



ASIA CEMENT CORPORATION
Handbook For
The 2016 Regular Shareholders' Meeting

Meeting Time: 9:00 A.M., June 21, 2016

**Meeting Venue: The Banquet Hall In Taipei Hero House
No. 20, Sec. 1, Changsha St., Zhongzheng Dist., Taipei City**

Table of Contents

I MEETING AGENDA	1
II DISCUSSING EVENTS (1)	2
PROPOSAL 1: AMENDMENT TO “ARTICLES OF INCORPORATION OF ASIA CEMENT CORPORATION”	2
II REPORTING EVENTS	6
REPORT 1: 2015 BUSINESS REPORT	6
REPORT 2: 2015 FINANCIAL STATEMENTS	18
REPORT 3: SUPERVISOR’S REVIEW REPORT ON THE 2015 FINANCIAL STATEMENTS.....	33
REPORT 4: REPORT ON THE 2015 EMPLOYEES’ COMPENSATION AND DIRECTORS’ AND SUPERVISORS’ REMUNERATION.....	34
III RECOGNIZING EVENTS	35
PROPOSAL 1: ACCEPTANCE OF THE 2015 BUSINESS REPORT AND FINANCIAL STATEMENTS.....	35
PROPOSAL 2: ACCEPTANCE OF THE PROPOSAL FOR DISTRIBUTION OF 2015 PROFITS	36
IV DISCUSSING EVENTS (2)	37
PROPOSAL 1: ENACTMENT OF “RULES GOVERNING THE SCOPE OF POWERS OF SUPERVISORS”.....	37
V QUESTIONS AND MOTIONS	42
RULES AND BYLAWS	43
1. ARTICLES OF INCORPORATION OF ASIA CEMENT CORPORATION	43
2. MEETING RULES OF SHAREHOLDERS FOR ASIA CEMENT CORPORATION	51
APPENDIX	56
1. SHAREHOLDING OF DIRECTORS AND SUPERVISORS.....	56
2. EFFECTS ON BUSINESS PERFORMANCE AND EPS RESULTING FROM 2015 STOCK DIVIDEND DISTRIBUTION ..	57

I Meeting Agenda

Asia Cement Corporation

**Meeting Agenda of
The 2016 Regular Shareholders' Meeting**

Call the Meeting to Order

Chairperson Takes Chair

Chairperson Remarks

Guest Remarks

Discussing Events (1)

Reporting Events

Recognizing Events

Discussing Events (2)

Questions and Motions

Adjournment

II Discussing Events (1)

Proposed by the Board

Proposal 1: Amendment to “Articles of Incorporation of Asia Cement Corporation”

Explanation:

The Board of Directors proposed to amend the Article 16, 20, 25, 26, 31, and enact the Article 16-1 of “Articles of Incorporation of Asia Cement Corporation”. Please refer to following comparison table for details.

Resolution:

**Comparison Table For
“Articles of Incorporation of Asia Cement Corporation”**

After the Amendment	Before the Amendment
<p>Article16</p> <p>There shall be <u>13~19 directors</u> of the Company, who are elected and appointed from the persons with legal capacity at the Shareholders’ Meeting. The total number of the registered shares of the Company held by all of the directors and supervisors shall be determined according to the provisions of "rules and review procedures for director and supervisor ownership ratios at public companies".</p> <p>The term of office of directors and supervisors are for a period of 3 years. They may be reappointed following their re-election.</p> <p>Independent directors shall not be less than two in number and shall not be less than one-fifth of the total number of directors.</p> <p>Directors and supervisors shall be elected by</p>	<p>Article16</p> <p>There shall be <u>13 directors and 5 supervisors</u> of the Company, who are elected and appointed from the persons with legal capacity at the Shareholders’ Meeting. The total number of the registered shares of the Company held by all of the directors and supervisors shall be determined according to the provisions of "rules and review procedures for director and supervisor ownership ratios at public companies".</p> <p>The term of office of directors and supervisors are for a period of 3 years. They may be reappointed following their re-election.</p> <p>Independent directors shall not be less than two in number and shall not be less than one-fifth of the total number of directors.</p> <p>Directors and supervisors shall be elected by</p>

After the Amendment	Before the Amendment
<p>adopting candidate nomination system in accordance with the article 192-1 of Company Act. A shareholder shall elect the directors, supervisors, and independent directors from the nominees listed in the roster of candidates. The election of independent directors, non-independent directors, and supervisors should be held together while elected quotas shall be calculated separately</p>	<p>adopting candidate nomination system in accordance with the article 192-1 of Company Act. A shareholder shall elect the directors, supervisors, and independent directors from the nominees listed in the roster of candidates. The election of independent directors, non-independent directors, and supervisors should be held together while elected quotas shall be calculated separately</p>
<p>Article16-1 <u>Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of Independent Directors, and it is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. The Supervisors will cease to function and be ipso facto dismissed on the date of instituting of the Audit Committee.</u> <u>The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.</u></p>	<p>(Newly enacted)</p>
<p>Article 20 The salaries of executive directors and supervisors might be paid as employees with reference to the standard of listed companies in cement industry. And the amount of such salaries shall be determined by the Board of Directors.</p>	<p>Article 20 <u>The percentage for the remuneration of directors and supervisors shall be determined by the Shareholders' Meeting.</u> The salaries of executive directors and supervisors might be paid as employees with reference to the standard of listed companies in cement industry. And the amount of such salaries shall be determined by the Board of Directors.</p>
<p>Article 25 <u>2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' and Supervisors' remuneration in the case where there are profits for the current year. However, the Company's</u></p>	<p>Article 25 The distribution of <u>dividends</u> shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. <u>Dividends shall be distributed at the ratio as set forth in these articles of</u></p>

After the Amendment	Before the Amendment
<p>accumulated losses shall have been covered.</p> <p><u>The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and a report of such distribution shall be submitted to the shareholders' meeting.</u></p> <p><u>The actual ratio and amount of the profit distributable as Directors' and Supervisors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.</u></p>	<p><u>incorporation</u> aimed at maintaining the stability of dividend distributions. When distributing <u>dividends</u>, the cash <u>dividends</u> shall not be less than 10% of the <u>aggregate sum of dividends and bonus</u> distributed in the same year.</p>
<p>Article 26</p> <p>Apart from paying all its income taxes in the case where there are net incomes at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years <u>in proportion to the number of the shares held by each shareholder as shareholders' dividend</u>. However in the case of increase in the Company's share capital, the shareholders' dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.</p> <p>The distribution of <u>shareholders' dividend</u> shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. <u>Shareholders' dividend</u> shall be distributed aimed at maintaining the stability of <u>shareholders' dividend</u> distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or</p>	<p>Article 26</p> <p>Apart from paying all its income taxes in the case where there are net incomes at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years <u>in the following manner:</u></p> <ol style="list-style-type: none"> <li data-bbox="798 1433 1516 1713">1. <u>60% as share interest, to be distributed based on the shareholding of each shareholder. However in the case of increase in the Company's share capital, unless otherwise provided by laws, the share interest to be distributed to the shareholders of increased shares for the year shall be decided by the Shareholders' Meeting.</u> <li data-bbox="798 1724 1516 2016">2. <u>33% as shareholders' bonus to be distributed based on the shareholding of each shareholder.</u> However in the case of increase in the Company's share capital, the shareholders' bonus to be distributed to the shareholders of increased shares for the year shall be decided by the Shareholders' Meeting.

After the Amendment	Before the Amendment
<p>other capital expenditures in which capital is required, when distributing <u>shareholders' dividend</u>, the cash <u>dividend</u> is not less than 10% of <u>the shareholders' dividend</u> distributed in the same year.</p>	<p>3. 3% as remuneration for directors and supervisors. 4. 4% as employees bonus.</p>
<p>Article 31 These articles of incorporation were drafted on January 27, 1957, and came into effect following its approval by the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings. -- Fiftieth Amendment on June 21, 2013. <u>Fifty-first Amendment on June 21, 2016.</u></p>	<p>Article 31 These articles of incorporation were drafted on January 27, 1957, and came into effect following its approval by the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings. -- Fiftieth Amendment on June 21, 2013.</p>

*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

II Reporting Events

Report 1: 2015 Business Report

Explanation:

The 2015 business report is attached as page 7-17.

2015 Business Report

1. 2015 Review

Overall economic performance

- A. The 2015 global economic growth is below expectation and relatively low than in 2014. It is mainly due to the economic slowdown of the emerging and developing countries despite advanced countries have moderate economic recovery.
- B. Because of the lack of growth momentum in 2015, Chinese financial risks are becoming apparent. Although the Chinese economy are fairly stable, and the annual GDP growth reaches around 6.9% in 2015, China's economy continues to adjust along with the economy slowdown. Its spillover effect causes falling commodity prices and declining economic activity in Asian countries. Other emerging oil-importing countries only benefit partially reflecting from lower oil prices with limited economic growth effect.
- C. The advanced countries are mainly attributable to lower oil prices, improved labor market, and very loose monetary policy. These make their domestic demand becoming the driving force of economic growth. However, the recovery is almost the same with the growth in 2014.
 - i. Only the United States maintain 2.4% economic growth for two consecutive years due to the performance of active labor market which is close to full employment levels and lower inflation.
 - ii. The Euro area maintains a moderate recovery thanks to low oil prices, weak exchange rate, negative interest rate and quantitative easing. It still maintains growth while facing low economy growth in emerging and developing countries, global trade slowdown, and other unfavorable factors.
 - iii. Due to recession of export to China and other emerging countries, and weak domestic consumption, Japanese economic growth rate is merely 0.6%.
- D. Geopolitical tensions also caused substantial impact to relevant country's economic growth.
 - i. Ukraine problem is still unsolved while Middle East problem heat up. Russia warplanes shot down by Turkish worse the situation in that region.
 - ii. Middle East chaos causes the influx of refugees into Europe which is the worst refugee crisis since the World War II. The influx of refugees into Europe this year will exceed one million people.

- iii. The crisis spread from the edge to the core area, while the impact of the Islamic State penetrates Europe. November 13, 2015, there were several terrorist attacks in Paris. At least 130 people were killed. This is the largest terrorist attack since 911 in the western world. The development of extremism also indicated the issues that migrants and ethnic minorities are difficult to integrate into mainstream society.
 - iv. The situation in Asia is also unstable. Although the Iran signed nuclear agreements, North Korean nuclear issue is still unsolved. Meanwhile, because of intervention of the states outside the region, the South China Sea issues raised.
- E. In 2015, Taiwan's economic performance is also not ideal. Due to the weak performance of global trade, Taiwan's major export market decline overall. The industry not only faces with the pressure on energy prices, tightening supply and demand, but also faces “Red Supply Chain” pressures from China. Since the development of China, some imported semi-finished products and equipment from Korea, Japan, or Taiwan are now shifted to manufacturers in China. This naturally reduces imports from Taiwan, dragging down export orders. Industrial production index growth thus turned negative. DGBAS released Taiwan 2015 annual economic growth rate is only 0.75%, the lowest since 2009.

The Company's business performance

- A. In 2015, the overall cement consumption in China amounted to about 2.348 billion MT, compared with 2.476 billion MT in 2014, about 5.17% decline. In the same period, the clinker production volume of the Company in China is 24 million MT, increasing 2.3% compared with 2014. The total sales of cement, clinker and slag powder are 30.38 million MT, increasing 1.33% compared with 2014.

In 2015, the net loss of the Company's subsidiaries in China is NT\$ 1,530,713 thousand. The Company and its subsidiaries recognized a total investment losses of NT \$1,102,113 thousand.

- B. For domestic cement industry, according to a statistics conducted by the Taiwan Cement Manufacturers' Association, the 2015 total cement production volume in Taiwan was 13,445,063 MT, decreased 8.09% compared to 2014. Among them, the domestic cement sales was 10,215,068 MT, and exported cement was 3,260,662 MT. Compared with those in 2014, domestic sales decreased by 7.89%, exports decreased by 6.74%. In 2015, due to Taiwan Government policy and the economy, the domestic real estate continued to show decline both in volume and price. The cement consumption decreased slightly to 11,652,768 MT, decreased by 7.24%. The 2015 per capita average cement consumption is about 496 kg, decreased 7.46% from 536 kg in 2014. As a result, the cement market in Taiwan is still showing oversupply.

C. The 2015 consolidated operating revenue of the Company is NT \$66,287,480 thousand, decreased 14.67% from 2014. The consolidated profit from operations was NT \$4,039,945 thousand, decreased 51.02% from 2014. From the Company's affiliates, Far Eastern New Century Corp., and U-Ming Marine Transport Corp., the Company recognized NT \$2,986,137 thousand investment income from equity method. The consolidated net profit after tax reached NT \$4,934,483 thousand. The net profit rate after tax was 7.44%. Consolidated net profit attributable to the Company is 4,860,241 thousand. The 8th meeting of the 25th Board of Directors proposed to distribute cash dividend NT \$1.1 per share.

2. Operating Performance of 2015

A. Production:

Unit: 1000 MT

Item Region	Cement	Difference Compared to 2014	Clinker (MT)	Difference Compared to 2014
ACC (Taiwan)	4,449	-309 (-6.49%)	4,300	-280 (-6.11%)

* key performance indicator:

Actual aggregate cement output amounted to 4,449 thousand MT. Compared to estimated output 4,715 thousand MT, the achievement rate is 94.36%.

Actual aggregate clinker output amounted to 4,300 thousand MT. Compared to estimated output 4,550 thousand MT, the achievement rate is 94.51%.

Unit: 1000 MT

Item Region	Cement	Difference Compared to 2014	Clinker (MT)	Difference Compared to 2014
ACC (China)	28,823	-158 (-0.55%)	23,998	+542 (+2.31%)

* key performance indicator:

Actual aggregate cement output amounted to 28,823 thousand MT. Compared to estimated output 32,328 thousand MT, the achievement rate is 89.16%.

Actual aggregate clinker output amounted to 23,998 thousand MT. Compared to estimated output 24,574 thousand MT, the achievement rate is 97.66%.

B. Sales

i. Taiwan area:

Unit: 1000 MT; NT\$1,000

Product	Volume & Value		2015		Difference Compared to 2014	
			2015			
	Domestic Sales	Export Sales				
	Volume	Value	Volume	Value	Volume	Value
Cement & Clinker	3,178	7,254,186	1,366	2,566,258	-453 (-9.07%)	-785,379 (-7.41%)

* Key Performance Indicator:

Actual aggregate sales of cement and clinker produced by ACC amounted to 4,544 thousand MT. Compared to the estimated sales 4,930 thousand MT, achievement rate is 92.17%.

ii. China area:

Unit: 1000 MT; NT\$1,000

Product	Volume & Value		2015		Difference Compared to 2014	
			2015			
	Domestic Sales	Export Sales				
	Volume	Value	Volume	Value	Volume	Value
Cement & Clinker	30,283	29,452,257	230	283,012	+382 (+1.27%)	-8,259,179 (-21.74)

* Key Performance Indicator:

Actual aggregate sales of cement and clinker produced by ACC (China) amounted to 30,513 thousand MT. Compared to the estimated sales 33,054 thousand MT, achievement rate is 92.31

3. The Company's Layout Strategy in China

Asia Cement Corporation pioneered all domestic rivals to invest in cement business in China with Taiwan government's permission since 1997.

On May 20, 2008, the subsidiary of the Company, Asia Cement (China) Holdings Corporation {ACC (China) thereafter} was listed on the main board of Hong Kong Exchanges and Clearing Limited. Total assets reach RMB 20 billion.

Currently, the investments of ACC (China) are mainly based along the Yangtze River in Jiangxi, Sichuan, Hubei, Yangzhou and Shanghai areas. The overall operating strategies are deployed through Jiangxi Yadong Cement (Southeast China), Sichuan Yadong Cement (Southwest China), Hubei Yadong Cement (Middle China), and Yangzhou Yadong Cement

(East China) as core production bases. In addition to Sichuan Lanfeng Cement Corp., Huanggang Yadong Cement, and Wuhan Yaxin Cement, there are two grinding factories, six cement products companies, four transportation companies, newly established Tai Zhou Oriental Construction Co., Ltd., four terminals, and eight sale offices. These constitute an efficient and solid network for production, transportation and sales.

4. Overview of The Company's Investments in China

A. Jiangxi Yadong Cement Co., Ltd

The company originally has four kilns, each with annual capacity of 1.65 million MT clinker. Currently, the annual output of clinker reaches 6.6 million MT which can produce 8 million MT cement.

The subsequent 5th and 6th production line for cement and clinker of the company have been completed in September 2013 and January 2014. With these two production lines, the total production capacity can reach 11 million MT of clinker annually, which can produce 14 million MT cement. Jiangxi Yadong has become one of the largest cement plants in China.

In addition, the waste heat recycling generators of the #1, #2, #3, and #4 kilns can produce 193 million kWh electricity annually. While, the waste heat recycling generators of the #5 and #6 kilns can produce 145 million kWh electricity annually. This substantially reduces electricity costs and minimizes the dependence on external power supply.

B. Sichuan Yadong Cement Co., Ltd

The company has three kilns with annual clinker capacity of 1.65 million MT respectively. Currently, the annual output of clinker reaches 4.95 million MT which can produce 6 million MT cement. In addition, the waste heat recycling generators of the #1, #2, and #3 kilns can produce 145 million kWh electricity annually. This substantially reduces electricity costs and minimizes the dependence on external power supply.

The conveyor belt transporting the limestone from quarry directly to the plant has been completed on April 2016. This will enhance the transportation efficiency and lower raw-material cost and also completely prevent interfering with surrounding environments, roads, and living of residents (such as noise, dust).

C. Hubei Yadong Cement Co., Ltd

The company has two kilns with annual clinker capacity of 1.65 million MT respectively. The annual output of clinker is amounted to 3.3 million MT which can produce 4 million MT cement. In addition, the waste heat recycling generators of the #1 and #2 kilns can produce 105 million kWh electricity annually. This substantially reduces electricity costs and minimizes the dependence on external power supply.

D. Huanggang Yadong Cement Co., Ltd

The company has one kiln. The annual output of clinker amounts to 1.65 million MT which can produce 2 million MT cement.

E. Wuhan Yaxin Cement Co., Ltd

To enhance the market position and market share of the “Skyscraper” cement in Wuhan areas, Hubei Yadong Cement Co., Ltd acquired 70% share of Wuhan Xinlingyun Engineering Co., Ltd on July 2010 (90% by the end of 2013). The annual output of cement amounts to 1.2 million MT.

F. Sichuan Lanfeng Cement Corp.

To enhance the market position and market share in Chengdu area, Sichuan Yadong Cement Co., Ltd acquired 100% shares of Sichuan Lanfeng Cement Corp. Lanfeng located in Pengzhou City, Sichuan, China and owned two new dry process clinker production lines with total annual cement production capacity of 5 million MT. The waste heat recycling generators can produce 130 million kWh electricity annually. It also owned dry mix mortar plant with total annual production capacity of 1.5 million MT.

G. Yangzhou Yadong Cement Co., Ltd

The grinding factory can produce 2.7 million MT cement annually to supply the market in Yangzhou area. Besides, the mixer station can produce ready-mixed concrete for the market.

H. Wuhan Yadong Cement Co., Ltd

The company can produce 1.7 million MT cement and 0.6 million MT slag powder annually to supply the market in Wuhan area.

I. Nanchang Yadong Cement Co., Ltd

The company can produce 0.6 million MT slag powder and 1.2 million MT slag cement annually to supply the market in Nanchang area.

5. Outlook for 2016 international economic situation and economic situation in Taiwan

A. Outlook for 2016 international economic situation:

- i. The economy of the United States continues to expand which becomes the core of global economic growth. IMF expects that US economic growth in 2016 will be 2.86%, as an important engine of the world economy.
- ii. Eurozone and East Asian countries maintain accommodative monetary policy, coupled with low oil and other commodity prices. They are also expected to drive the global economy forward.
- iii. The Chinese Government continued elimination of excess capacity and the adjustment of economic structure. These weaken their growth momentum and might constraint the global economy growth.
- iv. Due to weak domestic demand, Japan still can barely beat deflationary pressures with abenomics.
- v. As the US Federal Reserve raising interest rates and low commodity and oil prices, emerging and developing countries will continue to face financial market fragility
- vi. In the absence of strong incentives, the 2016 world economy growth is expected to be low and uneven; the overall growth rate will be slightly higher. According to the IMF forecast, global economic growth in 2016 will slightly increase to 3.6%. Among them, the developed countries will increase 2.2%, 0.2% higher than last year; while the emerging and developing countries will increase 4.5%, 0.5% higher than last year

B. Outlook for 2016 economic situation in Taiwan:

Despite the international organizations expect that the global economy in 2016 will be better than in 2015, which will benefit Taiwan's trade and industry. However, the economic outlook is still subject to some uncertainties, such as financial market upheaval, Chinese economic policy, low oil prices, the negotiations progress of free trade agreements of Taiwan.

- i. In the financial market, the US Fed has been raising interest rates in December 2015. The subsequent changes of interest rates will affect the global exchange rate, and thus increase trading risks.
- ii. The 2016 Chinese economic goals is to keep economic growth at a reasonable range, while focusing on economic structural reforms, destocking, deleveraging, reducing industrial capacity, and reducing costs. For Taiwan, the implementation of these policies, as well as their impact on economic growth, will affect the future of Taiwanese trade and economic development. Therefore, the Taiwan Government shall pay close attention to the economic situation in China.
- iii. If the 2016 oil prices continued downward, which might not be lower than in 2015, the Taiwan industry will be also suffer from the shrinking demand.
- iv. Facing the trend of trade liberalization, and free trade agreements signed by main competitors of Taiwan, such as South Korea, there will be major challenges for the Taiwan Government in 2016.

As the alternation of governing party in Taiwan in 2016, the new government will inevitably adopt new strategies facing international political and economic situation. It is foreseeable that cross-strait relations will be one of the important factors for Taiwan's 2016 economic performance.

6. Operating Prospects for cement industry across the Taiwan Strait

A. Cement industry in China

Chinese economy turns into medium-speed growth under its government's policy. Meanwhile, its economic reform and restructuring will be ongoing. According to forecasts of major international institutions, the Chinese economic growth rate could maintain approximately at 6.5%~7%, indicating Chinese economic development is in transition period of adjustment. In the cement industry, the demand in 2016 will decrease 4%. Hereby lists several important policies and outlook relevant to the cement industry:

- i. Increasingly stringent environmental standards:

China continues to strengthen the management of industrial air and water pollution, strengthen environmental protection inspection, implement comprehensive online monitoring, and enforce the revised Environmental Protection Act. These will make the 2016 energy consumption per million GDP fall by 3.4%. Small clinker production lines

and grinding factories will be phased out benefiting large cement groups.

ii. Over-supply condition in Chinese cement industry is controlled:

a. Approval for new cement production capacity is strictly control:

Under Chinese current policy for cement industry, the approval of new capacity is strictly controlled. The estimated new cement production capacity in 2016 will be less than 36 million MT.

b. Acceleration for the elimination of backward production capacity:

Measures includes: supply reform, elimination of excess capacity, mergers and acquisitions, debt restructuring, liquidation, and dealing with “zombie companies.”

c. Limitation on cement production:

Cement industries in northern China applies peak-shifting production in winter. Limitation on cement production has become very important for the balance of supply and demand and profit. This requires the adjustment of production, transportation and marketing. For example, the cement industry in Sichuan Province applies peak-shifting production in 2016. Each cement production line is required to use peak-shifting production not less than 125 days annually.

iii. Accelerate overseas layout to ease overcapacity:

Since the overcapacity cement in China, China government policy supports excess capacity to move overseas. Major cement groups will accelerate the expansion of overseas markets to effectively ease the pressure of new cement production capacity in China.

iv. Investments boost cement demand:

a. In 2016, railway investments reach RMB 800 billion, and road investments reach RMB 1.65 trillion. The budget of central China government increase RMB 500 billion to invest on 20 major water conservancy projects, nuclear power and hydropower, UHV transmission, smart power grid, oil and gas pipelines, and other major urban rail project.

b. The adjusted real estate transaction deed tax and business tax effected from February 22, 2016. China government also relaxed mortgage controls to boost the

real estate market. The Ministry of Housing has also start the construction of 7.4 million units of affordable housing in 2016.

- c. With the "One Belt One Road", "Integration of Beijing-Tianjin-Hebei", "Yangtze River Economic Belt", other new Free Trade Area, and "Eco-sponge City Construction", construction investments in 2016 will significantly increase.
- v. Mergers and Acquisitions enhance market concentration:
 - a. China government clearly supports mergers and acquisitions between large corporations. Coupled with financial reforms, higher environmental regulations, and stricter government enforcement, these have made small and medium size cement enterprises find themselves struggle to live. Only large cement corporations are able to survive via Mergers & Acquisition. Thus, the cement industry concentration is expected to effectively improve.
 - b. Cross shareholdings will become the prototype of Mergers & Acquisition in the future.
- vi. Low coal prices helps improve cement profit margins:

While the China government intends to lower coal consumption, the demand for coal will continue to decrease. Furthermore, it is difficult to change oversupply in the short term. Thus, estimated coal prices will remain low and will be profitable for the cement industry.

- vii. Low oil prices will help reduce transportation costs:

Oil prices continued to fall, although oil prices rebound slightly in early 2016. It is difficult to restore in short term. This will help control the transportation cost.

B. Cement industry in Taiwan

Taiwanese Public Works budget totaled NT\$ 189 billion in 2016, increased NT\$ 9.9 billion (+5.5%). Affected by the real estate taxes, the domestic real estate boom continues to slump. Real estate transactions significantly reduced, while housing supply increases. Meanwhile, there will be fewer application for construction license.. There is a large price gap for real estate between buyers and sellers. Moreover, because of factors such as soil liquefaction issue, reduced transaction and price of housing market is expected. The demand for cement will continue to decrease.

7 Business Goals For 2016

In highly competitive environment of both Taiwan and China, the Company will respond with its “three highs and one low” strategy which stands for “high quality, high efficiency, high environmental protection, and low cost” and exert the Company’s persistent principle, “fully sell out the estimated production volume”.

The Company has set the following goals for 2016. The estimated production volume in Taiwan is 4,360 thousand MT clinker and 4,530 thousand MT cement. The estimated sales volume in Taiwan is 5,670 thousand MT clinker and cement. The estimated production volume in China is 24,710 thousand MT clinker and 30,970 thousand MT cement. The estimated sales volume in China is 31,820 thousand MT clinker and cement.

8 The Operating Performance in the First Quarter of 2016

Resulting from weak cement demand and low cement prices in China in Q116, the profits in cement industry generally decline. In the first quarter of 2016, the consolidated operating income of the Company is NT \$ 13,038,960 thousand, decreasing 15.12% from NT \$ 15,362,530 thousand in the same period of 2015. The consolidated net profit is NT \$ 194,459 thousand, decreased 87.39% from NT \$ 1,542,288 thousand in the same period of 2015. As trillion RMB infrastructure investments will gradually start in China in the third quarter, benefits is expected to appear gradually.

* Sources: Directorate-General of Budget, Accounting and Statistics,
Taiwan Institute of Economic Research,
Chinese Economic Research Institute,
Mega International Commercial Bank.

Report 2: 2015 Financial Statements

Explanation:

The 2015 financial statements are attached as page 19-32.

1. Consolidated Balance Sheets (December 31, 2015)
2. Consolidated Statements of Comprehensive Income (Years Ended December 31, 2015)
3. Consolidated Statements of Changes in Equity (Years Ended December 31, 2015)
4. Consolidated Statements of Cash Flows (Years Ended December 31, 2015)
5. Balance Sheets (December 31, 2015)
6. Statements of Comprehensive Income (Years Ended December 31, 2015)
7. Statements of Changes in Equity (Years Ended December 31, 2015)
8. Statements of Cash Flows (Years Ended December 31, 2015)

Independent auditor's report by Li Wen Kuo and You Wei Fan of Deloitte & Touche is attached as page 25 and 32.

Complete financial reports can be downloaded at <http://emops.twse.com.tw>.

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 40)	\$ 11,024,089	4	\$ 12,739,834	5
Financial assets at fair value through profit or loss - current (Notes 7 and 40)	1,030,970	-	743,682	-
Available-for-sale financial assets - current (Note 8)	5,283,052	2	16,949,278	6
Debt investments with no active market - current (Notes 6, 10, 40 and 42)	5,383,861	2	5,834,881	2
Notes receivable				
Related parties (Note 40)	12,537	-	24,029	-
Third parties	6,268,468	2	7,616,264	3
Trade receivables				
Related parties (Notes 11 and 40)	481,581	-	625,319	-
Third parties (Notes 11 and 12)	10,384,455	4	11,889,276	4
Other receivables (Notes 13 and 40)	2,924,090	1	2,633,755	1
Current tax assets (Note 34)	3,922	-	1,251	-
Inventories (Note 14)	7,318,610	3	9,416,977	3
Prepayments (Note 21)	1,146,914	1	1,291,788	1
Other current assets (Note 29)	1,581,736	1	792,541	-
Total current assets	52,844,285	20	70,558,875	25
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 16 and 42)	68,784,137	25	69,755,589	25
Available-for-sale financial assets - non-current (Notes 8 and 42)	22,717,179	8	13,363,777	5
Financial assets measured at cost - non-current (Note 9)	1,367,517	1	1,432,927	-
Debt investment with no active market - non-current (Notes 6, 10, 40 and 42)	165,949	-	152,468	-
Property, plant and equipment (Notes 17 and 42)	67,264,573	25	70,586,382	25
Investment properties (Notes 18 and 42)	34,629,764	13	33,351,639	12
Intangible assets (Notes 19 and 20)	5,304,367	2	5,485,677	2
Deferred tax assets (Note 34)	750,251	-	464,876	-
Long-term notes receivables and other receivables (Notes 12 and 22)	10,918,197	4	11,590,904	4
Long-term prepayments for lease (Note 21)	3,737,647	1	3,946,242	1
Other non-current assets (Notes 23, 29 and 40)	1,593,343	1	2,129,699	1
Total non-current assets	217,232,924	80	212,260,180	75
TOTAL	\$ 270,077,209	100	\$ 282,819,055	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 24 and 40)	\$ 18,677,761	7	\$ 22,816,222	8
Short-term bills payable (Notes 25 and 40)	13,445,051	5	13,241,862	5
Financial liabilities at fair value through profit or loss - current (Notes 7 and 40)	-	-	561,086	-
Accounts payable and accrued expenses				
Third parties	8,199,549	3	9,753,342	4
Related parties (Note 40)	254,636	-	256,664	-
Dividends and bonuses payable	212,423	-	212,475	-
Other payable - other (Note 26)	547,033	-	707,454	-
Current tax liabilities (Note 34)	466,164	-	593,984	-
Provisions - current (Note 28)	9,419	-	9,188	-
Customers' deposits and advances (Note 28)	692,442	-	674,389	-
Current portion of long-term liabilities (Notes 27 and 40)	22,719,449	9	16,162,537	6
Total current liabilities	65,223,927	24	64,989,203	23
NON-CURRENT LIABILITIES				
Bonds payable (Note 27)	8,000,000	3	20,954,895	8
Long-term borrowings (Notes 27 and 40)	32,164,684	12	26,183,195	9
Provisions - non-current (Notes 28 and 43)	322,268	-	306,021	-
Derivative financial liabilities for hedging - non-current	-	-	14,854	-
Deferred tax liabilities (Note 34)	7,817,183	3	6,827,330	3
Net defined benefit liabilities (Note 29)	195,835	-	190,518	-
Long-term deferred revenue (Note 28)	995,008	1	1,063,093	-
Other non-current liabilities	504,112	-	562,720	-
Total non-current liabilities	49,999,090	19	56,102,626	20
Total liabilities	115,223,017	43	121,091,829	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 30 and 34)				
Share capital	33,614,472	12	33,614,472	12
Capital surplus	1,155,643	-	1,073,920	-
Retained earnings				
Legal reserve	14,187,878	5	13,251,715	5
Special reserve	61,112,646	23	59,505,623	21
Unappropriated earnings	16,251,812	6	22,106,583	8
Total retained earnings	91,552,336	34	94,863,921	34
Other equity	9,576,422	4	12,281,251	4
Total equity attributable to owners of the Corporation	135,898,873	50	141,833,564	50
NON-CONTROLLING INTERESTS (Notes 30 and 37)	18,955,319	7	19,893,662	7
Total equity	154,854,192	57	161,727,226	57
TOTAL	\$ 270,077,209	100	\$ 282,819,055	100

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

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 32 and 40)	\$ 66,287,480	100	\$ 77,683,281	100
OPERATING COSTS (Notes 14, 32, 33 and 40)	<u>59,228,641</u>	<u>89</u>	<u>66,553,091</u>	<u>85</u>
GROSS PROFIT	7,058,839	11	11,130,190	15
UNREALIZED GROSS PROFIT	<u>(92)</u>	<u>-</u>	<u>(586)</u>	<u>-</u>
REALIZED GROSS PROFIT	7,058,747	11	11,129,604	15
OPERATING EXPENSES (Notes 33 and 40)	<u>3,018,802</u>	<u>5</u>	<u>2,881,200</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>4,039,945</u>	<u>6</u>	<u>8,248,404</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 33)	1,502,671	2	1,579,088	2
Other gains and losses (Note 33)	(66,725)	-	1,209,572	1
Finance costs (Note 33)	(1,647,870)	(2)	(1,667,598)	(2)
Share of profit or loss of associates and joint ventures	<u>2,986,137</u>	<u>5</u>	<u>4,350,273</u>	<u>6</u>
Total non-operating income and expenses	<u>2,774,213</u>	<u>5</u>	<u>5,471,335</u>	<u>7</u>
INCOME BEFORE INCOME TAX	6,814,158	11	13,719,739	18
INCOME TAX EXPENSE (Note 34)	<u>1,879,675</u>	<u>3</u>	<u>2,813,741</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>4,934,483</u>	<u>8</u>	<u>10,905,998</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(468,796)	(1)	3,392	-
Revaluation gain	-	-	122,052	-
Share of the other comprehensive (loss) income of associates and joint ventures	<u>(285,305)</u>	<u>-</u>	<u>56,026</u>	<u>-</u>
	<u>(754,101)</u>	<u>(1)</u>	<u>181,470</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,184,681)	(2)	2,980,569	4

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
Unrealized (loss) gain on available-for-sale financial assets	(1,216,565)	(2)	1,179,441	1
Cash flow hedges	17,718	-	13,877	-
Share of other comprehensive (loss) income of associates and joint ventures	<u>(722,900)</u>	<u>(1)</u>	<u>471,936</u>	<u>1</u>
	<u>(3,106,428)</u>	<u>(5)</u>	<u>4,645,823</u>	<u>6</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(3,860,529)</u>	<u>(6)</u>	<u>4,827,293</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,073,954</u>	<u>2</u>	<u>\$ 15,733,291</u>	<u>20</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Corporation	\$ 4,860,241	7	\$ 9,361,635	12
Non-controlling interests	<u>74,242</u>	<u>-</u>	<u>1,544,363</u>	<u>2</u>
	<u>\$ 4,934,483</u>	<u>7</u>	<u>\$ 10,905,998</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Corporation	\$ 1,343,662	2	\$ 13,273,390	17
Non-controlling interests	<u>(269,708)</u>	<u>-</u>	<u>2,459,901</u>	<u>3</u>
	<u>\$ 1,073,954</u>	<u>2</u>	<u>\$ 15,733,291</u>	<u>20</u>
EARNINGS PER SHARE (Note 35)				
Basic	<u>\$1.55</u>		<u>\$2.98</u>	
Diluted	<u>\$1.32</u>		<u>\$2.65</u>	

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

(Concluded)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Equity Attributable to Owners of the Corporation											Non-controlling Interests	Total Equity	
	Capital Stock Issued		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other Equity					
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain on Revaluation	Cash Flow Hedge	Total Other Equity			Total
BALANCE, JANUARY 1, 2014	3,295,536	\$ 32,955,365	\$ 1,018,079	\$ 12,571,132	\$ 14,013,200	\$ 65,584,754	\$ 449,154	\$ 7,867,409	\$ 3,460	\$ (14,434)	\$ 8,305,589	\$ 134,448,119	\$ 18,394,083	\$ 152,842,202
Special reserve provided under Rule No. 10300064155 issued by the FSC	-	-	-	-	45,492,423	(45,492,423)	-	-	-	-	-	-	-	-
Appropriation of 2013 earnings														
Legal reserve	-	-	-	680,583	-	(680,583)	-	-	-	-	-	-	-	-
Cash dividends - \$1.8 per share	-	-	-	-	-	(5,931,966)	-	-	-	-	-	(5,931,966)	-	(5,931,966)
Stock dividends - \$0.2 per share	65,911	659,107	-	-	-	(659,107)	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(665,613)	(665,613)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	-	934	-	-	-	-	-	-	-	-	934	-	934
Non-controlling interest arising from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	315,634	315,634
Acquisition of additional shares in subsidiaries	-	-	84,711	-	-	-	-	-	-	-	-	84,711	(808,096)	(723,385)
Issue of ordinary shares for cash by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,145	4,145
Additional non-controlling interest arising on exercise of employee share options issued by subsidiaries	-	-	(29,804)	-	-	-	-	-	-	-	-	(29,804)	193,608	163,804
Net profit for the year ended December 31, 2014	-	-	-	-	-	9,361,635	-	-	-	-	-	9,361,635	1,544,363	10,905,998
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	(63,907)	3,739,355	(10,464)	246,006	765	3,975,662	3,911,755	915,538	4,827,293
Other change in equity from investments in associates accounted for by using equity method	-	-	-	-	-	(11,820)	-	-	-	-	-	(11,820)	-	(11,820)
BALANCE, DECEMBER 31, 2014	3,361,447	33,614,472	1,073,920	13,251,715	59,505,623	22,106,583	4,188,509	7,856,945	249,466	(13,669)	12,281,251	141,833,564	19,893,662	161,727,226
Appropriation of 2014 earnings														
Legal reserve	-	-	-	936,163	-	(936,163)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	2,001,317	(2,001,317)	-	-	-	-	-	-	-	-
Cash dividends - \$2.0 per share	-	-	-	-	-	(7,395,184)	-	-	-	-	-	(7,395,184)	-	(7,395,184)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(668,142)	(668,142)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	-	81,723	-	-	-	-	-	-	-	-	81,723	-	81,723
Net profit for the year ended December 31, 2014	-	-	-	-	-	4,860,241	-	-	-	-	-	4,860,241	74,242	4,934,483
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(811,750)	20,725	(2,843,706)	58,257	59,895	(2,704,829)	(3,516,579)	(343,950)	(3,860,529)
Other change in equity from investments in associates accounted for by using equity method	-	-	-	-	(9)	35,117	-	-	-	-	-	35,108	(493)	34,615
Special reserve reversed	-	-	-	-	(394,285)	394,285	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2015	<u>3,361,447</u>	<u>\$ 33,614,472</u>	<u>\$ 1,155,643</u>	<u>\$ 14,187,878</u>	<u>\$ 61,112,646</u>	<u>\$ 16,251,812</u>	<u>\$ 4,209,234</u>	<u>\$ 5,013,239</u>	<u>\$ 307,723</u>	<u>\$ 46,226</u>	<u>\$ 9,576,422</u>	<u>\$ 135,898,873</u>	<u>\$ 18,955,319</u>	<u>\$ 154,854,192</u>

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

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,814,158	\$ 13,719,739
Adjustments for:		
Depreciation expenses	5,400,304	5,628,378
Share of profit of associates and joint ventures	(2,986,137)	(4,350,273)
Interest expenses	1,647,870	1,667,598
Gain on change in fair value of investment properties	(1,278,760)	(1,426,537)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(826,151)	(1,034,483)
Dividend income	(678,148)	(727,018)
Gain on disposal of investments	(599,049)	(114,480)
Effect of exchange rate of bonds payable	503,840	970,241
Interest income	(397,031)	(477,369)
Amortization expenses	339,259	313,519
Impairment loss recognized on accounts receivable	216,598	156,678
Unrealized foreign exchange loss	139,145	391,654
Impairment loss recognized on financial assets	65,374	51,387
Reversal of impairment loss on inventory	(33,645)	(65,434)
Gain on disposal of property, plant and equipment	(7,151)	(9,249)
Gain (loss) on disposal of associates	283	(20,903)
Loss on redemption of bonds payable	-	356,480
Reversal of impairment loss on non-financial assets	-	(76,572)
Other items	4,502	4,995
Changes in operating assets and liabilities		
Financial assets held for trading	(20,720)	448,181
Notes receivable	1,217,938	(148,326)
Trade receivables	1,815,562	(787,811)
Other receivables	(191,261)	174,482
Inventories	2,035,814	(763,209)
Prepayments	64,428	(8,579)
Other current assets	354,728	(248,092)
Accounts payable and accrued expenses	(1,362,084)	(3,836,677)
Provisions	11,390	23,426
Customers' deposits and advances	29,594	(81,054)
Net defined benefit liabilities - non-current	(4,452)	(3,836)
Deferred revenue	(68,085)	(68,086)
Cash generated from operations	12,208,113	9,658,770
Interests received	366,274	504,217
Dividends received	3,798,693	3,999,751
Interests paid	(1,491,715)	(1,460,549)
Income tax expenses paid	(1,216,131)	(2,059,597)
Net cash generated from operating activities	<u>13,665,234</u>	<u>10,642,592</u>
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Proceeds on disposal of available-for-sale financial assets	3,719,317	1,309,730
Acquisition property, plant and equipment	(3,479,729)	(4,166,990)
Acquisition of available-for-sale financial assets	(2,046,066)	(7,492,054)
Increase in refundable deposits	(1,127,478)	(8,091)
Decrease in debt investments with no active market	511,376	1,153,514
Acquisition of investments accounted for using equity method	(129,379)	(397,688)
Decrease (increase) in other non-current assets	95,928	(19,566)
Increase in prepayments for lease	(92,625)	(74,879)
Proceeds from disposal of property, plant and equipment	78,816	61,718
Proceeds from disposal of investment accounted for using equity method	58,716	10,150
Acquisition of intangible assets	(51,689)	(14,741)
Cash capital reduction from financial assets	31,765	-
Acquisition of investment properties	(2,126)	(128,219)
Net cash outflow on acquisition of subsidiaries (Note 36)	-	(2,848,728)
Acquisition of financial assets measured at cost	-	(3,307)
Net cash used in investing activities	<u>(2,433,174)</u>	<u>(12,619,151)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	34,512,584	43,127,324
Repayments of long-term borrowings	(33,553,827)	(46,917,171)
Dividends paid	(7,395,159)	(5,931,673)
(Decrease) increase in short-term borrowings	(3,571,459)	7,976,022
Repayments of bonds	(2,500,000)	(18,148,889)
Change of non-controlling interests	(668,142)	(1,219,840)
Increase in short-term bills payable	202,100	8,737,700
Decrease in other non-current liabilities	(12,428)	(153,906)
Decrease in guarantee deposits received	(911)	(36,429)
Proceeds form issue of bonds	-	8,000,000
Net cash used in financing activities	<u>(12,987,242)</u>	<u>(4,566,862)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>39,437</u>	<u>98,513</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,715,745)	(6,444,908)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,739,834</u>	<u>19,184,742</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,024,089</u>	<u>\$ 12,739,834</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Asia Cement Corporation

We have audited the accompanying consolidated balance sheets of Asia Cement Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Asia Cement Corporation as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified report.

March 25, 2016

Notice to Readers

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

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

ASIA CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 31)	\$ 4,876,146	3	\$ 263,566	-
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	838,797	-	542,137	-
Available-for-sale financial assets - current (Note 8)	3,194,851	2	7,987,827	4
Debt investments with no active market - current (Notes 10 and 31)	1,792,459	1	2,538,326	2
Notes receivable				
Related parties (Note 31)	12,537	-	24,029	-
Third parties	134,080	-	149,364	-
Trade receivables				
Related parties (Notes 11 and 31)	380,282	-	511,353	-
Third parties (Note 11)	380,527	-	527,313	1
Other receivables (Note 31)	29,600	-	24,790	-
Inventories (Note 12)	1,564,101	1	1,569,656	1
Prepayments (Note 17)	201,463	-	200,533	-
Other current assets (Note 18)	1,156,155	1	7,141	-
Total current assets	14,560,998	8	14,346,035	8
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 13 and 33)	116,888,348	62	120,508,174	64
Available-for-sale financial assets - non-current (Note 8)	9,592,886	5	6,183,703	3
Financial assets measured at cost - non-current (Note 9)	177,126	-	223,536	-
Property, plant and equipment (Notes 14 and 33)	5,220,819	3	4,850,893	3
Investment properties (Notes 15, 31 and 33)	40,610,918	21	38,896,918	21
Intangible assets (Note 16)	8,639	-	9,808	-
Deferred tax assets (Note 27)	238,934	-	155,934	-
Long-term prepayments for lease (Note 17)	317,932	-	342,200	-
Other non-current assets (Notes 18, 23 and 31)	2,062,205	1	2,522,194	1
Total non-current assets	175,117,807	92	173,693,360	92
TOTAL	\$ 189,678,805	100	\$ 188,039,395	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 33)	\$ 50,000	-	\$ 400,000	-
Short-term bills payable (Notes 20 and 33)	7,750,831	4	7,246,837	4
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	-	-	561,086	-
Accounts payable and accrued expenses				
Third parties	1,557,629	1	1,633,263	1
Related parties (Note 31)	156,825	-	161,500	-
Dividends and bonuses payable	201,931	-	204,221	-
Current tax liabilities (Note 27)	189,396	-	204,588	-
Customers' deposits and advances (Note 22)	134,015	-	112,739	-
Current portion of long-term liabilities (Notes 21 and 33)	13,739,937	7	2,500,000	2
Total current liabilities	23,780,564	12	13,024,234	7
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	8,000,000	4	20,954,895	11
Long-term borrowings (Notes 21 and 33)	13,429,484	7	4,722,512	3
Deferred income tax liabilities (Note 27)	7,545,491	4	6,375,681	3
Deferred revenue - non-current (Note 22)	995,008	1	1,063,093	1
Other non-current liabilities	29,385	-	65,416	-
Total non-current liabilities	29,999,368	16	33,181,597	18
Total liabilities	53,779,932	28	46,205,831	25
EQUITY (Note 24)				
Ordinary shares	33,614,472	18	33,614,472	18
Capital surplus	1,155,643	1	1,073,920	1
Retained earnings				
Legal reserve	14,187,878	7	13,251,715	7
Special reserve	61,112,646	32	59,505,623	31
Unappropriated earnings	16,251,812	9	22,106,583	12
Total retained earnings	91,552,336	48	94,863,921	50
Other equity	9,576,422	5	12,281,251	6
Total equity	135,898,873	72	141,833,564	75
TOTAL	\$ 189,678,805	100	\$ 188,039,395	100

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

ASIA CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 12,012,770	100	\$ 12,394,201	100
OPERATING COSTS (Notes 12, 25, 26 and 31)	<u>10,466,846</u>	<u>87</u>	<u>11,011,070</u>	<u>89</u>
GROSS PROFIT	1,545,924	13	1,383,131	11
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	-	-	(1,380)	-
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	<u>1,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	1,547,808	13	1,381,751	11
OPERATING EXPENSES (Notes 26, 31 and 32)	<u>570,075</u>	<u>5</u>	<u>644,481</u>	<u>5</u>
OPERATING INCOME	<u>977,733</u>	<u>8</u>	<u>737,270</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	723,662	6	603,670	5
Other gains and losses (Note 26)	2,395,943	20	1,610,602	13
Finance costs (Note 26)	(520,478)	(5)	(531,319)	(5)
Share of the profit or loss of subsidiaries and associates	<u>2,731,173</u>	<u>23</u>	<u>8,289,811</u>	<u>67</u>
Total non-operating income and expenses	<u>5,330,300</u>	<u>44</u>	<u>9,972,764</u>	<u>80</u>
INCOME BEFORE INCOME TAX	6,308,033	52	10,710,034	86
INCOME TAX EXPENSE (Note 27)	<u>1,447,792</u>	<u>12</u>	<u>1,348,399</u>	<u>11</u>
NET INCOME	<u>4,860,241</u>	<u>40</u>	<u>9,361,635</u>	<u>75</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation gain	-	-	122,052	1
Remeasurement of defined benefit plans	(455,887)	(4)	(921)	-
Share of the other comprehensive (loss) income of subsidiaries and associates	<u>(297,606)</u>	<u>(2)</u>	<u>60,968</u>	<u>1</u>

(Continued)

ASIA CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:	<u>(753,493)</u>	<u>(6)</u>	<u>182,099</u>	<u>2</u>
Unrealized loss on available-for-sale financial assets	(1,082,453)	(9)	(9,624)	-
Share of the other comprehensive (loss) income of subsidiaries and associates	<u>(1,680,633)</u>	<u>(14)</u>	<u>3,739,280</u>	<u>30</u>
	<u>(2,763,086)</u>	<u>(23)</u>	<u>3,729,656</u>	<u>30</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(3,516,579)</u>	<u>(29)</u>	<u>3,911,755</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,343,662</u>	<u>11</u>	<u>\$ 13,273,390</u>	<u>107</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 1.55</u>		<u>\$ 2.98</u>	
Diluted	<u>\$ 1.32</u>		<u>\$ 2.65</u>	

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

(Concluded)

ASIA CEMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Capital Stock Issued		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other Equity		Total	Total Equity
	Shares	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain on Revaluation	Cash Flow Hedge		
BALANCE AT JANUARY 1, 2014	3,295,536	\$ 32,955,365	\$ 1,018,079	\$ 12,571,132	\$ 14,013,200	\$ 65,584,754	\$ 449,154	\$ 7,867,409	\$ 3,460	\$ (14,434)	\$ 8,305,589	\$ 134,448,119
Special reserve provided under Rule No. 1030006415 issued by the FSC	-	-	-	-	45,492,423	(45,492,423)	-	-	-	-	-	-
Appropriation of 2013 earnings												
Legal reserve	-	-	-	680,583	-	(680,583)	-	-	-	-	-	-
Cash dividends - \$1.8 per share	-	-	-	-	-	(5,931,966)	-	-	-	-	-	(5,931,966)
Stock dividends - \$0.2 per share	65,911	659,107	-	-	-	(659,107)	-	-	-	-	-	-
Change in capital surplus from investments in subsidiaries and associates accounted for using equity method	-	-	934	-	-	-	-	-	-	-	-	934
Acquisition of additional shares in subsidiaries	-	-	84,711	-	-	-	-	-	-	-	-	84,711
Additional non-controlling interest arising on exercise of employee share options issued by subsidiaries	-	-	(29,804)	-	-	-	-	-	-	-	-	(29,804)
Net income in 2014	-	-	-	-	-	9,361,635	-	-	-	-	-	9,361,635
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	(63,907)	3,739,355	(10,464)	246,006	765	3,975,662	3,911,755
Other - change in equity from investments in associates accounted for by using equity method	-	-	-	-	-	(11,820)	-	-	-	-	-	(11,820)
BALANCE AT DECEMBER 31, 2014	3,361,447	\$ 33,614,472	1,073,920	13,251,715	59,505,623	22,106,583	4,188,509	7,856,945	249,466	(13,669)	12,281,251	141,833,564
Appropriation of 2014 earnings												
Legal reserve	-	-	-	936,163	-	(936,163)	-	-	-	-	-	-
Special reserve	-	-	-	-	2,001,317	(2,001,317)	-	-	-	-	-	-
Cash dividends - \$2.0 per share	-	-	-	-	-	(7,395,184)	-	-	-	-	-	(7,395,184)
Change in capital surplus from investments in subsidiaries and associates accounted for by using equity method	-	-	81,723	-	-	-	-	-	-	-	-	81,723
Net income in 2015	-	-	-	-	-	4,860,241	-	-	-	-	-	4,860,241
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(811,750)	20,725	(2,843,706)	58,257	59,895	(2,704,829)	(3,516,579)
Other - change in equity from investments in associates accounted for by using equity method	-	-	-	-	(9)	35,117	-	-	-	-	-	35,108
Special reserve reversed	-	-	-	-	(394,285)	394,285	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2015	3,361,447	\$ 33,614,472	\$ 1,155,643	\$ 14,187,878	\$ 61,112,646	\$ 16,251,812	\$ 4,209,234	\$ 5,013,239	\$ 307,723	\$ 46,226	\$ 9,576,422	\$ 135,898,873

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

ASIA CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,308,033	\$ 10,710,034
Adjustments for:		
Share of profit of associates and joint venture	(2,731,173)	(8,289,811)
Gain on change in fair value of investment properties	(1,712,194)	(1,620,298)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(857,746)	(1,012,816)
Interest expenses	520,478	531,319
Effect of exchange rate of bonds payable	503,840	970,240
Depreciation expenses	484,409	511,772
Dividend income	(414,397)	(400,730)
Gain on disposal of available-for-sale financial assets	(255,448)	-
Unrealized gain on foreign currency exchange	(252,059)	(194,846)
Interest income	(86,887)	(139,051)
Impairment loss recognized on financial assets	42,000	37,358
Amortization expenses	6,449	5,357
(Realized) unrealized gain from inter-affiliate	(1,884)	1,380
(Reversal of impairment loss) impairment loss recognized on trade receivables	(1,341)	767
Loss (gain) on disposal of property, plant and equipment	304	(3,379)
Loss on redemption of bonds payable	-	356,480
Gain on disposal of associates	-	(20,780)
Reversal of impairment loss recognized on non-financial assets	-	(76,572)
Other items	4,410	4,409
Changes in operating assets and liabilities:		
Financial assets held for trading	-	122,957
Notes receivable	26,776	26,524
Trade receivables	279,198	(72,182)
Other receivables	(2,943)	(19,475)
Inventories	18,146	305,956
Prepayments	23,338	(93,220)
Other current assets	(1,829)	958
Net defined benefit assets	(66,633)	(35,627)
Accounts payable and accounted expenses	(75,186)	(18,585)
Customers' advances	21,276	(33,558)
Deferred income	(68,085)	(68,086)
Cash generated from operations	1,710,852	1,486,495
Interest received	85,020	184,108
Dividend received	4,905,872	5,133,720
Interest paid	(282,350)	(240,349)
Income tax paid	(282,799)	(41,558)
Net cash generated from operating activities	<u>6,136,595</u>	<u>6,522,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

ASIA CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
(Increase) decrease in refundable deposits	(1,103,610)	5,776
Acquisition of property, plant and equipment	(865,619)	(399,250)
Decrease in debt investments with no active market	780,250	2,688,117
Proceeds from disposal of available-for-sale financial assets	556,788	-
Acquisition of intangible assets	(5,280)	(2,730)
Acquisition of investment properties	(1,855)	(78,494)
Proceeds from disposal of property, plant and equipment	9	12,198
Acquisition of available-for-sale financial assets	-	(3,947,079)
Acquisition of investments accounted for using equity method	-	(731,762)
Acquisition of financial assets measured at cost	-	(3,308)
Proceeds from disposal of investments accounted for using equity method	<u>-</u>	<u>171</u>
Net cash used in investing activities	<u>(639,317)</u>	<u>(2,456,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	21,847,000	30,540,000
Repayments of long-term borrowings	(13,140,000)	(37,290,000)
Cash dividends paid	(7,395,159)	(5,931,673)
Repayments of bonds payable	(2,500,000)	(15,259,025)
Increase in short-term bills payable	503,000	7,950,000
Decrease in short-term borrowings	(350,000)	(300,000)
(Decrease) increase in guarantee deposits received	(1,000)	861
Proceeds from issue of bonds	-	8,000,000
Increase in other non-current liabilities	<u>-</u>	<u>1,120</u>
Net cash used in financing activities	<u>(1,036,159)</u>	<u>(12,288,717)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>151,461</u>	<u>2,660</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,612,580	(8,220,002)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>263,566</u>	<u>8,483,568</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,876,146</u>	<u>\$ 263,566</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Asia Cement Corporation

We have audited the accompanying balance sheets of Asia Cement Corporation (the "Corporation") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

March 25, 2016

Notice to Readers

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

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

Report 3: Supervisor's Review Report on the 2015 Financial Statements

To: The 2016 Regular Shareholders' Meeting

The undersigned has duly audited the business report, financial statements certified by CPA Ms. Li Wen Kuo and Mr. You Wei Fan of the Deloitte & Touche, together with the schedule of earnings distribution prepared by the Board of Directors for the year of 2015, and found the same to be true and correct.

Therefore, in accordance with article 219 of the Company Act of the Republic of China, the undersigned takes pleasure in submitting this report for your perusal and acceptance.

Asia Cement Corporation

Supervisor: Shaw Yi Wang

Champion Lee

Kwan-Tao Li

Ting Yu Tung

Ou Chin-der

March 30, 2016

Report 4: Report on the 2015 employees' compensation and Directors' and Supervisors' remuneration

Explanation:

Pursuant to the amended Article 25 of the "Articles of Incorporation of Asia Cement Corporation", 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' and Supervisors' remuneration in the case where there are profits for the current year.

The 2015 employees' compensation is NT\$ 132,000,056(2.012%). The 2015 Directors' and Supervisors' remuneration are NT\$ 119,277,159元(1.818%). The aforesaid items will be paid in cash.

The 8th meeting of 25th Board of Directors approved 2015 employees' compensation and Directors' and Supervisors' remuneration.

III Recognizing Events

Proposed by the Board

Proposal 1: Acceptance of the 2015 Business Report and Financial Statements

Explanation:

The 2015 business report and financial statements of Asia Cement Corporation, attached as page 7-32, were audited and approved by all supervisors.

The supervisor's review report on the 2015 financial statements is attached as page 33.

Resolution:

Proposed by the Board

Proposal 2: Acceptance of the Proposal for Distribution of 2015 Profits

Explanation:

1. The Board of Directors has approved the following proposal for distribution of 2015 profits in accordance with the article 26 of the articles of incorporation of Asia Cement Corporation.

	Unit: NT\$
1. Opening undistributed profit	\$ 11,773,918,737
Plus: adjustment with adoption of TIFRS	0
Less: recognized special reserve with initial adoption of TIFRS	0
Plus: effect of retrospective application and retrospective restatement	0
Less: Special reserve under Rule No. 1030006415 issued by the FSC	0
Adjusted opening undistributed profit	<u>11,773,918,737</u>
Plus: Special reserve reversed under Rule No. 1010012865 issued by the FSC	106,332,169
Plus: Special reserve reversed under Rule No. 1030006415 issued by the FSC	287,953,064
Plus: Reissue of treasury shares/cancelation of treasury shares	0
Plus: adjustment of retained profit due to investment in equity method	35,116,379
Plus: Remeasurement of defined benefit plans	<u>(\$811,749,793)</u>
Adjusted undistributed profit	<u>\$ 11,391,570,556</u>
Net income in 2015	\$ 4,860,240,513
Less: recognized legal reserve	486,024,051
Less: recognized special reserve according to the law	<u>1,159,506,606</u>
Subtotal	\$ 3,214,709,856
Plus: adjusted undistributed profit	11,391,570,556
Distributable profit	<u>14,606,280,412</u>
Profit to be distributed in 2016	3,697,591,918
Closing undistributed profit	<u>\$ 10,908,688,494</u>
2. Distributable items:	
Shareholder bonus	<u>3,697,591,918</u>
Total	<u>\$ 3,697,591,918</u>
3. 2015 dividend distributed as below:	
Cash dividend: NT \$1.1 per share	<u>\$ 3,697,591,918</u>
Total	<u>\$ 3,697,591,918</u>

2. 2015 net profit will be distributed with priority.
3. The proposed cash dividend is distributed on the distribution record date after the approval of 2016 Annual Shareholders' Meeting. However, in the event that, before the distribution record date, in accordance with the article 28-2 of the Security Exchange Act, the proposed profit distribution is affected by a buyback of shares for transferring or a write off, it is proposed that the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Resolution:

IV Discussing Events (2)

Proposed by the Board

Proposal 1: Enactment of “Rules Governing the Scope of Powers of Supervisors”

Explanation:

For the implementation of corporate governance and internal control system, the Board of Directors proposed to enact “Rules Governing the Scope of Powers of Supervisors”. Please refer to page 38-41 for details.

Resolution:

Rules Governing the Scope of Powers of Supervisors

Article 1 (Purposes of adoption of these Rules)

To ensure the normal business operation of the Company and to develop an effective, comprehensive, and robust supervisory system for the supervisors, allowing supervisors to fulfill their functions, and for the purpose of strengthening the Company's internal monitoring mechanisms and ensuring sound corporate governance, in order to fulfill the responsibility for safeguarding the rights and interests of the Company and all of its shareholders, these Rules are adopted pursuant to the provisions of Chapter IV of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 (Scope of application for these Rules)

Except as otherwise provided by law or regulation or by the articles of incorporation, the powers and duties of the supervisors of the Company and the matters to be carried out by the Company when the supervisors exercise their powers shall be as set forth in these Rules.

Article 3 (Scope of duties)

The supervisors shall faithfully perform their duties and fulfill the obligation to exercise the due care of a good administrator. They shall maintain a high degree of self-discipline and adopt a prudential attitude in supervising the business and financial conditions of the Company, in order to safeguard the rights and interests of the Company and its shareholders.

If in the course of his or her duties, a supervisor violates a law, regulation, or the articles of incorporation, or if a supervisor neglects his or her supervisory duties, thereby causing damage to the Company, the supervisor shall be legally held liable to the Company for damages.

Article 4 (Exercise of supervisory powers)

A supervisor shall be familiar with the relevant laws and regulations, shall understand the rights, obligations, and duties of the directors of the Company and the respective functions, duties, and operations of each department. Supervisors shall attend meetings of the Board of Directors to oversee its operation and to state their opinions when appropriate so as to control or discover any irregularity as early as possible.

In the exercise of supervisory powers by each respective supervisor, a supervisor that deems it necessary may convene a meeting, in consideration the overall interest of the Company and the shareholders, to exchange opinions with other supervisors, provided

that in so doing the independent exercise of powers by other supervisors is not obstructed.

Article 5 (Supervision of business operations, the management team, and the internal control system of the Company)

The supervisors shall monitor the business operations of the Company, examine its financial and business conditions from time to time, and review its books and records. They may request reports to be presented by the Board of Directors or any of the managerial officers in order to understand the status of performance of their respective duties, and shall attend to the effectiveness and implementation of the internal control system so as to reduce the financial and operational risks of the Company.

Article 6 (Notification of meetings of the Board of Directors)

When a meeting of the Board of Directors is held, each supervisor shall be notified of the meeting in accordance with the provisions of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and the meeting notice and sufficient meeting materials shall be delivered to all supervisors.

Article 7 (Recusal)

The supervisors shall maintain a high degree of self-discipline; when a proposal put forward at a meeting bears on the personal interest of a supervisor, and such relationship is likely to prejudice the interest of the Company, the supervisor shall enter into recusal.

Article 8 (Limiting violations of law by the board or a director in the course of duties)

Upon discovering any violation of a law or regulation, the articles of incorporation, or a shareholders meeting resolution by the Board of Directors or by a director in the course of their duties, a supervisor shall immediately notify the Board of Directors or the director to cease such conduct.

Article 9 (Reviewing the books and records of the Company)

The supervisors shall thoroughly review and issue a report on the various books and records (including business reports, financial statements, proposals for distribution of earnings or for covering of losses) compiled by the Board of Directors and presented at shareholders meetings, and shall state their opinion at the shareholder meeting.

Article 10 (Review of the business and finances of the Company)

A supervisor may at any time investigate the financial and business conditions of the

Company, and the relevant departments in the Company shall provide the books and documents that may be required by the investigation.

When reviewing the financial or business conditions of the Company, a supervisor may retain attorneys or accountants on behalf of the Company to perform the review, provided that they shall inform the relevant persons of their confidentiality obligations.

The Board of Directors or managerial officers shall submit reports at the request of a supervisor and may not for any reason obstruct, evade, or refuse the inspections of the supervisors.

When a supervisor performs his or her duties, the Company shall provide the necessary assistance in accordance with the needs of the supervisor, and any reasonable expenses required for such assistance shall be borne by the Company.

Article 11 (Communication channels with relevant personnel in the Company)

The supervisors shall conduct periodic discussions with the internal auditors regarding their examination of deficiencies in the internal control system, and shall make a record of the discussions.

The Company shall establish a channel for communication between its employees, shareholders, and interested parties and the supervisors in order to facilitate the supervisory duties of the supervisors.

Upon discovering any misconduct, a supervisor shall take timely measures to curb its expansion, and if necessary shall file a report with the competent authority or relevant regulatory agencies.

If any of a TSWE or GTSM listed company's independent directors, general managers, heads of finance, accounting, research and development, or internal audit departments, or CPAs resigns or is removed from their position, the supervisors shall closely investigate the reasons and make necessary recommendations or take necessary measures.

Article 12 (Continuing education for supervisors)

Upon becoming a supervisor and throughout their term in that position, a supervisor is advised to participate in training courses covering subjects related to corporate governance, such as finance, risk management, business, commerce, accounting, law, or corporate social responsibility, offered by the institutions designated in the

Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies.

Article 13 (Supplementary provisions)

These Rules and any amendments hereto, shall be implemented after approval by a shareholders meeting.

*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

V Questions and Motions

Rules and Bylaws

1. Articles of Incorporation of Asia Cement Corporation

Chapter I – General Provisions

- Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called “Asia Cement Corporation.”
- Article 2 The Company's businesses are as follows:
1. C901030 cement manufacturing
 2. C901040 ready-mixed concrete manufacturing
 3. B601010 quarrying
 4. C901050 cement and ready-mixed concrete products
 5. C901990 non-metallic mineral products
 6. F111090 whole sale of building materials
 7. F211010 retail sale of building materials
 8. F401010 international trade
 9. Iz06010 tally and packing
 10. A201010 afforestation business
 11. H701010 developing, leasing, and selling residential and business buildings
 12. H701020 developing, leasing, and selling industrial factories
 13. H703100 real estate rental & leasing
 14. H703090 real estate sale & purchase
 15. Je01010 rental and leasing
 16. G202010 parking-lot business
 17. G801010 warehousing
 18. I103060 business management consultation services
 19. J101040 waste treatment
- Except where permits are required, to run operations not forbidden or limited by laws and regulations.
- Article 3 The Company may provide guarantee according to the procedures for endorsement & guarantee of Asia Cement Corporation.
- Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability, its total investment may exceed 40% of its paid-in capital as stipulated under article 13 of the Company Act, subject to approval of the Board of Directors.

Article 5 The Company shall have its principal business office in Taipei city, Taiwan and have its manufactories in Dadu village, Hengshan township, Hsinchu county and Sincheng village, Sincheng township, Hualian county. The Company may, depending on the circumstances of production and business, set up domestic and foreign branch offices and branch factories.

Chapter II– Shares

Article 6 The Company's total capital shall be forty billion new Taiwan dollars (NT \$40,000,000,000) divided into 4,000,000,000 shares of NT \$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches.

Out of the above total capital amount, one hundred million new Taiwan dollars (NT \$100,000,000) shall be divided into 10,000,000 shares of NT \$10 each, to be issued as warrants for employees to subscribe.

Article 7 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the securities central depository enterprises.

The Company can issue preferred shares.

In the event that the Company merges with another company, matters relating to the merger need not be approved by way of a resolution of the shareholders meeting of prefer shares.

Article 8 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.

Article 9 Registration of share transfer shall be closed within 60 days prior to the General Shareholders' Meeting, or within 30 days prior to an Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter III - Shareholders' Meeting

Article 10 The Shareholders' Meetings shall be general or extraordinary shareholders' meetings.

1. General Shareholders' Meetings shall be held once a year within 6 months of the end of the Company's financial year.

2. Extraordinary Shareholders' Meeting shall be convened by the Board of Directors where it thinks necessary or by way of written request by shareholders who have held continuously the Company's shares for more than 1 year and whose shareholdings are greater than 3% of the Company's issued shares.

Other than where the Board of Directors has not convened or is unable to

convene Shareholders' Meeting, the supervisor may also convene Shareholders' Meeting for the benefit of the Company.

Article 11 Notices of General Shareholders' Meetings shall be in writing and delivered to the shareholders along with a public notice 30 days prior to the General Shareholders' Meetings and 15 days prior to the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the Shareholders' Meeting.

Article 12 Unless otherwise provided for in the Company Act, a quorum shall be present at the Shareholders' Meeting if shareholders representing more than half of the shares issued by the Company are in attendance, and resolutions at the said assembly shall be adopted if approved by a majority of the shareholders in attendance.

Article 13 Shareholders may by way of power of attorney appoint proxies to attend the Shareholders' Meeting. Except for trust enterprises or share registration agencies approved by the securities authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.

Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "regulation governing the use of proxies for attendance of Shareholders' Meeting of public companies".

Article 14 Unless otherwise provided for in the Company Act and the articles of incorporation, Shareholders' Meeting shall be conducted in accordance with the Company's regulations for Shareholders' Meeting.

Article 15 Minutes and resolutions of Shareholders' Meeting shall be recorded and signed by or affixed with the seal of the chairperson of the meeting. The said minutes and resolutions shall specify the date and place of the Shareholders' Meeting, number of shares represented by the shareholders (or proxies) present at the meeting; number of voting rights represented; name of the chairperson of the Shareholders' Meeting; resolutions and the manner in which they are passed. The said minutes and resolutions shall be kept, together with the register of shareholders' attendance and the proxies' powers of attorney, in compliance with the law.

The preparation and distribution of the minutes of Shareholders' Meeting as required in the preceding paragraph may be made by means of electronic transmission and posting in MOPS.

Chapter IV – Directors, Supervisors And Managerial officers

- Article 16 There shall be 13 directors and 5 supervisors of the Company, who are elected and appointed from the persons with legal capacity at the Shareholders' Meeting. The total number of the registered shares of the Company held by all of the directors and supervisors shall be determined according to the provisions of "rules and review procedures for director and supervisor ownership ratios at public companies".
- The term of office of directors and supervisors are for a period of 3 years. They may be reappointed following their re-election.
- Independent directors shall not be less than two in number and shall not be less than one-fifth of the total number of directors.
- Directors and supervisors shall be elected by adopting candidate nomination system in accordance with the article 192-1 of Company Act. A shareholder shall elect the directors, supervisors, and independent directors from the nominees listed in the roster of candidates. The election of independent directors, non-independent directors, and supervisors should be held together while elected quotas shall be calculated separately
- Article 17 The Board of Directors of the Company shall comprise the directors to exercise the director's power and authority. A chairman, who represents the Company, and a vice chairman shall be elected from and among the directors. Where the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the vice chairman shall act on his/her behalf. Where the vice chairman is also on leave or absent or cannot exercise his/her power and authority, the chairman of the Board of Directors shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from and among themselves an acting chairperson of the Board of Directors.
- Article 18 Meetings of the Board of Directors shall be quarterly convened by the chairman. Unless otherwise provided for in 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. The chairperson may where necessary convene extraordinary meetings of the board at any time.
- When a director is unable to attend the meeting of the Board of Directors in person, he/she may be represented by another director in accordance with laws.
- The meeting notice of the Board of Directors could be made in hard copy, e-mail, or fax.
- Article 19 The supervisors shall perform their duties of supervision in accordance with

laws. Furthermore, supervisors may attend meetings of the Board of Directors and present their views, but may not have voting rights. Supervisors may elect from and among them a resident supervisor to perform the daily supervisory duty.

Article 20 The percentage for the remuneration of directors and supervisors shall be determined by the Shareholders' Meeting.

The salaries of executive directors and supervisors might be paid as employees with reference to the standard of listed companies in cement industry. And the amount of such salaries shall be determined by the Board of Directors.

Article 21 The Company shall have a president, vice presidents, chief auditor, general plant manager, chief engineer, assistant vice presidents, deputy chief auditor, managers, and plant managers. The appointment and dismissal of the above staffs shall be approved by the resolutions of the Board of Directors and adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 22 The chairman, vice chairman and president shall handle the daily affairs of the Company in compliance with the resolutions of the Board of Directors.

Chapter V – Accounting

Article 23 The Company's fiscal year shall commence on January 1st of each year, and ends on December 31st of the same year. The final accounts are settled at the end of the Company's fiscal year.

Article 24 The Board of Directors shall in accordance with laws furnish various documents and statements and forward the same to the supervisors for review no later than 30 days prior to the General Shareholders' Meetings, following which the said statements reviewed by the supervisors and their reports shall be submitted for approval at the General Shareholders' Meetings.

The appointment, dismissal and remuneration of the accountants, who audit and review the above documents and statements, shall be resolved at the meeting of the Board of Directors.

Article 25 The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio as set forth in these articles of incorporation aimed at maintaining the stability of dividend distributions. When distributing dividends, the cash dividends shall not be less than 10% of the aggregate sum of dividends and bonus distributed in the same year.

Article 26 Apart from paying all its income taxes in the case where there are net income at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years in the following manner:

1. 60% as share interest, to be distributed based on the shareholding of each shareholder. However in the case of increase in the Company's share capital, unless otherwise provided by laws, the share interest to be distributed to the shareholders of increased shares for the year shall be decided by the Shareholders' Meeting.
2. 33% as shareholders' bonus to be distributed based on the shareholding of each shareholder. However in the case of increase in the Company's share capital, the shareholders' bonus to be distributed to the shareholders of increased shares for the year shall be decided by the Shareholders' Meeting.
3. 3% as remuneration for directors and supervisors.
4. 4% as employees bonus.

Article 27 Allocation of surplus assets to prefer shares of the Company shall not exceed the par value.

Chapter VI – Supplementary Provisions

Article 28 The organizational rules and bylaws of the Company shall be drawn and amended additionally.

Article 29 All matters not covered herein shall be undertaken in accordance with the Company Act and the other relevant laws and regulations.

Article 30 At the close of each fiscal year, all the statements and records of accounts prepared by the Board of Directors shall be submitted to each shareholder after the ratification by the General Shareholders' Meetings in accordance with paragraph 1, article 230 of the Company Act.

Article 31 These articles of incorporation were drafted on January 27, 1957, and came into effect following its approval by the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.

First Amendment on March 5, 1958;

Second Amendment on February 5, 1960;

Third Amendment on October 20, 1961;

Fourth Amendment on April 11, 1962;

Fifth Amendment on March 24, 1963;
Sixth Amendment on October 22, 1963;
Seventh Amendment on July 28, 1964;
Eighth Amendment on October 22, 1965;
Ninth Amendment on April 23, 1966;
Tenth Amendment on April 15, 1967;
Eleventh Amendment on April 22, 1968;
Twelfth Amendment on April 30, 1969;
Thirteenth Amendment on April 25, 1970;
Fourteenth Amendment on July 8, 1970;
Fifteenth Amendment on April 28, 1971;
Sixteenth Amendment on April 27, 1973;
Seventeenth Amendment on May 3, 1974;
Eighteenth Amendment on April 28, 1975;
Nineteenth Amendment on April 8, 1976;
Twentieth Amendment on September 24, 1976;
Twenty-First Amendment on April 15, 1977;
Twenty-Second Amendment on April 21, 1978;
Twenty-Third Amendment on April 26, 1979;
Twenty-Fourth Amendment on April 21, 1980;
Twenty-Fifth Amendment on April 24, 1981;
Twenty-Sixth Amendment on April 28, 1982;
Twenty-Seventh Amendment on April 28, 1983;
Twenty-Eighth Amendment on April 25, 1984;
Twenty-Ninth Amendment on April 29, 1985;
Thirtieth Amendment on April 23, 1986;
Thirty-First Amendment on April 16, 1987;
Thirty-Second Amendment on April 12, 1988;
Thirty-Third Amendment on April 12, 1990;
Thirty-Fourth Amendment on April 12, 1991;
Thirty-Fifth Amendment on May 7, 1992;
Thirty-Sixth Amendment on May 7, 1993;
Thirty-Seventh Amendment on May 6, 1994;
Thirty-Eighth Amendment on April 28, 1995;
Thirty-Ninth Amendment on May 17, 1996;
Fortieth Amendment on May 14, 1997;
Forty-First Amendment on May 13, 1998;
Forty-Second Amendment on May 14, 1999;

Forty-Third Amendment on May 12, 2000;
Forty-Fourth Amendment on May 16, 2001;
Forty-Fifth Amendment on June 7, 2002;
Forty-Sixth Amendment on June 9, 2005;
Forty-Seventh Amendment on June 7, 2006;
Forty-Eighth Amendment on June 17, 2008.
Forty-Ninth Amendment on June 22, 2011.
Fiftieth Amendment on June 21, 2013.

*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

2. Meeting Rules of Shareholders for Asia Cement Corporation

Take effect on March 24, 1963

First amended on May 23, 1997

Second amended on May 13, 1998

Third amended on June 7, 2002

Last amended on June 21, 2013

Article 1 The Shareholders' Meeting of the Company shall be held according to the rules herein.

Article 2 The location for Shareholders' Meeting shall be the Company's place of business or a place convenient for attendance by shareholders (or by proxies) that is suitable for holding of this meeting. The meeting shall be held between 9:00am and 3:00pm.

The shareholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form.

When convening Shareholders' Meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of Shareholders' Meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the Shareholders' Meeting, those who vote via electronic casting shall be considered as abstain.

Number of shareholders in attendance shall be calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attended forms and the number of voting shares via electronic casting.

The Company may appoint lawyers, accountants or related personnel to attend the Shareholders' Meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a Shareholders' Meeting convened by the Board of Directors, the chairperson of the Board of Directors shall preside at the meeting. If the chairperson of the Board of Directors is on leave or unable to exercise the rights, the vice-chairperson of the Board of Directors shall preside instead. If the position of vice-chairperson is vacant or the vice-chairperson is on leave or unable to exercise the rights, the chairperson of the Board of Directors shall designate a director to preside at the meeting. If no director is so

designated, the chairperson of the meeting shall be elected by the Board of Directors among themselves.

For a Shareholders' Meeting convened by any other person having the convening right, he/she shall act as the chairperson of that meeting; if there are two or more persons having the convening right, the chairperson of the meeting shall be elected among themselves.

The complete processes of the meeting shall be recorded by voice or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.

Article 3 The chairperson shall announce starting of the meeting when the attending shareholders (or proxies) represent more than half of the total shares issued in public. The chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending shareholders (or proxies) represent more than one third of the total shares issued in public, tentative resolutions may be passed with respect to ordinary resolutions by a majority of those present.

After proceeding with the aforesaid tentative resolutions, the chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending shareholders (or proxies) reached the legal quorum.

Article 4 If the Shareholders' Meeting is convened by the Board of Directors, the agenda shall be designated by the Board of Directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

If the meeting is convened by person, other than the Board of Directors, having the convening right, the provision set out in the preceding paragraph shall apply *mutatis mutandis*.

Except with shareholders' resolution, the chairperson shall not declare adjournment of the meeting before the completion of the meeting agenda (including motions) set forth according to the two sections above.

During the meeting, if the chairperson declares adjournment of the meeting in violation of the preceding rule, a new chairperson may be elected by a resolution passed by majority of the attending shareholders to continue the meeting.

When the meeting is adjourned by resolution, the shareholders shall not elect another chairperson to continue the meeting at the same location or another venue.

Article 5 The shareholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the chairperson will designate the order in which each person is to speak during the session.

The statement will be deemed to be invalid if the shareholder (or proxy) merely completes the statement slip without speaking at the meeting. If there is any discrepancy between the content of the statement slip and the speech, the speech content shall be adopted after confirmation.

Article 6 Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the shareholders (or proxies) to amend, substitute or to initiate extemporaneous motions with respect to the original proposal shall be seconded by other shareholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.

Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairperson's permission.

The chairperson may restrain shareholders (or proxies) from speaking if that shareholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a shareholder (or proxy) is speaking, other shareholder (or proxy) shall not interrupt without consent of the chairperson and the speaking shareholder (or proxy). Anyone disobedient to the preceding rule shall be prohibited by the chairperson.

Article 14 of this meeting rule shall apply if anyone disobedient to the preceding rule and do not follow the chairperson's instructions.

Article 8 For the same proposal, each person shall not speak more than 2 times.

Where a juristic person is authorized to attend a Shareholders' Meeting, such juristic person shall appoint only one representative to attend the meeting.

Where a juristic person appoints more than two representatives to the meeting, only one representative is allowed to speak.

- Article 9 After speaking by the attending shareholder (or proxy), the chairperson may reply in person or assign relevant officer to reply.
- Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- Article 10 For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.
- No discussion or voting shall proceed for matters unrelated to the proposals.
- The poll-watchers and tally clerks shall be appointed by the chairperson with the consent of the shareholders (or proxies). The poll-watchers shall be limited to shareholders of the Company.
- Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting.
- The proposal for a resolution shall be deemed approved if no objection expressed by shareholders casting their votes via electronic casting, and if the chairperson inquires and receives no objection from shareholders in attendance in person. The validity of such approval has the same effect as if the resolution has been put to vote.
- If any objection of a proposal being expressed, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson.
- If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.
- The results of voting shall be reported on the spot and kept for records.
- Article 12 During the meeting, the chairperson may at his/her discretion declare time for break.
- Article 13 The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

Article 14 The shareholders (or proxies) shall obey the instructions of the chairperson and security guards in terms of maintaining the order. The chairperson or security guards may exclude the persons disturbing the Shareholders' Meeting from the meeting.

Article 15 For matters not governed by the rules specified herein, shall be governed according to the Company Act, Securities and Exchange Act and the other related laws and regulations.

Article 16 The rules herein take effect after approval at the Shareholders' Meeting. The same provision applies for any amendments.

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Appendix

1. Shareholding of Directors And Supervisors

Title	Name	Representative	Shareholdings	Ratio of Shareholding
Chairman	Douglas Tong Hsu	-	23,278,334	0.69%
Independent Director	Ta-Chou Huang	-	0	0
	Chi Schive	-	0	0
	Gordon S. Chen	-	0	0
Director	Far Eastern New Century Corporation	T.H. Chang Johnny Shih C.V. Chen	750,511,324	22.33%
	X.Z.Ying-Chai Memorial Foundation	Sui-Cheong Ying	13,224,343	0.39%
	U-Ding Corporation	K.Y. Lee	1,895,136	0.06%
	Far Eastern Y.Z. Hsu Science And Technology Memorial Foundation	Peter Hsu C.K. Chang	4,263,800	0.13%
	Ta Chu Chemical Fiber Co.,Ltd	Ruey Long Chen	1,560,068	0.05%
	Huey Kang Investment Corporation	Connie Hsu	4,837,436	0.14%
Shareholding of All Directors			799,570,441	23.79%
Supervisor	Far Eastern Medical Foundation	S.Y. Wang Champion Lee	181,566,797	5.40%
	Bai-Yang Investment Holdings Corporation	Chin-Der Ou T.Y. Tung.	3,849,468	0.11%
	U-Ming Corporation	K.T. Li	1,505,585	0.04%
Shareholding of All Supervisors			186,921,850	5.56%

Note 1: The ratios above are calculated based on total issued shares (3,361,447,198 shares) on book closure date (April 23, 2016).

Note 2: The minimum required combined shareholding of all directors by law: 80,674,732 shares. The minimum required combined shareholding of all supervisors by law: 8,067,473 shares.

Note 3: The shareholdings of all directors and supervisors meet the minimum required combined shareholding.

2. Effects on Business Performance and EPS Resulting From 2015 Stock Dividend Distribution

Year		2016 (Estimated)	
Item			
Paid-In Capital (Beginning of The Year)		NT \$33,614,471,980	
Stock & Cash Dividend Distribution	Cash Dividend Per Share	NT\$1.10	
	Stock Dividend From Retained Earnings Per Share	0.00 Share	
	Stock Dividend From Capital Surplus Per Share	0.00 Share	
Variance In Business Performance	Operating Income	Not Applicable	
	% Change In Operating Income	"	
	Net Income	"	
	% Change In Net Income	"	
	Earnings Per Share	"	
	% Change In EPS	"	
	Average Return on Investment (%) (Reciprocal of Average P/E Ratio)	"	
Pro Forma EPS & P/E Ratio	If Retained Earnings Distributed In Cash Dividend	Pro Forma Earnings Per Share	"
		Pro Forma Average Yearly Return on Investment	"
	If Capital Surplus Not Distributed In Stock Dividend	Pro Forma Earnings Per Share	"
		Pro Forma Average Yearly Return on Investment	"
	If Retained Earnings & Capital Surplus Distributed In Cash Dividend Rather Than Stock Dividend	Pro Forma Earnings Per Share	"
		Pro Forma Average Yearly Return on Investment	"

* As the Company does not disclose its financial forecast information, in compliance with relevant governmental regulations, there is no need to provide this information.



ASIA CEMENT CORPORATION