

Stock Code
1109

Hsing Ta Cement Co., LTD.

2021 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 24, 2021

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.

2021 Annual Shareholders' Meeting Procedures

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

Hsing Ta Cement Co., LTD.

2021 Annual Shareholders' Meeting Agenda

1. Time: 9 a.m., Thursday, June 24, 2021
2. Venue: 6F.-6, No. 51, Hengyang Rd., Zhongzheng Dist., Taipei City (Taipei Foundation of Finance)
3. Chairman's Remarks
4. Reporting Matters
 - (1) Presenting the Company's 2020 Business Report and Financial Statements.
 - (2) Audit Committee's Review on 2020 Annual Accounting Final Reports.
 - (3) Presenting the Company's 2020 Employees' Compensation and Directors' Remuneration Distribution.
 - (4) Report on the Status of Endorsement and Guarantee.
5. Proposed Resolutions
 - (1) Adoption of the Company's 2020 Annual Accounting Final Reports and Statements.
 - (2) Adoption of the Proposal for the Company's Distribution of 2020 Profits.
6. Elections

The 20th Election of Directors.
7. Discussions

Proposal of Release the Prohibition on Directors and its Representative from Participation in Competitive Business.
8. Extempore Motion
9. Adjournment

Reporting Matters

- (1) Please refer to pages 6~32 of this manual for the Company's 2020 Business Report and Financial Statements.
- (2) Please refer to page 33 of this manual for Audit Committee's Review Report of 2020 Annual Accounting Final Statements.
- (3) Please refer to page 34 of this manual for 2020 Distribution Report of Employees' Compensation and Directors' Remuneration.
- (4) Please refer to page 34 of this manual for Endorsement and Guarantee Report.

Proposed Resolutions

1. Proposed by the Board of Directors

Proposal:

Adoption of the Company's 2020 Annual Accounting Final Reports.

Explanation:

- (1) The Company's 2020 Annual Accounting Final Reports, 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 11~32 of this manual for the Annual Accounting Final Reports 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 2020 Profits.

Explanation:

- (1) A Proposal for Distribution of 2020 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:

Elections

1.

Proposed by the Board of Directors

Proposal:

Election of Directors.

Explanation:

- (1) Three-year term of the current Directors concluded on June 20, 2021 and pursuant to the law, election of new Directors shall be submitted.
- (2) To comply with Article 17 of the Article of Incorporation, the Company shall have nine Directors, including three Independent Directors and the term of office of Directors shall not exceed three years. Three-year term of the new Directors will start from June 24, 2021 and conclude on June 23, 2024.
- (3) In accordance with Article 17 of the Company's Article of Incorporation, a candidate nomination system shall be adopted. The list of the candidates for Directors and Independent Directors has been approved by the Board of Directors and relevant information is as follows:

No.	Title	Name of the Candidates	Education Background and Work Experience	Number of Shares Held
1	Director	Yang Jee-Shing	<ul style="list-style-type: none"> ● Bachelor's degree in Industrial Management at Tamsui Oxford College. ● Chairman of the Board of Directors: <ul style="list-style-type: none"> ➢ Hsing Ta Cement Co., LTD. ➢ Hsin I Ready Mixed Concrete Co. Ltd. 	34,426,166
2	Director	Yang Chung-Hsiung	<ul style="list-style-type: none"> ● Bachelor's degree in Banking at National Chengchi University. ● Chairman of the Board of Directors: <ul style="list-style-type: none"> ➢ Hsing Ta Cement Co., LTD. ➢ Yang Tang Hai Charity Foundation 	41,528,048
3	Director	Yang Ren-Hsiung	<ul style="list-style-type: none"> ● Bachelor's degree in Hydraulic Engineering at Tamkang University. ● Chairman of the Board of Directors: <ul style="list-style-type: none"> ➢ Jiangsu Xinning New Building Materials Co., Ltd. ➢ Nanjing Xinrong New Green Materials Co., Ltd. ➢ Jiangsu Xinning New Building Materials Trading CO., Ltd 	36,108,783
4	Director	Yang Da-Qin	<ul style="list-style-type: none"> ● Bachelor's degree in Information Management at National Yunlin University of Science & Technology. ● Chairman of the Board of Directors: Hsing Ta Industrial Co., Ltd. Co., Ltd. 	8,145,934
5	Director	Yang Po-Wei, Representative of Turbo Investment Co., Ltd.	<ul style="list-style-type: none"> ● Bachelor's degree in Industrial Engineering and Management at Da-Yeh University. ● Deputy Chairman of the Board of Directors of Chin Ta Construction Co., Ltd. 	50,000
6	Director	Lin Hua-Ling	<ul style="list-style-type: none"> ● High school diploma from National Keelung Senior High School. ● Chairman of the Board of Directors: Shun Siang Co., Ltd. 	3,188,620

7	Independent Director	Chen Jheng-Ting	<ul style="list-style-type: none"> ● Bachelor's degree in Accounting at Chinese Culture University. ● President of Trustworthy CPAs Firm. ● Director of Taipei CPA Association. 	0
8	Independent Director	Wu Rui-Tai	<ul style="list-style-type: none"> ● Bachelor's degree in Finance at National Chengchi University. ● Deputy Manager of underwriting department of Fubon Securities. ● Supervisor of Syncmold Enterprise Corp. ● Chairman of the Board of Directors J-Mas Enterprise Co., Ltd. ● Director of Sayyo Games Co., Ltd ● Supervisor of Leohab Enterprise Co., Ltd. ● CEO and Director of Borden Technology Corporation. 	0
9	Independent Director	Shih Cheng-Tung	<ul style="list-style-type: none"> ● Master degree in Finance at University of Illinois at Urbana-Champaign. ● Vice president of investment department of China Life Insurance Co., Ltd. ● Chief Investment Officer of INVESCO ● Chief Investment Officer of CPIC Fund Management Co., Ltd. 	0

(4) Please refer to pages 46~48 of this manual for the Company's Rules for Election of Directors.

(5) It is submitted for election.

Results of the Election:

Discussions

1. Proposed by the Board of Directors

Proposal:

To Release the Prohibition on Directors and its Representative from Participation in Competitive Business.

Explanation:

- (1) In accordance with Article 209 of the Company Act, a Director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) It is proposed to release non-competition restrictions on the Directors elected newly at this (2021) shareholders' meeting, who may participate in the business as mentioned above, under the premise that no harm to the Company's interest.
- (3) It is submitted for approval.

Resolution:

Extempore Motion

Adjournment

Final Annual Reports

2020 Annual Operation Report and Final Statement

I. Operation Overview

In retrospect, the international economic situation in 2020 was affected by ravages of the COVID-19 pandemic, which caused a recession worldwide except for a few countries. The economic growth of Taiwan was getting better in 2020. Many institutions revised down the estimated value of economic growth due to severe epidemic situation in April (The minimum value International Monetary Fund estimated was -4%). As the epidemic control was gradually entering blissful circumstances, the growth of 3rd quarter was over 3% and reached as high as 3.92% which increased over the same periods annually since 2015. The annual growth rate was estimated about 2.38%. The growth trend plummeted to its rock bottom in the 2nd quarter and reversed as V-shape.

In terms of domestic construction industry, benefited from the return of overseas Taiwanese capital, strong demand of semiconductor worldwide, expansion of TSMC and other domestic semiconductor companies, almost no impact was made and there was growth from the manufacturers in the construction industry.

In terms of domestic cement market, the overall cement consumption in 2020 was only 12.10 million metric tons. With the efforts of all employees, sales volume of cement and clinker in 2020 was approximately 746,000 metric tons, an increase of 12.15% over the previous year, and sales amount in 2020 was NT\$1,556,285 thousand, an increase of 11.26% over the previous year. In terms of non-operating income, the Company's income from resource recycle and reuse in 2020 was NT\$62,484 thousand, and rental income was NT\$45,363 thousand, an increase of NT\$19,039 thousand from the previous year.

In terms of Mainland cement market, except for the delay from halting production in lockdown, the epidemic was well controlled and the local government's requirements for pollution prevention and control continued to intensify this year. Under the implementation and promotion of many environmental protection policies such as energy saving and emission reduction, staggered peak production, comprehensive regulation of mines, and transportation governance, the total demand for cement has increased. The Mainland government has been boosting the economy and promoting infrastructure construction, and the recovery of the housing market has propelled demand for cement, making cement prices stable at high levels and cement profits recovered gradually. Jiangsu Xinning New Building Materials Co., Ltd. in which the Company holds 66.67% of its shares, decreased its sales in 2020 by 10.11% compared with the previous year because of the impact of epidemic.

With the efforts of the entire group, the consolidated operating revenues of 2020 were NT\$7,593,294 thousand, a decrease of 2.93% from the NT\$7,822,895 thousand of 2019; the consolidated net profits of 2020 were NT\$1,448,873 thousand, which represented a decrease of 0.67% from the net profits of NT\$1,458,617 thousand of 2019.

II. Comparison of performance in 2020 and 2019

Unit: metric tons

Cement and clinker	Production quantity			Sales quantity		
	2020	2019	Increase (decrease) %	2020	2019	Increase (decrease) %
Domestic	732,371	631,172	16.03	746,175	665,323	12.15
Mainland	2,126,103	2,324,479	(8.53)	2,118,499	2,327,529	(8.98)
Total	2,858,474	2,955,651	(3.29)	2,864,674	2,992,852	(4.28)

Unit: Thousand \$NT

Operating revenues	2020	2019	Increase (decrease) amount	Increase (decrease) %
Domestic	2,539,619	2,201,058	338,561	15.38
Mainland	5,053,675	5,621,837	(568,162)	(10.11)
Consolidated sales revenue	7,593,294	7,822,895	(229,601)	(2.93)
Consolidated net profits for the year	1,448,873	1,458,617	(9,744)	(0.67)

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 and development direction and strategy

- (1) Active participate in public projects: Taipei MRT Circular Line, Wanda Line, LRT Ankeng Line, Xinyi Line East Extension, New Taipei City Sanying Line, Taoyuan City Green Line, Taoyuan Airport Expansion Project, Datan Power Plant and surrounding projects, etc.
- (2) Explore blast furnace slag cement market, highlight product advantages, and differentiate from similar products.
- (3) 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 paint market.
- (4) Utilize the channel of bagging cement, promote new building materials and dry mix cement sand business including powder materials, compartment materials and substrate materials.
- (5) Make use of the high temperature calcination of cement production which can remove heavy metals, dioxin and other substances that cannot be processed by general garbage incinerators, and will not produce secondary waste without affecting the quality of cement to increase the reusable items and amount of business waste recycling.

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

- (1) Implement labor safety management measures to ensure the safety and efficiency of the working environment.
- (2) 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.
- (3) Cooperate with the government's circular economy policy of environmental protection, energy saving, waste reduction and reuse, actively invest in various equipment 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.

- (4) Ensure compliance with all laws and regulations can keep up with the times, and regularly review whether the equipment operation efficiency and the professional knowledge and operation technology of the operation personal keep up with the times.
- (5) Implement quality policies to ensure the good operation of the quality management system, and supply products and services that meet customer needs.
- (6) Continue to improve production efficiency, reduce costs, and strengthen market competitiveness.
- (7) Improve operating performance of the core cement business, expand the use of funds, and invest in adjacent industries with development potential.

VI. Business plan and outlook for 2020

The Countries in the Northern Hemisphere was facing a severe winter outbreak of the covid-19 pandemic and the major countries restarted strict control policy. Although the current restrictions lead to a recession in the service industry, there is limited impact on the manufacturing industry. Many countries have begun vaccination work, but the initial vaccine quantity is limited and the storage and transportation are not easy, which increases the difficulties of vaccine popularity. In addition, the United States, South Africa, the United Kingdom and other countries have found mutant viruses recently, vaccine effectiveness still needs to be tested by each country. However, as each country follows up and vaccines become popular gradually, the global economy is expected to return to the levels before the outbreak of epidemic by the end of 2021 or early 2022.

Domestic cement market: Although construction industry fully engages in the plant system integration project related to the semiconductor supply chain, the recent increase of rebar cost, the tight situation of concrete source supply, and the wet and cold weather in northern region unfavorable for construction environment result in less progress than expected and flat view of the business climate performance by 90% of the construction industry. Looking to the future, although the orders of work-in-process construction are still large and the subsequent composition of the engineering business will also increase the proportion in the private sector, especially in high-order manufacturing, the future public construction will slow down because of budget redistribution of the government and tight schedule of materials allocation, which results in flat view of the business climate performance for the next six months by as high as 80% of the construction industry. Domestic prices of cement market should remain stable, and is expected to represent small growth. The demand for cement, ready-mixed concrete will also increase, and the national cement demand will remain stable. In summary, the domestic

cement market is expected to maintain a dynamic balance in terms of cement demand and supply in 2021. The Company's cement and clinker sales target in Taiwan is 770,000 metric tons. The company will continue to integrate resources within the Group and evaluate business diversification to maintain its competitive advantage.

Mainland cement market: The environmental protection policy continues to tighten, and the production restriction policy is not expected to be significantly relaxed. The supply side of the cement industry will continue to be controlled and the cement staggered peak production policy will continue to be enforced. In terms of environmental protection, Mainland China announced a ban on low-end cement. In order to strengthen infrastructure, maintain economic growth, continuously expand domestic demand and reduce the burden on manufacturers, China has positive development space for the cement industry under the policy of promoting urbanization. The overall cement price in Mainland China continue to stabilize. Next, attention should be paid to the role of infrastructure construction and real estate investment in driving cement demand.

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

Chairman of BOD : Yang Jee-Shing General manager : Yang Ta-Kuan Accounting Manager : Chu Ping



Year 2020 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, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 7,460,933 thousand, constituting 98.26% of the 2020 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, 2020 and 2019.

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.
7. 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.
8. 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.
9. 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, 2021

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,276,512	19	\$ 874,572	8
1110	Financial assets at fair value through profit or loss - current	6(2)	1,126,395	10	1,317,327	12
1136	Current financial assets at amortised cost	6(3) and 8	129,429	1	73,019	1
1150	Notes receivable, net	6(4)	1,687,340	14	2,035,960	18
1170	Accounts receivable, net	6(4)	390,257	3	495,586	4
1200	Other receivables		3,638	-	3,120	-
130X	Inventories	6(5)	893,683	8	830,282	7
1410	Prepayments		65,597	1	53,235	1
1470	Other current assets		145	-	4	-
11XX	Current assets		<u>6,572,996</u>	<u>56</u>	<u>5,683,105</u>	<u>51</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	233,766	2	273,016	2
1535	Financial assets at amortised cost - non-current	6(3) and 8	226,244	2	224,578	2
1550	Investments accounted for under equity method	6(6)	-	-	-	-
1600	Property, plant and equipment	6(7) and 8	2,928,658	25	3,093,153	28
1755	Right-of-use assets	6(8)	152,475	1	157,056	1
1760	Investment property - net	6(10)	1,445,742	12	1,454,358	13
1780	Intangible assets		49,460	1	51,243	-
1840	Deferred income tax assets	6(25)	34,875	-	57,828	1
1920	Guarantee deposits paid		32,486	-	32,959	-
1990	Other non-current assets, others		134,351	1	163,998	2
15XX	Non-current assets		<u>5,238,057</u>	<u>44</u>	<u>5,508,189</u>	<u>49</u>
1XXX	Total assets		<u>\$ 11,811,053</u>	<u>100</u>	<u>\$ 11,191,294</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(18)	\$ 62,491	-	\$ 85,532	1
2150	Notes payable		111,203	1	75,868	1
2160	Notes payable - related parties	7	1,091	-	1,161	-
2170	Accounts payable		1,173,364	10	947,007	8
2200	Other payables	6(11) and 7	556,945	5	601,282	5
2230	Current income tax liabilities	6(25)	249,898	2	312,962	3
2280	Current lease liabilities		6,322	-	6,459	-
2320	Long-term liabilities, current portion	6(12)	-	-	225,244	2
2399	Other current liabilities, others		1,307	-	1,210	-
21XX	Current Liabilities		<u>2,162,621</u>	<u>18</u>	<u>2,256,725</u>	<u>20</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	4,797	-	5,936	-
2580	Non-current lease liabilities		15,980	-	18,263	-
2640	Accrued pension liabilities	6(13)	48,491	1	161,626	2
2670	Other non-current liabilities, others		38,148	-	118,622	1
25XX	Non-current liabilities		<u>107,416</u>	<u>1</u>	<u>304,447</u>	<u>3</u>
2XXX	Total liabilities		<u>2,270,037</u>	<u>19</u>	<u>2,561,172</u>	<u>23</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(14)	3,419,579	29	3,419,579	31
Capital surplus						
3200	Capital surplus	6(15)	22,651	-	22,551	-
Retained earnings						
3310	Legal reserve	6(16)	1,428,368	12	1,332,001	12
3320	Special reserve		231,848	2	118,512	1
3350	Unappropriated retained earnings		2,570,971	22	2,157,722	19
Other equity interest						
3400	Other equity interest	6(17)	(175,551)	(1)	(231,848)	(2)
31XX	Equity attributable to owners of the parent		<u>7,497,866</u>	<u>64</u>	<u>6,818,517</u>	<u>61</u>
36XX	Non-controlling interest		<u>2,043,150</u>	<u>17</u>	<u>1,811,605</u>	<u>16</u>
3XXX	Total equity		<u>9,541,016</u>	<u>81</u>	<u>8,630,122</u>	<u>77</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 11,811,053</u>	<u>100</u>	<u>\$ 11,191,294</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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(10)(18) and 7	\$ 7,593,294	100	\$ 7,822,895	100
5000	Operating costs	6(5)(10)(13)(23)(24)) and 7	(4,983,512)	(65)	(5,218,440)	(67)
5900	Gross profit		2,609,782	35	2,604,455	33
	Operating expenses	6(13)(23)(24) and 7				
6100	Selling expenses		(184,119)	(3)	(180,922)	(2)
6200	General and administrative expenses		(310,250)	(4)	(357,032)	(5)
6450	Expected credit losses	12(2)	(13,054)	-	-	-
6000	Total operating expenses		(507,423)	(7)	(537,954)	(7)
6900	Operating profit		2,102,359	28	2,066,501	26
	Non-operating income and expenses					
7100	Interest income	6(19)	9,261	-	8,098	-
7010	Other income	6(20)	25,953	-	33,184	-
7020	Other gains and losses	6(21)	(16,982)	-	(842)	-
7050	Finance costs	6(22)	(2,160)	-	(18,487)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)	-	-	238	-
7000	Total non-operating income and expenses		16,072	-	22,191	-
7900	Profit before income tax		2,118,431	28	2,088,692	26
7950	Income tax expense	6(25)	(669,558)	(9)	(630,075)	(8)
8200	Profit for the year		\$ 1,448,873	19	\$ 1,458,617	18

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
Other comprehensive income						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(13)	(\$ 6,540)	-	(\$ 1,953)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	1,308	-	390	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(5,232)	-	(1,563)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(17)	85,525	1	(169,974)	(2)
8360	Components of other comprehensive income that will be reclassified to profit or loss		85,525	1	(169,974)	(2)
8300	Other comprehensive income (loss) for the year		<u>\$ 80,293</u>	<u>1</u>	<u>(\$ 171,537)</u>	<u>(2)</u>
8500	Total comprehensive income for the year		<u>\$ 1,529,166</u>	<u>20</u>	<u>\$ 1,287,080</u>	<u>16</u>
Profit, attributable to:						
8610	Owners of the parent		\$ 1,004,034	13	\$ 963,670	11
8620	Non-controlling interest		444,839	6	494,947	7
			<u>\$ 1,448,873</u>	<u>19</u>	<u>\$ 1,458,617</u>	<u>18</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 1,055,403	14	\$ 849,783	10
8720	Non-controlling interest		473,763	6	437,297	6
			<u>\$ 1,529,166</u>	<u>20</u>	<u>\$ 1,287,080</u>	<u>16</u>
Basic earnings per share 6(26)						
9750	Total basic earnings per share		<u>\$ 2.94</u>		<u>\$ 2.82</u>	
Diluted earnings per share 6(26)						
9850	Total diluted earnings per share		<u>\$ 2.92</u>		<u>\$ 2.81</u>	

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									Non-controlling interest	Total equity
		Capital surplus			Retained earnings			Exchange differences on translation of foreign financial statements	Total			
		Ordinary share	treasury share transactions	others	Legal reserve	Special reserve	Unappropriated retained earnings					
2019												
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 153	\$ 1,247,977	\$ 42,354	\$ 1,628,351	(\$ 118,512)	\$ 6,242,201	\$ 1,447,886	\$ 7,690,087	
Profit for the year		-	-	-	-	-	963,670	-	963,670	494,947	1,458,617	
Other comprehensive loss for the year	6(17)	-	-	-	-	-	(551)	(113,336)	(113,887)	(57,650)	(171,537)	
Total comprehensive income (loss) for the year		-	-	-	-	-	963,119	(113,336)	849,783	437,297	1,287,080	
Appropriations and distribution of 2018 retained earnings:	6(16)											
Legal reserve appropriated		-	-	-	84,024	-	(84,024)	-	-	-	-	
Special capital reserve		-	-	-	-	76,158	(76,158)	-	-	-	-	
Cash dividends		-	-	-	-	-	(273,566)	-	(273,566)	-	(273,566)	
Expired unclaimed dividends transferred to capital surplus		-	-	99	-	-	-	-	99	-	99	
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	(73,578)	(73,578)	
Balance at December 31		\$ 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	
2020												
Balance at January 1		\$ 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	
Profit for the year		-	-	-	-	-	1,004,034	-	1,004,034	444,839	1,448,873	
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	(4,928)	56,297	51,369	28,924	80,293	
Total comprehensive income for the year		-	-	-	-	-	999,106	56,297	1,055,403	473,763	1,529,166	
Appropriations and distribution of 2019 retained earnings:	6(16)											
Legal reserve appropriated		-	-	-	96,367	-	(96,367)	-	-	-	-	
Special capital reserve		-	-	-	-	113,336	(113,336)	-	-	-	-	
Cash dividends		-	-	-	-	-	(376,154)	-	(376,154)	-	(376,154)	
Expired unclaimed dividends transferred to capital surplus		-	-	100	-	-	-	-	100	-	100	
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	(242,218)	(242,218)	
Balance at December 31		\$ 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	

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,118,431	\$ 2,088,692
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(23)	318,741	325,508
Amortisation expense	6(23)	5,771	4,694
Expected credit losses	12(2)	13,054	-
Net gain on financial assets at fair value through profit or loss	6(2)(21)	(30,675)	(26,314)
Interest expense	6(8)(22)	2,160	18,487
Interest income	6(19)	(9,261)	(8,098)
Dividend revenue	6(20)	(15,627)	(8,290)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	-	(238)
Gain on lease modification	6(8)(21)	(688)	-
Loss on disposal of property, plant and equipment	6(21)	7,526	5,852
Loss on disposals of investments	6(21)	-	1,471
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		348,620	330,445
Accounts receivable, net		92,275	(251,807)
Other receivables		(646)	3,318
Inventories		(63,401)	(21,026)
Prepayments		(12,362)	(11,521)
Other current assets		(141)	166
Changes in operating liabilities			
Current contract liabilities		(23,041)	14,136
Notes payable		35,335	(3,686)
Notes payable - related parties		(70)	376
Accounts payable		226,357	68,334
Other payables		(41,343)	188,908
Other current liabilities, others		97	97
Net defined benefit liability		(113,982)	(47,185)
Cash inflow generated from operations		2,857,130	2,672,319
Income taxes paid		(709,500)	(533,990)
Net cash flows from operating activities		<u>2,147,630</u>	<u>2,138,329</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 1,859,655)	(\$ 2,579,436)
Proceeds from disposal of financial assets at fair value through profit or loss		2,104,308	1,701,473
Acquisition of financial assets at amortised cost		(137,578)	(12,017)
Proceeds from disposal of financial assets at amortised cost		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(7)(27)	(128,374)	(168,206)
Acquisition of investment property	6(10)	-	(328)
Proceeds from disposal of property, plant and equipment		11,908	1,061
Decrease in refundable deposits		473	21,859
Decrease (increase) in other non-current assets, others		50,174	(55,080)
(Increase) decrease in prepayments for business facilities		(22,765)	7,545
Interest received		9,389	7,637
Dividends received		15,627	8,290
Net cash flows from (used in) investing activities		<u>166,803</u>	<u>(1,067,202)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of long-term debt	6(28)	(222,538)	(324,538)
Increase in guarantee deposits received	6(28)	(8,775)	14,021
(Decrease) increase in shareholder accounts		(72,000)	48,000
Payments of lease liabilities	6(28)	(3,071)	(3,665)
Cash dividend paid	6(16)	(376,154)	(273,566)
Interest paid		(3,350)	(20,747)
Dividends paid to non-controlling interests	4(3)	(242,218)	(143,771)
Expired unclaimed dividends transferred to capital surplus		100	99
Net cash flows used in financing activities		<u>(928,006)</u>	<u>(704,167)</u>
Effect of exchange rate changes on cash and cash equivalents		15,513	(44,692)
Net increase in cash and cash equivalents		1,401,940	322,268
Cash and cash equivalents at beginning of year		874,572	552,304
Cash and cash equivalents at end of year		<u>\$ 2,276,512</u>	<u>\$ 874,572</u>

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

Year 2020 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, 2020 and 2019, 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, 2020 and 2019, 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 2020 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 2020 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 1,620,195 thousand, constituting 93.76% of the 2020 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, 2021

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 571,707	7	\$ 306,766	4
1110	Financial assets at fair value through profit or loss - current	6(2)	44,182	1	43,047	1
1150	Notes receivable, net	6(4)	141,274	2	120,000	2
1160	Notes receivable - related parties	6(4) and 7	34,588	-	22,124	-
1170	Accounts receivable, net	6(4)	57,388	1	46,048	1
1200	Other receivables		544	-	670	-
130X	Inventories	6(5)	385,376	5	393,626	5
1410	Prepayments		16,711	-	9,141	-
1470	Other current assets		-	-	4	-
11XX	Current assets		<u>1,251,770</u>	<u>16</u>	<u>941,426</u>	<u>13</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	233,766	3	273,016	4
1535	Financial assets at amortised cost- non- current	6(3) and 8	213,524	3	211,858	3
1550	Investments accounted for under equity method	6(6)	3,868,013	49	3,417,334	46
1600	Property, plant and equipment	6(7)	839,378	10	918,089	12
1755	Right-of-use assets	6(8)	4,218	-	6,993	-
1760	Investment property - net	6(10)	1,443,908	18	1,457,715	20
1840	Deferred income tax assets	6(23)	30,423	-	47,762	1
1900	Other non-current assets		79,532	1	71,042	1
15XX	Non-current assets		<u>6,712,762</u>	<u>84</u>	<u>6,403,809</u>	<u>87</u>
1XXX	Total assets		<u>\$ 7,964,532</u>	<u>100</u>	<u>\$ 7,345,235</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Current contract liabilities	6(16) and 7	\$ 32,898	-	\$ 36,102	-
2150	Notes payable		-	-	12,848	-
2170	Accounts payable		106,058	1	58,551	1
2200	Other payables		206,028	3	190,113	3
2230	Current income tax liabilities		53,484	1	44,282	1
2280	Current lease liabilities		3,508	-	3,419	-
2300	Other current liabilities		1,131	-	974	-
21XX	Current Liabilities		<u>403,107</u>	<u>5</u>	<u>346,289</u>	<u>5</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	4,797	-	5,936	-
2580	Non-current lease liabilities		815	-	3,642	-
2640	Accrued pension liabilities	6(11)	40,645	1	152,344	2
2645	Guarantee deposits received		17,302	-	18,507	-
25XX	Non-current liabilities		<u>63,559</u>	<u>1</u>	<u>180,429</u>	<u>2</u>
2XXX	Total liabilities		<u>466,666</u>	<u>6</u>	<u>526,718</u>	<u>7</u>
Equity						
Share capital						
3110	Share capital - common stock	6(12)	3,419,579	43	3,419,579	47
Capital surplus						
3200	Capital surplus	6(13)	22,651	-	22,551	-
Retained earnings						
3310	Legal reserve	6(14)	1,428,368	18	1,332,001	18
3320	Special reserve		231,848	3	118,512	2
3350	Unappropriated retained earnings		2,570,971	32	2,157,722	29
Other equity interest						
3400	Other equity interest	6(15)	(175,551)	(2)	(231,848)	(3)
3XXX	Total equity		<u>7,497,866</u>	<u>94</u>	<u>6,818,517</u>	<u>93</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 7,964,532</u>	<u>100</u>	<u>\$ 7,345,235</u>	<u>100</u>

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Year ended December 31

	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(9)(10)(16) and 7	\$ 1,728,042	100	\$ 1,539,575	100
5000	Operating costs	6(5)(10)(11)(21)(22)	(1,342,353)	(78)	(1,351,913)	(88)
5900	Gross profit		385,689	22	187,662	12
5910	Unrealized profit from sales		(237)	-	(132)	-
5920	Realized profit from sales		132	-	103	-
5950	Net operating margin		385,584	22	187,633	12
	Operating expenses	6(11)(21)(22) and 7				
6100	Selling expenses		(66,874)	(4)	(60,273)	(4)
6200	General and administrative expenses		(99,524)	(5)	(99,387)	(6)
6000	Total operating expenses		(166,398)	(9)	(159,660)	(10)
6900	Operating profit		219,186	13	27,973	2
	Non-operating income and expenses					
7100	Interest income	6(17)	4,101	-	5,045	-
7010	Other income	6(18)	17,103	1	11,660	1
7020	Other gains and losses	6(19)	(19,516)	(1)	(5,964)	(1)
7050	Finance costs	6(20)	(101)	-	(184)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	879,299	51	983,813	64
7000	Total non-operating income and expenses		880,886	51	994,370	64
7900	Profit before income tax		1,100,072	64	1,022,343	66
7950	Income tax expense	6(23)	(96,038)	(6)	(58,673)	(4)
8200	Profit for the year		\$ 1,004,034	58	\$ 963,670	62
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	(\$ 5,693)	-	\$ 868	-
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		(374)	-	(1,245)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	1,139	-	(174)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(4,928)	-	(551)	-
	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)	56,297	3	(113,336)	(7)
8360	Components of other comprehensive income that will be reclassified to profit or loss		56,297	3	(113,336)	(7)
8300	Other comprehensive income (loss) for the year		\$ 51,369	3	(\$ 113,887)	(7)
8500	Total comprehensive income for the year		\$ 1,055,403	61	\$ 849,783	55
	Basic earnings per share					
9750	Total basic earnings per share		\$ 2.94		\$ 2.82	
	Diluted earnings per share					
9850	Total diluted earnings per share		\$ 2.92		\$ 2.81	

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Exchange differences on translation of foreign financial statements	Total equity
		Share capital - common stock	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings		
2019									
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 153	\$ 1,247,977	\$ 42,354	\$ 1,628,351	(\$ 118,512)	\$ 6,242,201
Profit for the year		-	-	-	-	-	963,670	-	963,670
Other comprehensive loss for the year	6(15)	-	-	-	-	-	(551)	(113,336)	(113,887)
Total comprehensive income (loss) for the year		-	-	-	-	-	963,119	(113,336)	849,783
Appropriations and distribution of 2018 retained earnings:	6(14)								
Legal reserve appropriated		-	-	-	84,024	-	(84,024)	-	-
Special reserve appropriated		-	-	-	-	76,158	(76,158)	-	-
Cash dividends		-	-	-	-	-	(273,566)	-	(273,566)
Expired unclaimed dividends transferred to capital surplus		-	-	99	-	-	-	-	99
Balance at December 31		\$ 3,419,579	\$ 22,299	\$ 252	\$ 1,332,001	\$ 118,512	\$ 2,157,722	(\$ 231,848)	\$ 6,818,517
2020									
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

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,100,072	\$ 1,022,343
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(21)	143,414	149,489
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(19)	565	(11,522)
Interest expense	6(8)(20)	101	184
Interest income	6(17)	(4,101)	(5,045)
Dividend revenue	6(18)	(15,627)	(8,290)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(879,299)	(983,813)
Gain on lease modification	6(8)(19)	(688)	-
Gain on disposal of investment	6(19)	-	1,471
Loss on disposal of property, plant and equipment	6(19)	4,742	2,387
Gain on disposal of investment property	6(19)	(120)	-
Unrealized gain from sale		237	132
Realized gain from sale		(132)	(103)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(21,274)	23,140
Notes receivable - related parties		(12,464)	(11,056)
Accounts receivable, net		(11,340)	(1,874)
Other receivables		-	4,923
Inventories		8,250	14,369
Prepayments		(7,570)	(238)
Other current assets		5	(4)
Changes in operating liabilities			
Current contract liabilities		(3,204)	17,187
Notes payable		(12,848)	(26,459)
Accounts payable		47,507	39,731
Other payables		15,915	11,900
Other current liabilities		157	(47)
Net defined benefit liability		(117,392)	(45,068)
Cash inflow generated from operations		234,906	193,737
Income taxes paid		(69,497)	(44,333)
Net cash flows from operating activities		<u>165,409</u>	<u>149,404</u>

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from capital reduction of financial assets at fair value through profit or loss		\$ 33,410	\$ -
Acquisition of financial assets at amortised cost		(1,666)	-
Proceeds from liquidation of financial assets at fair value through profit or loss		10,384	-
Acquisition of property, plant and equipment	6(7)	(57,596)	(45,643)
Proceeds from disposal of property, plant and equipment	6(7)	709	356
Decrease in refundable deposits		165	1,816
Acquisition of investment property	6(10)	-	(328)
Proceeds from disposal of investment property		4,777	-
Decrease (increase) in other non-current assets, others		975	(3,838)
Increase in prepayments for business facilities		(9,631)	(10,189)
Interest received		4,227	4,584
Dividends received		493,821	295,832
Net cash flows from investing activities		<u>479,575</u>	<u>242,590</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in guarantee deposits received		(1,205)	(352)
Interest paid		-	(116)
Cash dividend paid	6(14)	(376,154)	(273,566)
Payments of lease liabilities	6(8)	(2,784)	(3,366)
Expired unclaimed dividends transferred to capital surplus		100	99
Net cash flows used in financing activities		<u>(380,043)</u>	<u>(277,301)</u>
Net increase in cash and cash equivalents		264,941	114,693
Cash and cash equivalents at beginning of year		<u>306,766</u>	<u>192,073</u>
Cash and cash equivalents at end of year		<u>\$ 571,707</u>	<u>\$ 306,766</u>

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

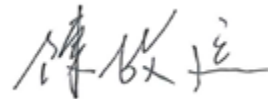
Audit Committee's Review Report of 2020 Annual Accounting Final Statements

Audit Report of Audit Committee

The Board of Directors has prepared the Company's 2020 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



April 30, 2021

2020 Distribution Report of Employees' Compensation and Directors' Remuneration

- 1.The total amount of NTD \$23,405,776 shall be distributed in cash as employees' compensation.
- 2.The total amount of NTD \$46,811,552 shall be distributed in cash as Directors' remuneration.

Endorsement and Guarantee

As of December 31, 2020, 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.	3,748,933	321,176

2020 Earnings Distribution Table

Hsing Ta Cement Co., Ltd.
2020 Earnings Distribution Table

	Thousand \$NT
Unappropriated Retained Earnings at Beginning of Year	1,571,865,115
Add (Less): 2020 Remeasurement of Defined Benefit Obligations	(4,928,624)
2020 Profit After Tax	1,004,033,696
Reversal of Special Reserve	56,297,417
Appropriation of Legal Reserve	(99,910,507)
Distributable Earnings for the Current Period	2,527,357,097
Less: Cash Dividends (\$1.5/Per Share)	(512,936,802)
Unappropriated Retained Earnings at End of Year	2,014,420,295

Chairman of BOD : Yang Jee-Shing



General manager : Yang Ta-Kuan



Accounting Manager : Chu Ping



Appendix

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.

Rules for Election of Directors of Hsing Ta Cement Co., Ltd.

Date: June 21, 2018

Article 1

Elections of the Company's Directors shall be conducted in accordance with these procedures, adopted pursuant to the Company Act and the Company's Article of Incorporation.

Article 2

The Company's Directors shall be elected by the shareholders' meeting.

Article 3

Voting by disclosed ballot shall be implemented on the election of Directors. The ballots shall be prepared by the Board of Directors and then distributed to the attending shareholders with the Meeting Agenda.

Article 4

In the process of electing Directors, the number of votes exercisable in respect of one share shall be the same as the number of Directors to be elected. The ballots of which the number of votes exercisable shall be the same as the number of Directors shall be prepared by the Board of Directors and distributed to the shareholders.

The ballots of the preceding paragraph may be consolidated for election of one candidate or may be split for election of two or more candidates.

Article 5

The Company's Directors shall be elected by the shareholders' meeting from among the persons with disposing capacity and in accordance with the number of Directors stipulated in the Company's Article of Incorporation, the Independent and Non-Independent Directors shall be 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 a director elect. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.

A candidate nomination system shall be adopted on the election of Independent Directors at the Company in accordance with Article 192-1 of the Company Act. With respect to Independent Directors, the professional qualifications, restrictions, assessment of independence and other matters shall be complied with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and other regulations.

If an Independent Director candidate of the Company has already served as an Independent Director of the Company for three consecutive terms or more, the Company shall publicly disclose, together with the review results, the reasons why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders'

meeting.

Article 6

Attendance numbers shall be specified on the ballots, together with the number of voting rights of each shareholder, when the ballots prepared by the Board of Directors.

Article 7

At the beginning of election, the Chairman shall appoint a number of persons to perform the respective duties of vote monitoring and counting.

Article 8

The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 9

If the candidate is a shareholder of the Company, voters shall fill in the candidate column the candidate's name and shareholder's number. If the candidate is not a shareholder of the Company, voters shall fill in the candidate column the candidate's name and ID number. If the candidate is a government agency or a juristic person, the full name of the government agency or the juristic person or the names of their representatives shall be filled in the candidate column. If there are several representatives, their names shall be filled in separately.

Article 10

Ballots shall be deemed void under any of the following circumstances:

1. Ballots not pursuant to the provisions of this procedure;
2. Blank ballots placed in the ballot box;
3. Illegible writing and not be recognized or change and not corrected in accordance with law;
4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
5. On the same ballot, the number of candidates filled exceeds the quota to be elected and voting rights filled exceeds the total number of such voter;
6. Ballots with other written characters in addition to the candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate; or
7. Only one of the candidate's name or shareholder's number (ID number) filled in the candidate column of ballots.

Article 11

The ballot boxes shall be prepared for elections of Directors. After voting, the scrutineer and counting personnel open the ballot boxes jointly.

Article 12

The scrutineers oversee the counting of ballots. When in doubt, the scrutineers shall check the validation of ballots and indicate “void” together with signing on the void ballots after verification. After the counting persons confirm that the total numbers of valid and void ballots are correct, the counting persons shall fill the numbers of voting rights in the record separately and sign with the scrutineers jointly. The results of election shall be announced by the Chairman on the site.

Article 13

This Board of Directors shall issue notifications to each Director elected.

Article 14

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

Current Directors' Shareholdings are as follows on April 26, 2021:

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	June 21, 2018	Common Stock	36,238,070	10.07	Common Stock	34,426,166	10.07	-
Director	Yang Chung-Hsiung	June 21, 2018	Common Stock	43,713,735	12.14	Common Stock	41,528,048	12.14	-
Director	Yang Ren-Hsiung	June 21, 2018	Common Stock	38,009,246	10.56	Common Stock	36,108,783	10.56	-
Director	Yang Da-Qin	June 21, 2018	Common Stock	8,574,668	2.38	Common Stock	8,145,934	2.38	-
Director	Shelly Sheue-Ching Ka	June 21, 2018	Common Sock	7,556,237	2.10	Common Sock	7,188,425	2.10	-
Director	Hiturbo Capital Co., Ltd.	June 21, 2018	Common Stock	96,900	0.03	Common Stock	15,387,055	4.50	-
Independent Director	Chen Jheng-Ting	June 21, 2018	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	-
Independent Director	Shih Cheng-Tung	June 21, 2018	Common Stock	0	0.00	Common Stock	0	0.00	-
Total				134,188,856		Common Stock	142,784,411		

Total Number of Outstanding Shares on June 21, 2018: 359,955,650

Total Number of Outstanding Shares on April 26, 2021: 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 26, 2021: 142,784,411

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".