	(9,631)
Interest received		4,779	4,227
Dividends received		624,060	493,821
Net cash flows from investing activities		<u>624,712</u>	<u>479,575</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in guarantee deposits received		(44)	(1,205)
Cash dividend paid	6(14)	(512,937)	(376,154)
Payments of lease liabilities	6(8)	(136)	(2,784)
Expired unclaimed dividends transferred to capital surplus		311	100
Net cash flows used in financing activities		<u>(512,806)</u>	<u>(380,043)</u>
Net increase in cash and cash equivalents		416,602	264,941
Cash and cash equivalents at beginning of year		571,707	306,766
Cash and cash equivalents at end of year		<u>\$ 988,309</u>	<u>\$ 571,707</u>

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

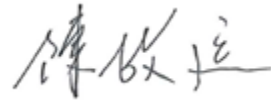
Audit Committee's Review Report of 2021 Annual Accounting Final Statements

Audit Report of Audit Committee

The Board of Directors has prepared the Company's 2021 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 30, 2022

2021 Distribution Report of Employees' Compensation and Directors' Remuneration

1. The total amount of NTD \$21,422,676 shall be distributed in cash as employees' compensation.
2. The total amount of NTD \$42,845,351 shall be distributed in cash as Directors' remuneration.

Endorsement and Guarantee

As of December 31, 2021, 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 \$NT)		
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.	3,915,429	321,176

2021 Earnings Distribution Table


 Hsing Ta Cement Co., Ltd.
 2021 Earnings Distribution Table

	Thousand \$NT
Unappropriated Retained Earnings at Beginning of Year	2,014,420,295
Add (Less): 2021 Remeasurement of Defined Benefit Obligations	7,959,934
2021 Profit After Tax	862,861,144
Appropriation of Special Reserve	(25,202,583)
Appropriation of Legal Reserve	(87,082,108)
Distributable Earnings for the Current Period	2,772,956,682
Less: Cash Dividends (\$1.5/Per Share)	(512,936,802)
Unappropriated Retained Earnings at End of Year	2,260,019,880

Chairman of BOD : Yang Jee-Shing



General manager : Yang Ta-Kuan



Accounting Manager : Tsai Su Chiu



Appendix

Table of Amendments to the Asset Acquisition and Disposal Procedures

Current Clause	Amended Clause	Note
<p>Article 4: (Assessment Procedures)</p> <p>The assessment procedures for asset acquisition or disposal are as follows:</p> <p>I. When the Company acquires or disposes of long-term and short-term securities investments or engages in derivatives trading, the personnel appointed by the Chairman or the Investment and Development Department shall analyze the relevant profits and assess the potential risks. As for the acquisition or disposal of real property or other assets, each of the Company's unit shall draw up a capital expenditure plan in advance and perform a feasibility assessment of the purpose of acquisition or disposal and expected benefits. In the case of transaction with a related party, the Company shall assess the reasonableness of the transaction terms under Chapter 2 of these Procedures.</p> <p>II. In the case of acquisition or disposal of securities, the Company shall obtain such companies' most recent financial statements audited or reviewed by a certified public accountant (CPA) <u>or other relevant information</u> before the date of the acquisition or disposal, as a reference for evaluating the transaction prices. In the case of acquisition or disposal of securities <u>not traded in the Taiwan Stock Exchange or Taipei Exchange, privately placed securities,</u> membership</p>	<p>Article 4: (Assessment Procedures)</p> <p>The assessment procedures for asset acquisition or disposal are as follows:</p> <p>I. When the Company acquires or disposes of long-term and short-term securities investments or engages in derivatives trading, the personnel appointed by the Chairman or the Investment and Development Department shall analyze the relevant profits and assess the potential risks. As for the acquisition or disposal of real property or other assets, each of the Company's unit shall draw up a capital expenditure plan in advance and perform a feasibility assessment of the purpose of acquisition or disposal and expected benefits. In the case of transaction with a related party, the Company shall assess the reasonableness of the transaction terms under Chapter 2 of these Procedures.</p> <p>II. In the case of acquisition or disposal of securities, the Company shall obtain such companies' most recent financial statements audited or reviewed by a certified public accountant (CPA) before the date of the acquisition or disposal, as a reference for evaluating the transaction prices. <u>In addition,</u> with the transaction amount reaching at least 20% of the Company's paid-in capital or at least NT\$300 million, the Company shall engage a CPA to issue an opinion on the reasonableness of</p>	<p>Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022.</p>

<p>certificates, <u>intangible assets, or right-of-use assets thereof</u> or with domestic government agencies, <u>with</u> the transaction amount reaching at least 20% of the Company's paid-in capital or at least NT\$300 million, the Company shall engage a CPA to issue an opinion on the reasonableness of the transaction price before the date of the acquisition or disposal. <u>Where the CPA needs to adopt an expert's report, they shall handle it in accordance with the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</u> However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission (FSC). (Omitted below)</p>	<p>the transaction price before the date of the acquisition or disposal. However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission (FSC). In the case of acquisition or disposal of intangible assets, right-of-use assets thereof, <u>or membership certificates, with the transaction amount reaching at least 20% of the Company's paid-in capital or at least NT\$300 million,</u> the Company, except transacting with domestic government agencies, <u>shall engage a CPA to issue an opinion on the reasonableness of the transaction price before the date of the acquisition or disposal.</u> (Omitted below)</p>	
<p>Article 7: (Announcement and Declaration Procedures) Where the Company acquires or disposes of assets under the circumstances below, it shall, as per its nature, announce and declare the relevant information in alignment the format and <u>content</u> as required on the website designated by the FSC within two days from the date of the acquisition or disposal. I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more;</p>	<p>Article 7: (Announcement and Declaration Procedures) Where the Company acquires or disposes of assets under the circumstances below, it shall, as per its nature, announce and declare the relevant information in alignment the format as required on the website designated by the FSC within two days from the date of the acquisition or disposal. I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to</p>	<p>Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022.</p>

<p>provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or share transfer.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out under the Procedures.</p> <p>IV. Where <u>the types of assets</u> acquired or disposed of are equipment or right-of-use assets thereof for business use, and the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>V. In a construction business, where the real property or right-of-use assets thereof for construction business are acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>VI. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is not a related party, and the amount of the Company's expected investment reaches NT\$500 million or more.</p> <p>VII. For an asset transaction other than any of those referred to in the</p>	<p>trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or share transfer.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out under the Procedures.</p> <p>IV. Where the equipment or right-of-use assets thereof are acquired or disposed for business use, and the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>V. In a construction business, where the real property or right-of-use assets thereof for construction business are acquired or disposed of, and the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>VI. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction counterparty is not a related party, and the amount of the Company's expected investment reaches NT\$500 million or more.</p> <p>VII. For an asset transaction other than any of those referred to in the preceding six subparagraphs or investments in mainland China,</p>	
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<p>preceding six subparagraphs or investments in mainland China, where the transaction amount reaches 20% or more of Company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances: (I) Trading of domestic government bond. (Omitted below)</p>	<p>where the transaction amount reaches 20% or more of Company's paid-in capital or NT\$300 million or more. However, this shall not apply to the following circumstances: (I) <u>Trading of domestic government bonds or foreign government bonds with a credit rating not lower than our country's sovereign rating.</u> (Omitted below)</p>	
<p>Article 8: (Asset Appraisal Procedures) In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of the acquisition or disposal from a professional appraiser and shall further comply with the following provisions. However, where the Company acquires or disposes of assets through the court auction procedures, the supporting documents issued by the court may replace the appraisal report or a CPA's opinion. I. Where due to special circumstances, it is necessary to adopt a limited price, specific price or special price as a reference for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance; the same procedure shall also apply whenever there is</p>	<p>Article 8: (Asset Appraisal Procedures) In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of the acquisition or disposal from a professional appraiser and shall further comply with the following provisions. However, where the Company acquires or disposes of assets through the court auction procedures, the supporting documents issued by the court may replace the appraisal report or a CPA's opinion. I. Where due to special circumstances, it is necessary to adopt a limited price, specific price or special price as a reference for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance; the same procedure shall also apply whenever there is</p>	<p>Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022.</p>

<p>any subsequent change to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform an appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted below)</p>	<p>any subsequent change to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform an appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted below)</p>	
<p>Article 13: (Resolution Procedures) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market</p>	<p>Article 13: (Resolution Procedures) When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market</p>	<p>1. Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022. 2. The original second paragraph is moved to the fourth paragraph.</p>

<p>funds issued by domestic securities investment trust enterprises, the executive unit may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <p>I. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real property or right-of-use assets <u>thereof from a related party</u>, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 <u>or</u> 15.</p> <p>IV. The date and price at which the related party originally acquired the real property, the initial transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and assessment of the necessity of the transaction and reasonableness of the funds utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction. Said transaction amount in the preceding paragraph shall be calculated as per the provisions under Article 7, paragraph 2, and</p>	<p>funds issued by domestic securities investment trust enterprises, the executive unit may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <p>I. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real property or right-of-use assets <u>thereof from a related party</u>, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 14 <u>and</u> <u>15</u>.</p> <p>IV. The date and price at which the related party originally acquired the real property, the initial transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and assessment of the necessity of the transaction and reasonableness of the funds utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction. With respect to the types of transactions listed below, when to be conducted between the</p>	
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<p>the term “within the preceding year” refers to the year preceding the date of the current transaction. The portions that have been approved by the Audit Committee and the Board of Directors as per the Procedures need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction amount is NT\$300 million or less and have the decision subsequently submitted to and ratified by the soonest Board meeting:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p>	<p>Company and its subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction amount is NT\$300 million or less and have the decision subsequently submitted to and ratified by the soonest Board meeting:</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p><u>Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 1 to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, the transactions between the Company and its subsidiaries or between its subsidiaries are not subject to this provision.</u></p> <p>Said transaction amount <u>in the first paragraph</u> and the preceding paragraph shall be calculated as per the provisions under Article 7, paragraph 2, and the term “within the preceding year” refers to the year preceding the date of the current transaction. The portions that have been approved by the <u>shareholders' meeting</u>, the Audit Committee, and the Board of Directors as per the Procedures</p>	
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	need not be counted toward the transaction amount.	
<p>Article 14: (Assessment of the Reasonability of Transaction Terms)</p> <p>Where the Company acquires real property or right-of-use assets thereof from related parties, <u>except</u> for the circumstances where the related party acquired the real property or right-of-use assets thereof through inheritance or as a gift; more than five years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction; the real property is acquired through signing of a joint development contract with the related party, <u>or</u> through engaging a related party to build real property, either on the Company's own land or on rented land; <u>or</u> real property right-of-use assets <u>for business use are acquired between the Company or subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital;</u> it shall evaluate the reasonableness of the transaction costs as per the methods below and engage a CPA to review it and render a specific opinion.</p> <p>I. It shall be based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on the borrowings in the year the Company purchases the property; however, it may not be higher than</p>	<p>Article 14: (Assessment of the Reasonability of Transaction Terms)</p> <p>Where the Company acquires real property or right-of-use assets thereof from related parties, it shall evaluate the reasonableness of the transaction costs as per the methods below:</p> <p>I. It shall be based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on the borrowings in the year the Company purchases the property; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>II. It shall be based on the total loan value appraised by a financial institution where the related party has previously created a mortgage on the property as security for a loan; however, the actual cumulative amount of loans from the financial institution shall reach 70% or more of the financial institution's appraised loan value of the property and the period of the loan provided shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with</p>	<p>1. Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022.</p> <p>2. Paragraph 1, subparagraph 3, is moved to paragraph 2.</p> <p>3. Paragraph 1 is (partially) moved to paragraph 4, subparagraphs 1 to 4.</p>

<p>the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>II. It shall be based on the total loan value appraised by a financial institution where the related party has previously created a mortgage on the property as security for a loan; however, the actual cumulative amount of loans from the financial institution shall reach 70% or more of the financial institution's appraised loan value of the property and the period of the loan provided shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>III. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding <u>two subparagraphs</u>.</p>	<p>either of the means listed in the preceding <u>paragraph</u>.</p> <p><u>Where the Company acquires real property or right-of-use assets thereof from related parties, it shall evaluate the reasonableness of the costs of the real property or right-of-use assets thereof as per the preceding two paragraphs and engage a CPA to review it and render a specific opinion. Under any of the following circumstances, it shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</u></p> <p>I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>II. More than five years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>IV. The real property right-of-use assets for business use are acquired between the Company and its subsidiaries, or between its subsidiaries of which it directly or indirectly holds 100% of their outstanding shares or total capital.</p>	
<p>Article 21: (Resolution Procedures)</p> <p>The Company engaging in a merger, demerger, or acquisition shall prepare a public report to shareholders detailing important</p>	<p>Article 21: (Resolution Procedures)</p> <p>The Company engaging in a merger, demerger, or acquisition shall prepare a public report to shareholders detailing important</p>	<p>1. Amendment is made as per the Regulations Governing the Acquisition</p>

<p>contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion and the notice of the shareholders meeting referred to in the preceding article as a reference for them to decide whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene a shareholders' meeting or pass a resolution <u>due to a specific reason</u>, or the proposal is rejected by the shareholders' meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.</p> <p>The Company participating in a merger, demerger, or acquisition shall convene a Board meeting and a shareholders' meeting on the same day as other companies in the transaction to resolve matters related to the merger, demerger, or acquisition, while the Company participating a share transfer, it shall convene a Board meeting on the same day as other companies in the transaction, unless another act provides otherwise or the FSC is notified in advance and gives its consent. When participating in a merger, demerger, acquisition, or share</p>	<p>contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion and the notice of the shareholders meeting referred to in the preceding article as a reference for them to decide whether to approve the merger, demerger, or acquisition. However, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders' meeting of any one of the companies participating in a merger, <u>demerger</u>, or acquisition fails to convene a shareholders' meeting or pass a resolution <u>due to lack of a quorum, insufficient votes, or other legal restrictions</u>, or the proposal is rejected by the shareholders' meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.</p> <p>The Company participating in a merger, demerger, or acquisition shall convene a Board meeting and a shareholders' meeting on the same day as other companies in the transaction to resolve matters related to the merger, demerger, or acquisition, while the Company participating a share transfer, it shall convene a Board meeting on the same day as other companies in the transaction, unless another act provides otherwise or the FSC is notified in advance of <u>special circumstances</u></p>	<p>and Disposal of Assets by Public Companies dated January 28, 2022. 2. Paragraph 1 is (partially) moved to paragraph 2.</p>
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<p>transfer, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:</p> <p>I. Basic information of personnel: Including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to the disclosure of the information.</p> <p>II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the Board meetings convened.</p> <p>III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board meetings.</p> <p>When participating in a merger, demerger, acquisition, or share transfer, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report, in the prescribed format and through the Internet-based information system, the information set out in subparagraphs 1 and 2 of the preceding paragraph for review. Where any of the companies participating in a merger,</p>	<p>and gives its consent.</p> <p>When participating in a merger, demerger, acquisition, or share transfer, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:</p> <p>I. Basic information of personnel: Including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to the disclosure of the information.</p> <p>II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the Board meetings convened.</p> <p>III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board meetings.</p> <p>When participating in a merger, demerger, acquisition, or share transfer, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report, in the prescribed format and through the Internet-based information system, the information set out in subparagraphs 1 and 2 of the</p>	
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<p>demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the <u>paragraphs 3 and 4</u>.</p>	<p>preceding paragraph for review. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the <u>preceding two paragraphs</u>.</p>	
<p>Article 24: (Other Matters to Be Noted) Other matters that shall be noted when the Company participates in merger, demerger, acquisition, or share transfer: I. Every person participating in or privy to the plan for a merger, demerger, acquisition, or share transfer shall issue a written non-disclosure agreement and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or the name of another person, any stock or other equity securities of any company related to said plan. II. After public disclosure of the information on the merger, demerger, acquisition, or share transfer, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer, unless the number of participating</p>	<p>Article 24: (Other Matters to Be Noted) Other matters that shall be noted when the Company participates in merger, demerger, acquisition, or share transfer: I. Every person participating in or privy to the plan for a merger, demerger, acquisition, or share transfer shall issue a written non-disclosure agreement and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or the name of another person, any stock or other equity securities of any company related to said plan. II. After public disclosure of the information on the merger, demerger, acquisition, or share transfer, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer, unless the number of participating</p>	<p>Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022.</p>

<p>companies decreases and the Company's shareholders' meeting has adopted a resolution delegating the Board of Directors to change the authority.</p> <p>III. Where any of the companies participating in a merger, demerger, acquisition, or share transfer is not a publicly listed company, the Company shall sign an agreement with such a company whereby the latter shall comply with Article <u>22</u> and the preceding two subparagraphs of these Procedures.</p>	<p>companies decreases and the Company's shareholders' meeting has adopted a resolution delegating the Board of Directors to change the authority.</p> <p>III. Where any of the companies participating in a merger, demerger, acquisition, or share transfer is not a publicly listed company, the Company shall sign an agreement with such a company whereby the latter shall comply with Article <u>21</u> and the preceding two subparagraphs of these Procedures.</p>	
<p>Article 26: (Prohibition of Related Parties)</p> <p>Professional appraisers and their personnel, CPAs, attorneys, or securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p>	<p>Article 26: (Prohibition of Related Parties)</p> <p>Professional appraisers and their personnel, CPAs, attorneys, or securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p>	<p>Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies dated January 28, 2022.</p>

<p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When auditing a case, they shall appropriately plan and execute adequate operating procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</p> <p>III. They shall conduct an item-by-item evaluation of the <u>completeness, accuracy</u>, and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of an appraisal report or opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is reasonable <u>and accurate</u> and that they have complied with applicable laws and regulations.</p>	<p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of the associations to which they belong</u> and the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</u> a case, they shall appropriately plan and execute adequate operating procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</p> <p>III. They shall conduct an item-by-item evaluation of the <u>adequacy</u> and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of an appraisal report or opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is <u>appropriate</u> and accurate and that they have complied with applicable laws and regulations.</p>	
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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 24, 2022:

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	34,681,166	10.14	-
Director	Yang Chung-Hsiung	July 09, 2021	Common Stock	41,528,048	12.14	Common Stock	41,528,048	12.14	-
Director	Yang Ren-Hsiung	July 09, 2021	Common Stock	36,108,783	10.56	Common Stock	36,108,783	10.56	-
Director	Yang Da-Qin	July 09, 2021	Common Stock	8,145,934	2.38	Common Stock	8,145,934	2.38	-
Director	Lin Hua-ling	July 09, 2021	Common Stock	3,188,620	0.93	Common Sock	3,350,620	0.98	
Director	Shelly Sheue-Ching Ka	June 21, 2018	Common Sock	7,556,237	2.10	Common Sock	7,188,425	2.10	July09.2021 expiration of the term of office
Director	Turbo investment Co., Ltd.	July 09, 2021	Common Stock	50,000	0.01	Common Stock	50,000	0.01	-
Independent Director	Chen Jheng-Ting	July 09, 2021	Common Stock	0	0.00	Common Stock	0	0.00	-
Independent Director	Wu Ruei-Tai	July 09, 2021	Common Stock	0	0.00	Common Stock	0	0.00	-
Independent Director	Chen Li-Hsiung	June 21, 2018	Common Stock	0	0.00	Common Stock	0	0.00	July09.2021 expiration of the term of office
Independent Director	Shih Cheng-Tung	July 09, 2021	Common Stock	0	0.00	Common Stock	0	0.00	-
Total				123,447,551		Common Stock	123,864,551		

Total Number of Outstanding Shares on July 09, 2021: 341,957,888

Total Number of Outstanding Shares on April 24, 2022: 341,957,868

Note:

Total Number of Shares shall be held by all Directors pursuant to the law: 13,678,314

Total Number of Shares held by all Directors as of April 24, 2022:123,864,551

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".