

Attachment 1. Method and Basis of Calculation of Share Exchange Ratio

**Method and Basis of Calculation of
Share Exchange Ratio and Cash Consideration for the Privatization of TCC
International Holdings Limited by Taiwan Cement Corp.**

Taiwan Cement Corp. (“TCC”) intends to privatize TCC International Holdings Limited (“TCCIH”) by issuing new shares for share exchange or provide cash as consideration. Since TCC is listed on TWSE (Stock Code: 1101.TW) and TCCIH is listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 01136.HK), public trading information in the market and financial statements which are audited and certified by external auditors in respect of both parties are available. The cash consideration and share exchange ratio are decided based on the financial statements which are audited and certified by external auditors, other related information, and information accessible from the public market. The method and basis of calculation of the share exchange ratio and cash consideration are set out as follows:

1. Share exchange ratio and calculation basis thereof

(1) Market method - Comparable TWSE/TPEX Listed Companies Method

According to the Comparable TWSE/TPEX Listed Companies Method, TWSE/TPEX listed companies engaged in the same or similar industries and with the same or similar business lines, growth rate, profitability and risk as TCCIH are chosen as samples. The multiple of market value is calculated based on the sample companies’ market value and financial information, e.g. operating revenue and EBITDA, and the value of equity of TCCIH is calculated based on the multiple accordingly:

Unit: HKD

	P/S (Note 2)	EV/EBITDA (Note 3)
Multiple (times)	0.71	9.77
	Operating revenues	EBITDA
Book value (Note 1) (\$ thousand)	11,412,800	2,317,802
Value of liquid equity (\$ thousand)	8,093,491	17,364,410 (Note 4)
Range of value of liquid equity (\$ thousand)		8,093,491~17,364,410
Range of value of liquid equity per share (\$)		1.49~3.19

Note 1: Based on TCCIH’s financial statements audited and certified by external auditor in 2016

Note 2: P/S: Value of equity/operating revenues

Note 3: EV/EBITDA: Enterprise value/earnings before interest, taxes, depreciation and amortization

Note 4: Value of liquid equity = EV + cash and cash equivalent - interest-bearing liabilities

According to the Comparable TWSE/TPEX Listed Companies Method, the value of TCCIH’s liquid equity should be HKD1.49~3.19 per share.

(2) Market Value Method

As TCCIH is a company listed on the Main Board of the Hong Kong Stock Exchange, its trading value may serve as the fair value according to the definition of fair value under the International Accounting Standards.

Unit: HKD

Closing price	1 day	10 days	30 days
Highest	2.58	2.58	2.58
Lowest	2.58	2.41	2.12

Source of data: HKEX

Using April 13, 2017 as the base date of evaluation, TCCIH's market value ranged from HKD2.12 to 2.58 per share.

(3) Market Method - Comparable Transaction Method

In the cases of privatization of listed companies in Hong Kong, the acquirer usually offers the acquiree a transaction premium to compensate for the shareholders holding the outstanding shares in the market.

Premium of acquisition of privatized listed companies in Hong Kong from 2010 to 2017

(Acquisition price per share/average closing price)-1

Term of acquisition price	1 day	30 days	90 days	180 days
Average	41%	52%	54%	51%
Median	33%	41%	42%	40%

Source of data: Consolidated by BNP PARIBAS

(4) Premium

Based on (1) the value ranging from HKD1.49~3.19 under the Market Method - Comparable TWSE/TPEX Listed Companies Method, (2) the market value ranging from HKD2.12 to 2.58 under the Market Value Method, and (3) the premium of 41%~52% for 30 days under the Market Method - Comparable Transaction Method, the reasonable value shall be HKD2.99~3.92 per share.

Unit: HKD

	Reference price/closing price	41%	52%
(1)	1.49	2.10	2.26
Market method - Comparable TWSE/TPEX Listed	3.19	4.50	4.85

Companies Method			
(2)	2.12	2.99	3.22
Market Value Method			
	2.58	3.64	3.92

(5) Share exchange

TCC is a company listed on TWSE. Using April 13, 2017 as the base date of evaluation, the closing price of TCC for 1 day, 10 days and 30 days are stated as follows:

Unit: NTD			
Closing price	1 day	10 days	30 days
Highest	36.75	36.30	38.40
Lowest	36.75	37.30	36.30

Source of data: TWSE

The exchange ratio is calculated based on the average foreign exchange rate of HKD1=NTD3.94 for 30 days from the base date as published by Bloomberg, and the reasonable range of acquisition price of HKD2.99~3.92, as identified in Paragraph (4).

Acquisition price (HKD)	2.99~3.92	
Foreign exchange rate 3.94 (NTD)	11.78~15.44	
Lowest closing price of TCC	36.30	0.325~0.425
Highest closing price of TCC	38.40	0.307~0.402

The reasonable range of share exchange of TCCIH Ordinary Share and TCC ordinary shares shall be 1:0.307~0.425.

2. Conclusion

In conclusion, according to the Market Method - Comparable TWSE/TPEX Listed Companies Method and Market Value Method and by taking into consideration the calculation result based on the premium of privatization acquisition, the Company intends to acquire the TCCIH Ordinary Shares at the price of HKD3.6 per share, or exchange TCCIH Ordinary Shares with the new ordinary shares issued by the Company at the ratio of one TCCIH Ordinary Share in exchange for 0.420 share of the Company. Meanwhile, as each TCCIH Convertible Preference Share can be converted into approximately 1.0913 TCCIH Ordinary Shares, the Company intends to acquire the TCCIH Convertible Preference Shares at the price of approximately HKD3.93 per share, or exchange TCCIH Convertible Preference Shares with the new ordinary shares issued by the Company at the ratio of one TCCIH Ordinary Share in exchange for approximately 0.458 share of the Company as consideration to complete the

privatization.