



# ASIA CEMENT CORPORATION

## 2016 Annual Report

**Notice to readers**

*This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*

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# I Report to Shareholders

## 1. A Review of 2016 Economic Performance

### A review of 2016 global economy

In 2016, global economy was continuing to recover, however, the strength of growth was weak and the recovery in various countries was not in the same pace. Most countries adopted money policy to support economic activities. According to the “Economic Outlook” issued by OECD, although the year of 2016 was kept at an environment of low interest rate, somehow the global economic growth was still staying at low level. It reflected the difficult situation encountered by the supply side and the weakening of the demand side. The reports from both IMF and GI indicated that the growth rate of global economy in 2016 was slightly lower than that of 2015.

### A review of 2016 domestic economy

The foreign trade of Taiwan was continuing to decline due to the slowing down of international economy. In addition, the overall domestic environment was not in a promising condition, especially the impact caused by environmental evaluations and improper laws, as a result, the intention of investment by manufacturers was low. Furthermore, the cross-strait economic and trade relationship was getting poorer, plus the cool down of the real estate market, which had added more salt to the wound. Hence, the trend of economic growth in 2016 was in downturn, the annual economic growth rate was only 1.50%.

According to 2016 IMD World Competition Yearbook of Lausanne, Swiss, among 61 countries evaluated, Taiwan ranked 14th place and was 3 placed down. Among Asia-Pacific countries, Taiwan maintained No. 3, next to Hong Kong and Singapore. In the IMD Evaluation, among 4 groups of competitiveness, Government Efficacy ranked the best and is No. 9 among countries all over the world, Business Efficacy and Infrastructure ranked 1 and 2 place backward than last year and Economic Performance dropped 4 places. It indicates that economic growth performance is in fact short of expectation.

### The Company's business performance

A. In 2016, the overall cement consumption in China amounted to about 2.403 billion MT, compared with 2.348 billion MT in 2015, about 2.34% increase. In the same period, the clinker production volume of the Company in China is 24.29 million MT, increasing 1.2% compared with 2015. The total sales of cement, clinker and slag powder are 30.87 million MT, increasing 1.61% compared with 2015.

In 2016, the net income of Asia Cement (China) Holdings Corp. is NT\$ 647,579 thousand. The Company and its subsidiaries recognized a total investment profit of NT \$466,257 thousand.

B. For domestic cement industry, according to a statistics conducted by the Taiwan Cement Manufacturers' Association, the 2016 total cement production volume in Taiwan was 12,126,206 MT, decreased 9.81% compared to 2015. Among them, the domestic cement sales was 8,811,395 MT, and exported cement was 3,231,869 MT. Compared with those in 2015, domestic sales decreased by 13.74%, exports decreased by 0.88%. In 2016, 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 to 10,245,815 MT, decreased by 12.07%. The 2016 per capita average cement consumption is about 435 kg, decreased 12.30%

from 496kg in 2015. As a result, the cement market in Taiwan is still showing oversupply.

- C. The 2016 consolidated operating revenue of the Company is NT \$60,946,190 thousand, decreased 8.06% from 2015. The consolidated profit from operations was NT \$6,233,048 thousand, increased 54.29% from 2015. From the Company's affiliates, Far Eastern New Century Corp., and U-Ming Marine Transport Corp., the Company recognized NT \$1,349,719 thousand investment income from equity method. The consolidated net profit after tax reached NT \$4,683,297 thousand. The net profit rate after tax was 7.68%. Consolidated net profit attributable to the Company is 3,945,769 thousand. The 12<sup>th</sup> meeting of the 25<sup>th</sup> Board of Directors proposed to distribute cash dividend NT \$0.9 per share.

## 2. Operating Performance of 2016

### A. Production:

Unit: 1000 MT

Item Region	Cement	Difference Compared to 2015	%	Clinker (MT)	Difference Compared to 2015	
						%
ACC (Taiwan)	4,042	(407)	(9.15)	3,832	(468)	(10.88)

#### \*key performance indicator:

Actual aggregate cement output amounted to 4,042 thousand MT. Compared to estimated output 4,530 thousand MT, the achievement rate is 89.23%.

Actual aggregate clinker output amounted to 3,832 thousand MT. Compared to estimated output 4,360 thousand MT, the achievement rate is 87.89%.

Unit: 1000 MT

Item Region	Cement	Difference Compared to 2015	%	Clinker (MT)	Difference Compared to 2015	
						%
ACC (China)	29,501	678	2.35	24,287	289	1.20

#### \*key performance indicator:

Actual aggregate cement output amounted to 29,501 thousand MT. Compared to estimated output 30,971 thousand MT, the achievement rate is 95.25%.

Actual aggregate clinker output amounted to 24,287 thousand MT. Compared to estimated output 24,705 thousand MT, the achievement rate is 98.31%.

### B. Sales

#### i. Taiwan area:

Unit: 1000 MT; NT\$1,000

Volume & Value Product	2016				Difference Compared to 2015			
	Domestic Sales		Export Sales					
	Volume	Value	Volume	Value	Volume	%	Value	%
Cement & Clinker	2,698	6,108,114	1,455	2,550,765	(391)	(8.60)	(1,161,565)	(11.83)



**\* Key Performance Indicator:**

Actual aggregate sales of cement and clinker produced by ACC amounted to 4,153 thousand MT. Compared to the estimated sales 4,670 thousand MT, achievement rate is 88.93%.

ii. China area:

Unit: 1000 MT; NT\$1,000

Volume & Value Product	2016				Difference Compared to 2015			
	Domestic Sales		Export Sales		Volume	%	Value	%
	Volume	Value	Volume	Value				
Cement & Clinker	30,673	27,224,759	207	200,571	367	1.21	(2,309,939)	(7.77)

**\* Key Performance Indicator:**

Actual aggregate sales of cement and clinker produced by ACC (China) amounted to 30,880 thousand MT. Compared to the estimated sales 32,176 thousand MT, achievement rate is 95.97%.

### 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 16 billion.

Currently, the investments of ACC (China) are mainly based along the Yangtze River in Jiangxi, Sichuan, Hubei, Jiangsu 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, three 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 5<sup>th</sup> and 6<sup>th</sup> 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.

#### 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. The Outlook of 2017 International and Domestic Economy**

### A. The outlook of 2017 international economy

The major international institutes forecasted that in 2017, global economic growth rate will be better than last year. But the trend of US economic and trade policies, after President Trump took over the power, will be the most important factor in influencing global economic development. Other uncertainties such as the international protectionism, the stimulation effects of financial policies adopted by various countries, the wave of European anti-tradition political systems, the tension of geopolitics, the economic development of Mainland China and the trend of international crude oil and raw material prices, will all affect the international economic performance of this year.

### B. The outlook of 2017 domestic economy

The new regulation “One day off per week” enforced by the government originally with good intention, had ended up with no winners among workers, business owners and the government, due to the poor communication before passing the regulation and the rush amendment of the regulation. The expected Pension Reform Act also created a serious opposition between the side reforming the Act and the vested interest side, again due to the poor communication between both parties. The Infrastructure Plan, pending the completion of the special regulation review and the budgeting procedure by Legislative Yuan, has already

consumed a lot of resources from both the ruling and the opposition parties in Legislative Yuan. Hence, it lies on the wisdom of all parties to find proper ways to reduce the negative impact caused by “One day off per week” regulation, to resolve the opposition to the pension reform, to practically formulate the Infrastructure Plan, to eliminate the general suspect that the ruling political party is trying to capture election votes by using this Plan.

In view of this year, if the international uncertainties are excluded, we can see that global economy shows a trend of recovery since the beginning of 2017, it is helpful to the bouncing back of the export from Taiwan. The major domestic and international institutions all predict that the economic growth of Taiwan in this year will be higher than that of last year, indicating that the economy will continue to recover. Recently, the government is accelerating the promotion of structural adjustment and transformation, the overall enlargement of infrastructure investment, the aggressive improvement of investment environment, and the realization of five plus two innovative industrial development plans. Thus, they will be helpful to the growth of the investment, the domestic economy will then be energized.

## **6. The Outlook of Cross-strait Cement Industry Operation**

### **A. Cement industry in China**

The year of 2017 is a critical year of planning “13-5” in China, also the year of deepening the supply side structural reform. The global economy is still facing a bigger downward pressure, the economy of China is still insisted on adopting the concept of “moving forward with stability” as the overall basis of development, that is, the economic operation shall keep within a reasonable range, the speed of GDP growing will not be less than 6.5%, it is expected to be kept within a range between 6.5% to 6.7%, the economy is still maintained at a stable growth. Hence, it indicates that the economic development is still at the period of transformation and adjustment. With respect to the demand of cement, it will be maintained the same in 2017 as that of 2016, the fluctuation will be between 2.38 billion to 2.46 billion metric-ton. The following is the overall outlook of the cement industry of Mainland China in 2017:

#### **i. More stringent environmental protection standards:**

Enhancing the power of managing industrial pollution sources, strictly controlling the smog in the atmosphere and the water pollution, comprehensively implementing on-line monitoring the discharge of contaminated material by factories, strengthening the inspection of environmental protection measures, enforcing newly amended environmental protection

law, realizing the reduction of at least 15% energy consumed by the unit GDP in the 13th five-year period (energy consumed per NT\$10,000 GDP produced). The small clinker production line of new dry process and the powder grinding station will be phased out step by step, large cement enterprise groups will be benefited.

ii. Effectively controlling the supply of cement:

- a. Tightly control the approval of production capacity increase: tightly control the increase of production capacity, firmly close the door of adding production lines, including adopting the ways of equal volume phase-out, alternative location replacement and reshaping the technology of adding capacity. It is estimated that in 2017 the production capacity of clinker will be increased by 30 million metric-ton, the speed of increase is further controlled.
- b. Accelerating the phase-out of under-produced capacity: reforming the supply side, orderly phasing out the excessive capacity, adopting the measures of merger and reorganizing, debt consolidation or liquidation, aggressively and properly disposing “zombie companies”. The State Department further requested companies to take the initiative to stop the production of 32.5-class cement products.
- c. Normalizing the limitation and the stopping of kiln production: In the northern China regions, all kilns are either limited or stopped their production in the winter period until spring. This has become an important measure in the industry to balance supply and demand as well as profitability. This measure is applied to production, shipping and sales. One of the key tasks of Cement Association in 2017 is to continuously expand the scope of this measure and to further promote the coordination and governance of regional markets, in order to ensure the stability of cement prices and efficiency. For example, the cement industry of Si Chuan Province took this measure in 2017 and requested all cement production lines to adopt this measure no less than 120 days per year.

iii. Accelerate overseas layout to ease overcapacity:

Due to the excessive cement production capacity, the government of Mainland China has adopted a policy to transfer the excessive capacity to overseas. Hence, all large cement groups are aggressively expanding to overseas markets to effectively ease the pressure of extra production capacity.

iv. Increasing the demand of cement from domestic investments:

- a. The investment to infrastructure will still be the key factor of stable economic growth, as well as the important support to cement demand. In 2016, the investment to

infrastructure was growing faster than before. It is expected that in 2017, the investment to infrastructure will also keep at a growth rate of around 20%, the growth of the west China region is hopefully to keep at high speed. In 2017, it is expected that an investment of over 800 billion RMB to railroad, 1.8 trillion RMB to highway and water transportation will be completed, additional 500 billion RMB investment will be added from the central government budget, 15 large hydraulic constructions, hydropower and nuclear power generators, super high voltage transmission, smart power network, oil and gas pipe network and city rail transportation system will all be initiated.

- b. The project of “One belt one road” will be deepened, the plan of integrating Beijing, Tienjing and Hebei Province, the building of Long River Economic Belt, the developing of free trade zones and the construction of sponge cities have been kicked off, the constructive investment will be steadily growing.
- v. More opportunities for mergers and acquisitions to increase the consolidation of markets:
  - a. The policy of Mainland China government is clearly supporting mergers and acquisitions among big enterprises, plus new financial policies, more stringent environmental protection laws, enhanced government execution power and excessive production capacity have forced medium and small cement companies difficult to survive, more opportunities to be merged and acquired by large cement companies. Hence, the consolidation of cement industry will be effectively strengthened.
  - b. Attaining shareholding is a way used by enterprises for investments, it will be the mainstream for merger and acquisition.
- vi. The prices of coal will be weakened to downward trend and back to a reasonable range:

The Development and Reform Committee proposed that: adopting comprehensive measures to drive the coal prices back to a reasonable range and aggressively leading coal and related enterprises to establish a long-term stable, mutual benefit and cooperative relationship, in order to effectively control the strength and pace of reducing the production capacity. The supply of coal is effectively increased through the adopting of 276 working-day system by many provincial coal enterprises. The effective coal production capacity is steadily increased resulting from the above-mentioned policy. However, the coal market begins to show an emotion of observation at present time, the aggressiveness of coal delivery is reduced, the coal market price in the later period will be maintained at a weak and downward trend.

vii. The oil prices slightly fluctuate and drop:

The OPEC and non-OPEC oil producing countries successfully extended the production reduction agreement during the meeting of May. Crude oil market will then be expected to return to the balance condition between demand and supply by the year end. But the production volume of US crude oil has always caused negative impact to oil prices, plus two large oil fields in Lybia were restarted the production recently, which had increased the worry of the market to the excessive supply, the international oil prices were slightly dropped. The prices of finished oil products in Taiwan are maintained at a flat condition and the average price of diesel oil is slightly dropped.

viii. Industrial Associations will still enhance the coordination for regional markets, the large enterprises have strengthened their awareness of cooperation and mutual wins, hence, the situation of dumping by lower prices will be further eased. Self-discipline, limited production and price controlling will still be an important measure in easing the unbalanced supply and demand caused by excessive industrial production capacity. It is expected that in 2017 the overall cement market prices will still be in the trend of upwards in a stable pace, the industrial performance is expected to keep improving and the annual profit margin will be 30% higher than that of last year.

#### B. Cement industry in Taiwan

In 2017, the government budget for public construction projects is 186.9 billion NT dollars, an increase of 5.7 billion NT dollars comparing to last year, a rather limited increase of around 3.1%. According to the survey of economic forecast conducted by Taiwan Institute of Economic Research, the construction industry is slightly recovered due to the expanded investment by the government into public constructions. With respect to the real estate market, it was rapidly frozen in 2016, the new construction projects and the overall transactions were largely shrunk with only 240 thousand houses being sold, a new low in 26 years. The gap between the buying and selling prices offered by buyers and sellers is still wide. It still needs to have a period of time for making the adjustment. Hence, how the real estate status will be developed is yet to be observed. It is expected that the demand to cement products in this year will be continuously decreased, but the level of drop may be shortened.

## **7 Business Goals For 2017**

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 2017. The estimated production volume in Taiwan is 3,800 thousand MT clinker and 3,950 thousand MT cement. The estimated sales volume in Taiwan is 3,940 thousand MT clinker and cement. The estimated production volume in China is 24,430 thousand MT clinker and 31,070 thousand MT cement. The estimated sales volume in China is 31,320 thousand MT clinker and cement.



## II Company Profile

### 2.1 Date of Incorporation: March 21, 1957.

Paid-in Capital: NT\$ 33,614,471,980.

#### Scope of Business:

- |                                                      |                                                                                 |
|------------------------------------------------------|---------------------------------------------------------------------------------|
| 01. C901030 Cement manufacturing                     | 11. H701010 Developing, leasing, and selling residential and business buildings |
| 02. C901040 Ready-mixed concrete manufacturing       | 12. H701020 Developing, leasing, and selling industrial factories               |
| 03. B601010 Quarrying                                | 13. H703100 Real estate rental & leasing                                        |
| 04. C901050 Cement and ready-mixed concrete products | 14. H703090 Real estate sale & purchase                                         |
| 05. C901990 Non-metallic mineral products            | 15. JE01010 Rental and leasing                                                  |
| 06. F111090 Whole sale of building materials         | 16. G202010 Parking-lot business                                                |
| 07. F211010 Retail sale of building materials        | 17. G801010 Warehousing                                                         |
| 08. F401010 International trade                      | 18. I103060 Business management consultation services                           |
| 09. IZ06010 Tally and packing                        | 19. J101040 Waste treatment                                                     |
| 10. A201010 Afforestation business                   |                                                                                 |

In addition to permitted scope of business, the Company can broaden its business not prohibited or restricted by laws.

### 2.2 Company History

Responding to the Taiwan government's second four-year economic development plan, Asia Cement Corporation (ACC) was founded on March 21, 1957 by Mr. Y.Z. Hsu and others. It built its first manufacturing plant in Hengshan Township, Hsinchu County. In 1973, in response to the government's call to develop eastern Taiwan, the Company established its second plant in Hsincheng Township, Hualien County. Asia Cement and its "Skyscraper" brand cement have always occupied the core position in Taiwan's cement business. For now, these two plants can produce 5 million MT of clinker annually.

The Company uses the most modern rotary kilns and introduces waste-heat recycling generators to transform waste heat and hot air into electricity. In addition, for lower cement transportation costs, Asia Cement established storage and transportation facilities in the Keelung, Taichung, Kaohsiung, and Hualien harbor. It also invested in the Group's U-Ming Marine Transport Co., Ltd., and began using U-Ming's bulk carriers to transport cement around Taiwan. The Company's "Three Highs and One Low" strategy, high quality, high efficiency, high environmental protection, and low cost, along with its management capability, have given the Company the competitive edge to efficiently face challenges in the market.

The Company believes that economic growth and environmental protection can be achieved in parallel. The Company not only deployed eco-friendly equipment, but also made it a priority to re-plant vegetation in the mining areas. Now, with abundant foliage, the plant has been transformed into a beautiful park. In addition to the first certification of ISO-14001 Environmental Management Systems in Taiwan, the Hualien plant received three "Environmental

Protection Award” for three consecutive years, and thus was awarded a special honor in 1998. This has set the benchmark in Taiwan’s cement industry, thus making Asia Cement a model business for both economic development and environmental protection.

Besides establishing its core business, it also diversified its investment by establishing Ya Tung Ready Mixed Concrete Co., Ltd. and Ya Li Precast & Prestressed Concrete Industries Ltd. Together with Far Eastern Construction Co., Ltd. and Far Eastern General Contractor Co., Inc., Asia Cement completed its vertical integration.

ACC’s diversification strategic layout for the world not only includes the complete production and sales channels in Taiwan, it also has representative offices in Hong Kong and Singapore. Furthermore, it is also expanding into the world market, exporting cement to Southeast Asia, North America, Africa, and the Middle East Asia. Meanwhile, Asia Cement began to invest in China from 1994. Currently, with the production and sale bases in Jiangxi, Sichuan, Hubei, Yangzhou, and Shanghai, the total cement production capacity in China reaches 36 million MT. Asia Cement (China) Holdings Corporation has listed on the Main Board of the Hong Kong Stock Exchange in 2008. Asia Cement (China) Holdings Corporation will continue expand capacity through strategy cooperation, or merger & acquisition.

In the future, Asia Cement will keep maintaining its deep roots in Taiwan and continue moving forward by expanding in China and worldwide.

Major events in recent 6 years are shown as the following table:

<b>Year</b>	<b>Major Events</b>
May 2012	The Hsinchu Plant successfully produced "masonry cement", and was awarded the CNS Mark for masonry cement.
July, 2012	The Company received A+ ranking award in the 9 <sup>th</sup> “Information Transparency and Disclosure Ranking System”, Securities and Futures Institute.
July, 2013	The Company received A+ ranking award in the 10 <sup>th</sup> “Information Transparency and Disclosure Ranking System”, Securities and Futures Institute.
Sep. 2013	The no.5 kiln (production capacity: 6000 MT clinker per day) of Jiangxi Yadong Cement Co. began operation.
Nov. 2013	The Hualien Plant was awarded “2013 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA.
Jan. 2014	The no.6 kiln (production capacity: 6000 MT clinker per day) of Jiangxi Yadong Cement Co. began operation.
Jan. 2014	The Company and Asia Cement (China) Holdings Corp. signed Strategic Cooperation Agreements with Anhui Conch Group Company Ltd.
Apr. 2014	Sichuan Yadong Cement Co., Ltd acquired 100% shareholding of Sichuan Lanfeng Cement Corp. on April 16, 2014.
May 2014	The Company was awarded “Excellence Recognition for its collective agreement with employees” by the Ministry of Labor.
June 2014	The Company received A++ ranking award in the 11 <sup>th</sup> “Information Transparency and Disclosure Ranking System”, Securities and Futures Institute.

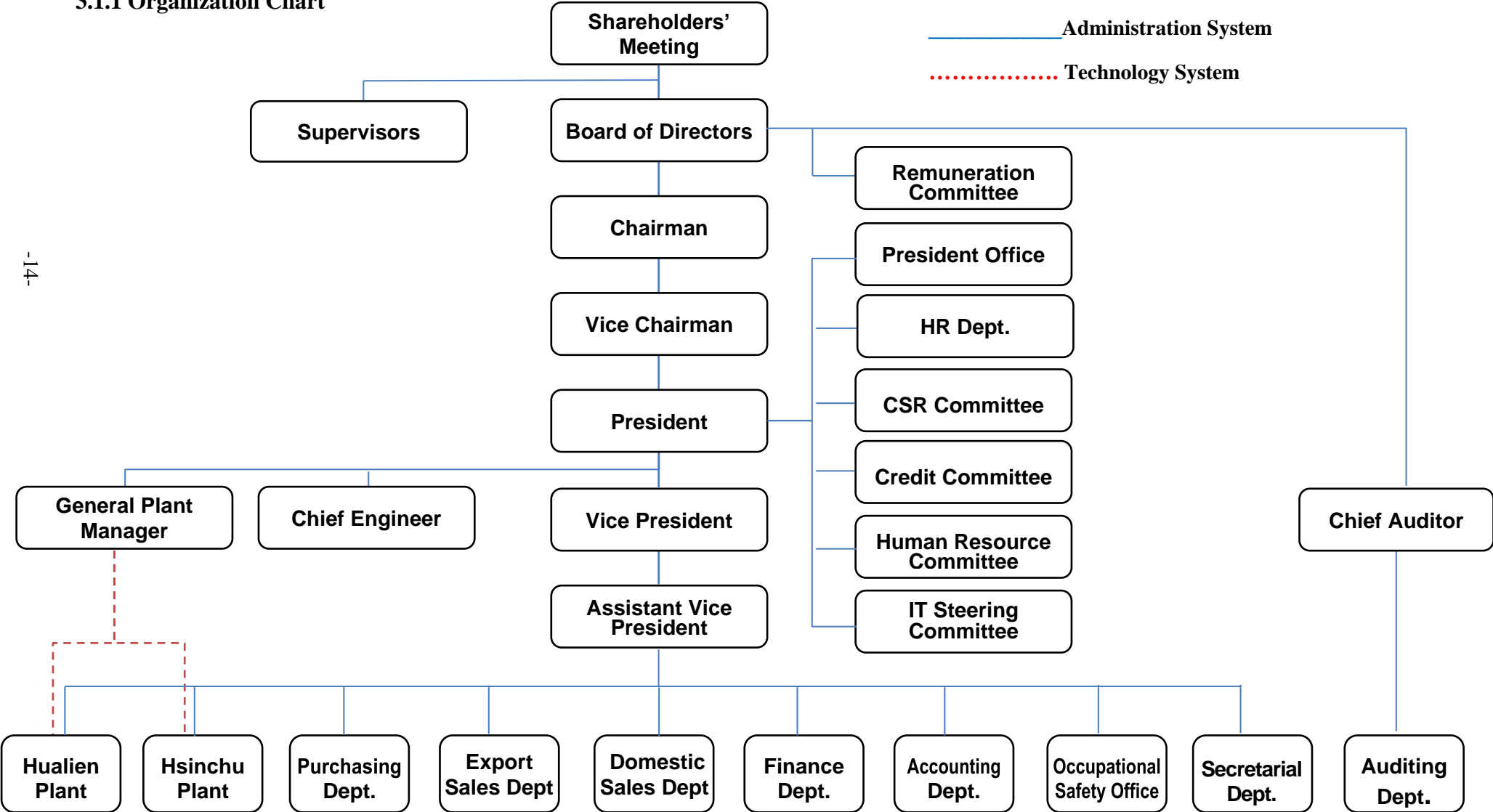
Feb. 2015	The Company received “Golden Vessel Awards” in honor of our contribution in environment protection, Taiwan International Ports Corporation.
Apr. 2015	The Company received A++ ranking award in the 12 <sup>th</sup> “Information Transparency and Disclosure Ranking System”, Securities and Futures Institute.
May 2015	The Company was ranked top 5% in “the 1 <sup>st</sup> Corporate Governance Evaluation” by the TWSE.
June 2015	The Company is listed in “TWSE Corporate Governance 100 Index”
Aug. 2015	The Company is ranked 39 <sup>th</sup> in CommonWealth Magazine's Corporate Citizenship Awards.
Nov. 2015	The Hualien Plant was awarded “2015 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA.
Nov. 2015	The Company’s CSR Report was awarded “Top 50 Corporate Sustainability Report-Gold Award”, TCSA.
Jan. 2016	The Company received 2015 GHG reduction award, EPA.
Apr. 2016	The Company was ranked top 6%~20% in “the 2 <sup>nd</sup> Corporate Governance Evaluation” by the TWSE.
Apr. 2016	Sichuan Yadong Cement Co., Ltd completed second conveyor belt transporting the limestone from quarry directly to the plant on April 2016.
Apr. 2016	Jiangxi Yadong Cement Co. was awarded the "Energy Management System Certification".
Jun. 2016	Huanggang Yadong Cement Co. was awarded the honorary certification of "Hubei Famous Brand".
Sep. 2016	Sichuan Lanfeng Cement Co. was awarded 2016 "Chengdu manufacturing top hundred" and "Chengdu private enterprises top hundred".
Nov. 2016	The Hualien Plant was awarded “2016 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA.
Dec. 2016	Jiangxi Yadong was awarded the "3 <sup>rd</sup> Mayor Quality Award" certification, in recognition of the company's outstanding contribution to the quality of the city's construction.
Dec. 2016	The Hualien plant obtained ISO 50001: 2011 energy management system certification in which Hsinchenshan Mine is also the first quarry in Taiwan obtained this certification.
Mar. 2017	The Hsinchenshan mining right of the Hualien plant of the Company is allowed to extent for 20 years to November 22, 2037.
Apr. 2017	The Company was ranked top 6%~20% in “the 3 <sup>rd</sup> Corporate Governance Evaluation” by the TWSE.

During the most recent fiscal year and the current fiscal year up to the date of printing of the annual report, there are no important events listed below impacting on the shareholders’ equity of the Company: 1. Mergers and acquisitions. 2. To restructure affiliate companies. 3. Large volume shares transferred or changed by directors, supervisors, or major shareholders who own more than 10% shareholding. 4. Changes in the Company’s management. 5. Significant changes in business modes or business scope.

# III Corporate Governance Report

## 3.1 Organization

### 3.1.1 Organization Chart



### 3.1.2 Major Corporate Functions

#### Company Organization with Functions of Risk Management

Department	Primary Functions
Auditing Dept.	Directly report to the Board of Directors. Plan and revise internal control system, evaluating each department's operation and procedures in order to work out risk-management orientated annual auditing plan.
Remuneration Committee	Directly report to the Board of Directors. Prescribe and periodically review the performance and remuneration policy for directors, supervisors and managerial officers.
President Office	Assist ACC President to deal with daily affairs, plan operation strategies, and review the middle-term and long-term investment to reduce the risks resulting from improper decisions.
HR Dept.	Plan and implement HR policies to reduce relevant risks. HR Department is also responsible for promoting ethical management of the Company.
CSR Committee	Responsible for investigating and identifying corporate sustainability issues and to respond major considerations of stakeholders in order to implement the goal of sustainable development.
Credit Committee	Execute "Regulations for Managing Client's Credit" enacted by the Company and take charge of risk control of account receivable.
Human Resource Committee	Review and advice to modify the Company's organization structure, rules of personnel management, and other important human resource matters.
IT Steering Committee	Review all affairs relating to information operation system, office automation, internal and external website applications and information security to the needs of operation, management and provide strategy to prevent the risk of information security and its efficiency.
Secretarial Dept.	Handle the affairs of general services, secretary, legal affairs, public relations, etc. Reinforce legal sense of employees to decrease the risks of violating law.
Occupational Safety Office	Responsible for occupational safety and health management, formulating policies and supervising related affairs to ensure safety of workers and reduce the risk and loss of occupational hazards.
Accounting Dept.	Handle all accounting matters including the costs, accounts, taxation to ensure management efficiency of the Company's operation, the reliability of financial report, and the adherence of related accounting regulations to reduce company operation risks.
Finance Dept.	Responsible for financial operation strategy, investment strategy, financial management, and dividend strategy, as well as investor relationship in order to minimize financial exposure, uphold financial opportunity and maximize shareholders' best interest.
Domestic Sales Dept.	Plan and implement domestic marketing strategy, credit customers, and identify market trends to achieve business goals and reduce relevant risks.
Export Sales Dept.	Plan and implement oversea marketing strategy, credit customers, and identify market trends to achieve business goals and reduce relevant risks.
Purchasing Dept.	Handle all purchasing and contract issuing matters, setting up hedging mechanism to cope with changes in raw materials prices and shortage of raw materials supply.
Hsinchu Plant Hualien Plant	Take charge of R&D, production technology, quality control, planning production policies in collaboration with sales strategies to reduce production risks.

## 3.2 Directors, Supervisors and Management Team

### 3.2.1 Directors and Supervisors

Title Name	Elected Date	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman Douglas Tong Hsu	2014.06.16	3	1975.04.28	22,821,897	0.69%	23,278,334	0.69%	6,352,467	0.19%	Master of Economics, Columbia University	Chairman, Far Eastern New Century Corp. Chairman, Far Eastone Telecommunications Co., Ltd Chairman, Far Eastern Department Stores Ltd.	Director Director Director	Connie Hsu Peter Hsu Johnny Shih	Sibling Sibling relatives by marriage
Director Tsai Hsiung Chang	2014.06.16	3	1981.04.24	450,344 *735,795,416	0.01% *22.33%	459,350 *750,511,324	0.01% *22.33%	110,877	0.00%	Mechanical Technology Section, National Central Industrial College (Chongqing)	Senior Advisor, Asia Cement (China) Holdings Corp. Director, U-Ming Marine Transport Corp. Director, Yuan Ze Uni.	-	-	-
Director Johnny Shih	2014.06.16	3	1984.04.25	787,986 *735,795,416	0.02% *22.33%	453,745 *750,511,324	0.01% *22.33%	7,225,993	0.21%	Master of Computer, Columbia University	Vice Chairman, Far Eastern New Century Corp. Vice Chairman, Oriental Union Chemical Corp.	Chairman Director Director	Douglas Tong Hsu Connie Hsu Peter Hsu	relatives by marriage relatives by marriage relatives by marriage
Director C.V. Chen	2014.06.16	3	1987.04.16	331,794 *735,795,416	0.01% *22.33%	338,429 *750,511,324	0.01% *22.33%	0	0%	S.J.D., Harvard University	Chairman and Managing Partner, Lee and Li Attorneys-At-Law Government Consultant, Executive Yuan Chairman, Taipei European School	-	-	-
Director Sui-Cheong Ying	2016.03.02	3	2016.03.02	0 *12,965,043	0% *0.39%	15,236 *13,224,343	0.00% *0.39%	0	0%	Bachelor of Accounting, Australian National University	Chairman, X.Z. Ying-Chai Memorial Foundation Chairman, Y.G. Ying Memorial Foundation	-	-	-
Director Kun Yen Lee	2014.06.16	3	2005.06.09	2,315,252 *1,857,977	0.07% *0.06%	2,361,557 *1,895,136	0.07% *0.06%	0	0%	Yi-Lan Elementary School	President, Asia Cement Corp. Director, U-Ming Marine Transport Corp.	-	-	-

Director Peter Hsu	2014.06.16	3	2002.06.07	11,230,374 *4,180,197	0.34% *0.13%	13,454,981 *4,819,800	0.40% *0.14%	0	0%	Master of Operations Research, Stanford University Master of Information Science, UCLA	Vice Chairman, Far Eastern New Century Corp. Director, Far Eastone Telecommunications Co., Ltd	Chairman Director Director	Douglas Tong Hsu Connie Hsu Johnny Shih	Sibling relatives by marriage
Director Chen Kun Chang	2014.06.16	3	2011.06.22	11,645 *4,180,197	0.00% *0.13%	29,745 *4,819,800	0.00% *0.14%	5,358	0.00%	Mechanical Section, National Taipei Institute of Technology	Vice CEO, Asia Cement (China) Holdings Corp. President, Jiangxi Yadong Cement Corp.	-	-	-
Director Connie Hsu	2014.06.16	3	1990.04.12	13,985,034 *4,742,585	0.42% *0.14%	14,264,734 *4,837,436	0.42% *0.14%	0	0%	Bachelor of Biology, California State University	Director, Oriental Institute of Technology Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Chairman Director Director	Douglas Tong Hsu Peter Hsu Johnny Shih	Sibling relatives by marriage
Director Ruey Long Chen	2014.06.16	3	2011.06.22	0 *1,529,479	0% *0.05%	0 *1,560,068	0% 0.05%	0	0%	Bachelor of Economics, National Chung Hsing University	Chairman, Sinocon Industrial Standards Foundation Chairman, Powerchip Technology Corp. Secretary General, Cross-Strait Entrepreneur Summit	-	-	-
Independent Director Ta-Chou Huang	2014.06.16	3	2014.06.16	0	0%	0	0%	0	0%	PhD. in Agriculture, Cornell University Former Taipei City Mayor	Honorary Professor, National Taiwan University Chairman, The Association of Parks And Open Space	-	-	-
Independent Director Chi Schive	2014.06.16	3	2014.06.16	0	0%	0	0%	0	0%	PhD. in Economics, Case Western Reserve University Former Chairman, Taiwan Stock Exchange	Chair Professor, Shih Hsin University	-	-	-
Independent Director Gordon S. Chen	2014.06.16	3	2014.06.16	0	0%	0	0%	0	0%	PhD. in Business Administration, National Taiwan University Former Chairman, Financial Supervisory Commission	Honorary Chair Professor, Chung Yuan Christian University	-	-	-

Supervisor Shaw Yi Wang	2014.06.16	3	1993.05.07	151,803 *178,006,664	0.00% *5.40%	154,839 *181,566,797	0.00% *5.40%	0	0%	Bachelor of Business Administration, National Chung Hsing University	CEO of Public Welfare, Far Eastern Group Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	-	-	-
Supervisor Champion Lee	2014.06.16	3	2002.06.07	0 *178,006,664	0% *5.40%	0 *181,566,797	0% *5.40%	0	0%	Master of Business Administration, Texas A&I University	Supervisor, Far Eastern New Century Corp. Director, U-Ming Marine Transport Corp.	-	-	-
Supervisor Chin-Der Ou	2014.06.16	3	2014.06.16	0 *3,773,989	0% *0.11%	0 *3,849,468	0% *0.11%	0	0%	Ph.D., Case Western Reserve University	Director, Taiwan Construction Research Institute	-	-	-
Supervisor Ting Yu Tung	2014.06.16	3	2002.06.07	2,122,041 *3,773,989	0.06% *0.11%	2,164,481 *3,849,468	0.06% *0.11%	0	0%	Ph.D., Stanford University	President, Elite Material Co., Ltd Supervisor, New Asia Construction Corp.	-	-	-
Supervisor Kwan-Tao Li	2014.06.16	3	1978.04.21	630,330 *1,476,064	0.02% *0.04%	642,936 *1,505,585	0.02% *0.04%	0	0%	Master, New York University	Chief Counselor, Lee and Li Attorneys-At-Law Director, Far Eastern New Century Corp. Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation:	-	-	-

Note 1: Information on Directors and Supervisors that are Representatives of Institutional Investors:

Representatives of Far Eastern New Century Corp.:	Director Tsai Hsiung Chang, Johnny Shih, C.V. Chen
Representative of X.Z. Ying-Chai Memorial Foundation:	Director Sui-Cheong Ying
Representative of Yue Ding Industry Co., Ltd.:	Director Kun Yen Lee
Representatives of Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation:	Director Peter Hsu, Chen Kun Chang
Representative of Huey Kang Investment Corp.:	Director Connie Hsu
Representative of Ta Chu Chemical Fiber Co., Ltd:	Director Ruey Long Chen
Representatives of Far Eastern Medical Foundation:	Supervisor Shaw Yi Wang, Champion Lee
Representatives of Bai-Yang Investment Holdings Corp.:	Supervisor Chin-Der Ou, Ting Yu Tung
Representative of U-Ming Corp.:	Supervisor Kwan-Tao Li

Note 2: “\*” indicates the number of shares held by Institutional Investors respectively represented by directors and supervisors listed above.

Note 3: The shareholding excludes the shareholding that the trustor retains the power to decide the allocation of the trust fund.

Note 4: There is no director or supervisor holding shares in the name of other person.

Note 5: Except Director Sui-Cheong Ying, who is Australian Citizen, other Directors and supervisors are Taiwanese Citizens.



**The First and Most Recent Date for Institutional Investors Elected as Directors and Supervisors**

Title	Name of the Institutional Investors	First Date Elected	Most Recent Date Elected
Directors	Far Eastern New Century Corp	1987.04.16	2014.06.16
	X.Z. Ying-Chai Memorial Foundation	1993.05.07	2014.06.16
	Yue Ding Industry Co., Ltd.	2005.06.09	2014.06.16
	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	2005.06.09	2014.06.16
	Huey Kang Investment Corp.	2008.06.17	2014.06.16
	Ta Chu Chemical Fiber Co., Ltd.	2011.06.22	2014.06.16
Supervisors	Far Eastern Medical Foundation	1987.04.16	2014.06.16
	Bai-Yang Investment Holdings Corp.	2001.05.16	2014.06.16
	U-Ming Corp.	1993.05.07	2014.06.16

Note: The first date elected as directors and supervisors are based on the annual reports of the Company.

### 3.2.2 Major Shareholders of the Institutional Shareholders

Name of Institutional Shareholder	Major Shareholder of the Institutional Shareholders	%
Far Eastern New Century Corporation	Asia Cement Corporation	23.77
	Oriental Institute of Technology	4.81
	Far Eastern Medical Foundation	3.61
	Far Eastern Memory Foundation	3.24
	Yuan-Ze University	2.74
	Nan Shan Life Insurance Co. , Ltd.	2.72
	Cathay Life Insurance Co., Ltd.	2.63
	Fubon Life Insurance Co., Ltd.	2.50
	Shin Kong Life Insurance Co., Ltd.	2.33
	Douglas Tong Hsu	1.71
Ta Chu Chemical Fiber Co.,Ltd.	Yuan Ding Investment Company	41.86
	Yue Ding Industry Co., Ltd.	38.76
	Yue-Lee Investment Company	19.38
Yue Ding Industry Co.,Ltd.	Fu Da Transportation Co., Ltd.	26.95
	Yue-Tung Investment Corp.	25.36
	An Ho Garment Co., Ltd.	15.66
	Ding Yuan International Investment Corp.	13.20
	Ton Fu Investment Corp.	4.61
	Ta Chu Chemical Fiber Co., Ltd.	3.89
	Ya Li Precast Prestressed Concrete Industries Corp.	3.89
	Yuan Ding Co., Ltd.	2.59
	Bai Ding Investment Co., Ltd.	2.31
	Yu Ming Co., Ltd.	1.53
Huey Kang Investment Corp.	Connie Hsu	50.58
	H.G.Yang	24.71
	H.M.Yang	24.71
Bai Yang Investment Corp.	Far Eastern Department Stores Co., Ltd.	100.0
U-Ming Corp.	Far Eastern Department Stores Co., Ltd.	100.0

### 3.2.3 Major Shareholders of the Major Shareholders That Are Juridical Persons

Name of Juridical Persons	Major Shareholder of the Juridical Persons	%
Asia Cement Corporation	Far Eastern New Century Corporation	22.33
	Fubon Life Insurance Co., Ltd.	6.31
	Far Eastern Medical Foundation	5.40
	Far Eastern Department Stores Co., Ltd.	1.81
	Labor Pension Fund Committee of Far Eastern New Century Corporation	1.51
	Yuan-Ze University	1.41
	Shin Kong Life Insurance Co., Ltd.	1.39
	Yu Yuan Investment Co., Ltd	1.29
	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	1.29
	Far Eastern Memory Foundation	1.25
Nan Shan Life Insurance Co. , Ltd.	First Commercial Bank Trustee Account For Representative of Ruen Chen Investment Holding Co., Ltd.	76.46
	Ruen Chen Investment Holding Co., Ltd.	14.16
	Y. T. Du	3.25
	Ruen Hua Dyeing & Weaving Co., Ltd.	0.28
	Ruentex Leasing Co., Ltd.	0.15
	Chi-Pin Investment Company	0.11
	Boon-Teik Koay	0.11
	Pou Chi Investments Co.,Ltd.	0.05
	Pou Yih Investments Co.,Ltd.	0.05
	Pou Huei Investments Co.,Ltd.	0.05
Pou Hwang Investments Co.,Ltd.	0.05	
Cathay Life Insurance Co. , Ltd.	Cathay Financial Holding Co., Ltd.	100.0
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.0
Shin Kong Life Insurance Co. , Ltd.	Shin Kong Financial Holding Co., Ltd	100.0
Yuan Ding Investment Company	Far Eastern New Century Corporation	99.40
	An Ho Garment Co.,Ltd.	0.30
	Ta Chu Chemical Fiber Co.,Ltd.	0.30
Yue Ding Industry Co.,Ltd.	Fu Da Transportation Co., Ltd.	26.95
	Yue-Tung Investment Corp.	25.36
	An Ho Garment Co., Ltd.	15.66
	Ding Yuan International Investment Corp.	13.20
	Ton Fu Investment Corp.	4.61
	Ta Chu Chemical Fiber Co., Ltd.	3.89
	Ya Li Precast Prestressed Concrete Industries Corp.	3.89
	Yuan Ding Co., Ltd.	2.59
	Bai Ding Investment Co., Ltd.	2.31

Name of Juridical Persons	Major Shareholder of the Juridical Persons	%
	Yu Ming Co., Ltd.	1.53
Yue-Lee Investment Company	U-Ming Marine Transport Corp.	68.18
	U-Ming Marine Transport (Singapore) Private Ltd.	31.82
Fu Da Transportation Co., Ltd.	Fu Ming Transportation Co., Ltd.	99.87
	Asia Investment Corp.	0.03
Yue-Tung Investment Corp.	U-Ming Marine Transport Corp.	73.54
	U-Ming Marine Transport (Singapore) Private Ltd.	26.46
An Ho Garment Co., Ltd.	Far Eastern New Century Corporation	100.0
Ding Yuan International Investment Corp.	Far Eastern New Century Corporation	100.0
Ton Fu Investment Corp.	Oriental Union Chemical Corp.	100.0
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Company	41.86
	Yue Ding Industry Co., Ltd.	38.76
	Yue-Lee Investment Company	19.38
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corporation	83.81
	Far-Eastern Construction Engineering Co.,Ltd.	16.03
Yuan Ding Co.,Ltd.	Far Eastern New Century Corporation	37.13
	Asia Cement Corporation	35.50
	Der Ching Investment Corp.	14.50
	Yuan Ding Investment Company	12.86
	Yu Ming Trading Corp.	0.002
	Far Eastern Department Stores Co., Ltd.	0.001
Bai Ding Investment Corp.	Far Eastern Department Stores Co., Ltd.	66.66
	Bai Yang Investment Corp.	33.34
Yu Ming Trading Corp.	Bai Ding Investment Co., Ltd	47.00
	Yuan Ding Investment Company	45.50
	Yue Ding Industry Co., Ltd.	5.00
	Yuan Ding Co., Ltd.	1.00
	Ding & Ding Management Consultants Co., Ltd	1.00
	Yuan Ding Leasing Corp.	0.50
Far Eastern Department Stores Co.,Ltd.	Far Eastern New Century Corporation	17.06
	Asia Cement Corporation	5.65
	Yuan-Ze University	4.75
	Yuan Tong Investment Co., Ltd	2.80
	Yu Yuan Investment Co., Ltd	2.06
	The committee of Employee Pension Fund of Far Eastern Department Stores Co., Ltd.	1.97
	Oriental Securities Corporation	1.64
	Special Account for Investment of the Central Bank of Norway in custody of Citibank(Taiwan)	1.59
	Yuan Ding Investment Company	1.49
	Kai Yuan International Investment Co., Ltd.	1.46

### 3.2.4 Professional Qualifications and Independence Analysis of Directors and Supervisors

Criteria  Name	Meet one of the following professional qualification requirements, together with at least five-years work experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Douglas Tong Hsu			✓			✓				✓		✓	✓	0
Tsai Hsiung Chang			✓			✓	✓			✓	✓	✓		0
Johnny Shih			✓			✓				✓		✓		0
C.V. Chen	✓		✓	✓		✓	✓	✓	✓		✓	✓		0
Sui-Cheong Ying			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Kun Yen Lee			✓			✓	✓	✓		✓	✓	✓		0
Peter Hsu			✓			✓				✓		✓		0
Chen Kun Chang			✓			✓	✓	✓		✓	✓	✓		0
Connie Hsu			✓	✓		✓		✓	✓	✓		✓		0
Ruey Long Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		3
Ta-Chou Huang	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Chi Schive	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4
Gordon S. Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shaw Yi Wang			✓			✓	✓			✓	✓	✓		0
Champion Lee			✓			✓	✓			✓	✓	✓		0
Chin-Der Ou	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Ting Yu Tung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Kwan-Tao Li	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓		0

Note:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director

of the Company, its parent company, or any subsidiary.

3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Act.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

**\* The Company elected 3 independent directors, Ta-Chou Huang, Chi Schive, and Gordon S. Chen on the Shareholders' Meeting on June 16, 2014.**

### 3.2.5 Management Team

As of Apr. 30, 2014

Title	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Experience(Education)	Other Title
				Shares	%	Shares	%		
President	Kun Yen Lee	Male	2000.08.01	2,361,557	0.0703	0	0	Chairman of Ya Tung Ready-Mixed Concrete Co., LTD	Director, U-Ming Marine Transport Corp.
Chief Executive Vice President	Y.F. Chang	Male	2000.08.01	811	0.0000	0	0	Bachelor degree in Chemical, Tunghai University	Director, China Hi-Ment Corporation
Executive Vice President	R.H. Shao	Female	2000.08.01~2016.03.31	511,416	0.0152	2,442	0.0001	Bachelor degree in Accounting, Soochow University	Supervisor, U-Ming Marine Transport Corp.
Executive Vice President	Doris Wu	Female	2007.07.25	0	0	0	0	Bachelor degree in Accounting, California State University	Supervisor, Oriental Union Chemical Corp.
Vice President	C.M. Chen	Male	2007.07.01	39,801	0.0012	68,596	0.0020	Bachelor degree in International Trade, Tamkang University	Director, Nan Hwa Cement Corp.
Vice President	W.K. Chou	Male	2007.07.01	4,962	0.0001	0	0	Bachelor degree in Law, Soochow University	Supervisor, Pan Asia Corporation

Title	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Experience(Education)	Other Title
				Shares	%	Shares	%		
General Plant Manager	Z.P. Chang	Male	2009.07.01	33,999	0.0010	53,588	0.0016	Bachelor degree in Electrical Engineering, National Taiwan University	Supervisor, U-Ming Marine Transport Corp
Manager of the Hsinchu Plant	Z.H. Qiu	Male	2013.11.16	0	0	0	0	Bachelor degree in Chemical Engineering, Tamkang University	Director, Nan Hwa Cement Corp.
Assistant Vice President	C.P. Sue	Male	2008.11.01	63	0.0000	0	0	Bachelor degree in Marine Engineering, National Taiwan Ocean University	Director, Asia Cement (Singapore) Pte. Ltd.
Senior Assistant Vice President	T.L. Yu	Male	2009.09.01	122,202	0.0036	98	0.0000	Bachelor degree in Business Administration, University of the Philippines	Director, Yu Yuan Investment Co., Ltd
Deputy Chief Auditor	W.H. Yeh	Male	2013.10.16	0	0	0	0	Bachelor degree in Accounting, Soochow University	Supervisor, Nan Hwa Cement Corp.
Manager of Domestic Sales Dept.	M.C. Cheng	Male	2008.11.01	0	0	0	0	Bachelor degree in Business Administration, Feng Chia University	Director, Ya Li Transport Corp.
Special Assistant of President Office	T.M. Chen	Male	2011.01.01	147,268	0.0044	0	0	Bachelor degree in sociology, National Taiwan University	Director, Yu Yuan Investment Co., Ltd
Manager of Secretarial Dept.	Manfred Wang	Male	2012.10.01	0	0	0	0	Bachelor degree in Law, Soochow University	Director, Fu Shan Mineral Stone Co., Ltd.
Manager of Accounting Dept	Nancy Kao	Female	2013.10.16	832	0.0000	467	0.0000	Bachelor degree in Accounting, Soochow University	Supervisor, Asia Investment Co., Ltd

\* There is no manager holding shares in the name of any other person.

\* Managers are spouse or within second- degree of consanguinity to each other: None.

\* All managers are Taiwanese citizens.

### 3.2.6 Remuneration of Directors, Supervisors, President, and Vice Presidents

#### 1. Remuneration of Directors

Title	Name	Remuneration of Directors								Total Amount (A+B+C+D)/Net Income		Remuneration paid as the status of employee						Total Amount (A+B+C+D+E +F+G)/Net Income		Other remuneration from investment business except subsidiary
		Compensation (A)		Pensions(B)		Directors Remuneration(C)		Operating Allowance (D)				Salary, Reward, and Allowance etc.(E)		Pensions(F)		Employees Compensation (G)				
		ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies *	ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	
Chairman	Douglas Tong Hsu	7,704	8,344	0	0	16,000	16,266	120	1,728			0	0	0	0	0	0			107,879
Director	Far Eastern New Century Corp.	0	0	0	0	18,200	18,200	0	0			0	0	0	0	0	0			0
Director	Far Eastern New Century Corp. Representatives: Tsai Hsiung Chang																			
Director	Johnny Shih																			
Director	C.V. Chen																			
Director	XZ Ying-Chai Memorial Foundation Representative: Sui-Cheong Ying																			
Director	Yue Ding Industry Co., Ltd. Representative: Kun Yen Lee																			
Director	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation Representatives: Peter Hsu Chen Kun Chang	2,950	4,750	0	0	32,135	34,614	1,152	5,392	1.983%	2.263%	7,509	12,491	216	216	2,605	2,605	2.245%	2.651%	67,768
Director	Ta Chu Chemical Fiber Co.,Ltd Representative: Ruey Long Chen																			
Director	Huey Kang Investment Corp. Representative: Connie Hsu																			
Independent Director	Ta-Chou Huang																			
Independent Director	Chi Schive																			
Independent Director	Gordon S. Chen																			

\* Please refer to Consolidated Operational Report for the list of All Companies.



\*Pensions funded according to applicable laws.

\* No stock bonus, warrant, or restricted stock awards for employees have been distributed from ACC and all companies listed in consolidated operational report.

\* Director Tsai Hsiung Chang is assigned one vehicle. The monthly rental is NT\$ 79,000, and the annual remuneration of the driver is about NT\$ 700,000.

\* Director and President Kun Yen Lee is assigned one vehicle. The monthly rental is NT\$ 77,900, and the annual remuneration of driver is about NT\$ 700,000.

\* Within recent two fiscal years, all ACC directors' remuneration accounted for 2.512% and 2.245% of ACC net income. Total directors' remuneration paid by all companies listed in consolidated operational report accounted for 2.837% and 2.651% of net income received from those companies.

Classification of Remuneration Paid to ACC Directors	Name of Directors			
	A+B+C+D (Please refer to listed information above )		A+B+C+D+E+F+G (Please refer to listed information above )	
	ACC	All companies listed in Consolidated Operational Report	ACC	All companies listed in Consolidated Operational Report
Under NT\$2,000,000	Ta-Chou Huang, Chi Schive, Gordon S. Chen, Far Eastern New Century Corp.: C.V. Chen, Huey Kang Investment Corp.: Connie Hsu, Ta Chu Chemical Fiber Co. Ltd: Ruey Long Chen, X.Z.Ying-Chai Memorial Foundation: Sui-Cheong Ying, Y.Z.Hsu Science and Technology Memorial Foundation: Chen Kun Chang	Ta-Chou Huang, Chi Schive, Gordon S. Chen, Far Eastern New Century Corp.: C.V. Chen, Huey Kang Investment Corp.: Connie Hsu, Ta Chu Chemical Fiber Co. Ltd: Ruey Long Chen, X.Z.Ying-Chai Memorial Foundation: Sui-Cheong Ying	Ta-Chou Huang, Chi Schive, Gordon S. Chen, Far Eastern New Century Corp.: C.V. Chen, Huey Kang Investment Corp.: Connie Hsu, Ta Chu Chemical Fiber Co. Ltd: Ruey Long Chen, X.Z.Ying-Chai Memorial Foundation: Sui-Cheong Ying, Y.Z.Hsu Science and Technology Memorial Foundation: Chen Kun Chang	Ta-Chou Huang, Chi Schive, Gordon S. Chen, Far Eastern New Century Corp.: C.V. Chen, Huey Kang Investment Corp.: Connie Hsu, Ta Chu Chemical Fiber Co. Ltd: Ruey Long Chen, X.Z.Ying-Chai Memorial Foundation: Sui-Cheong Ying
NT\$2,000,000~NT\$5,000,000	-	Y.Z.Hsu Science and Technology Memorial Foundation: Chen Kun Chang	-	-
NT\$5,000,000~NT\$10,000,000	Far Eastern New Century Corp.: Tsai Hsiung Chang, Yue Ding Industry Co., Ltd.: Kun Yen Lee, Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu	Far Eastern New Century Corp.: Tsai Hsiung Chang	Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu	Y.Z.Hsu Science and Technology Memorial Foundation: Chen Kun Chang
NT\$10,000,000~NT\$15,000,000	Far Eastern New Century Corp.: Johnny Shih	Far Eastern New Century Corp.: Johnny Shih , Yue Ding Industry Co., Ltd.: Kun Yen Lee, Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu	Far Eastern New Century Corp.: Tsai Hsiung Chang , Far Eastern New Century Corp.: Johnny Shih	Far Eastern New Century Corp.: Tsai Hsiung Chang ,

NT\$15,000,000~NT\$30,000,000	Douglas Tong Hsu	Douglas Tong Hsu	Yue Ding Industry Co., Ltd.: Kun Yen Lee, Douglas Tong Hsu	Yue Ding Industry Co., Ltd.: Kun Yen Lee
NT\$30,000,000~NT\$50,000,000	-	-	-	Far Eastern New Century Corp.: Johnny Shih
NT\$50,000,000~NT\$100,000,000	-	-	-	Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu
Over NT\$100,000,000	-	-	-	Douglas Tong Hsu
Total	13	13	13	13

\* The remuneration of directors is paid in consideration of the Company's operating performance and individual contribution.

\* The salaries of executive directors have reference to the payment of employees and industry standards.

\* The remuneration for directors and supervisors is not more than 2.5% of profit of the current year.

\* Each Director has agreed regarding to the principle of distribution of remuneration.

\* The Remuneration Committee has approved current remuneration system for directors and Supervisors.

## 2. Remuneration of Supervisors

Unit: NT \$ 1,000

Title	Name	Remuneration of Supervisors						Total Amount (A+B+C)/Net Income		Other remuneration from investment business except subsidiary
		Compensation (A)		Supervisors Remuneration from Distributable Earnings(B)		Operating Allowance (C)		ACC	All companies*	
		ACC	All companies*	ACC	All companies*	ACC	All companies*			
Supervisor	Far Eastern Medical Foundation Representatives: Shaw Yi Wang and Champion Lee	0	0	20,412	20,412	408	408	0.5276%	0.5276%	30,061
Supervisor	Bai-Yang Investment Holdings Corp. Representative: Ting Yu Tung Representative: Chin-Der Ou									
Supervisor	U-Ming Corp. Representative: Kwan-Tao Li									

\* Please refer to Consolidated Operational Report for the list of All Companies.

\* Supervisor received no salary and other services paid by ACC and all companies listed in consolidated operational report.

\* Within recent two fiscal years, all supervisors' remuneration, which are mainly transportation allowance and remuneration from distributable earnings, accounted for 0.528% and 0.528% of ACC net income; Total supervisors' remuneration paid by all companies listed in consolidated operational report accounted for 0.550% and 0.528% of net income received from those companies.

Classification of Remuneration Paid to ACC Supervisors	Name of Supervisors	
	A+B+C (Please refer to listed information above )	
	ACC	All companies listed in Consolidated Operational Report
Under NT\$2,000,000	Far Eastern Medical Foundation: Shaw Yi Wang, Far Eastern Medical Foundation: Champion Lee, U-Ming Corp.: Kwan-Tao Li, Bai-Yang Investment Holdings Corp.: Chin-Der Ou	Bai-Yang Investment Holdings Corp.: Chin-Der Ou
NT\$2,000,000~NT\$5,000,000	-	U-Ming Corp.: Kwan-Tao Li
NT\$5,000,000~NT\$10,000,000	Bai-Yang Investment Holdings Corp.: Ting Yu Tung	Bai-Yang Investment Holdings Corp.: Ting Yu Tung
NT\$10,000,000~NT\$15,000,000	-	Far Eastern Medical Foundation: Champion Lee
NT\$15,000,000~NT\$30,000,000	-	Far Eastern Medical Foundation: Shaw Yi Wang
NT\$30,000,000~NT\$50,000,000	-	-
Total	5	5

- \* The remuneration of supervisors is paid in consideration of the Company's operating performance and individual contribution.
- \* The remuneration for directors and supervisors is not more than 2.5% of profit of the current year.
- \* Each Supervisor has agreed regarding to the principle of distribution of remuneration.
- \* The Remuneration Committee has approved current remuneration system for Directors and Supervisors.

### 3. Remuneration of President and Vice Presidents

Unit: NT \$ 1000

Title	Name	Salary(A)		Pensions(B)		Reward and Allowance etc. (C)		Employees bonus from Distributable Earnings (D)		Total Amount (A+B+C+D)/Net Income		Other remuneration from investment business except subsidiary
		ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	
								Cash Bonus	Cash Bonus			
President	Kun Yen Lee	16,701	17,690	675	675	7,645	7,709	8,919	8,919	0.860%	0.887%	1,128
Chief Executive Vice President	Y.F. Chang											
Executive Vice President	R.H. Shao											
Executive Vice President	Doris Wu											
Vice President	C.M. Chen											
Vice President	W.K. Chou											
General Plant Manager	Z.P. Chang											

- \* Please refer to Consolidated Operational Report for the list of All Companies.
- \* Pensions funded according to applicable law.
- \* No stock bonus, warrant, or restricted stock awards for employees have been distributed from ACC and all companies listed in consolidated operational report.
- \* The chief executive vice president of the Company, Y.F. Chang is assigned one vehicle. The monthly rental is NT \$ 44,400.
- \* Within recent two fiscal years, total remuneration of the President and Vice Presidents accounted for 0.935% and 0.860% of ACC net income. Total amount of President and Vice Presidents' remuneration paid by all companies listed in consolidated operational report accounted for 0.958% 及 0.887% of net income received

from those companies.

\* Executive Vice President, R.H. Shao, retired on April 2016.

Classification of Remuneration Paid to ACC President and Vice Presidents	Name of President and Vice Presidents	
	ACC	All companies listed in Consolidated Operational Report
NT\$2,000,000~NT\$5,000,000	R.H. Shao, Doris Wu, C.M. Chen, W.K. Chou, Z.P. Chang	R.H. Shao
NT\$5,000,000~NT\$8,000,000	Kun Yen Lee, Y.F. Chang,	Kun Yen Lee, Y.F. Chang, Doris Wu, C.M. Chen, W.K. Chou, Z.P. Chang
NT\$8,000,000~NT\$10,000,000	-	-
Total	7	7

\* The remuneration of President and Vice Presidents is divided into two parts:

1. Monthly salary based on fixed salary rank.

2. Based on ACC's bonus system, bonus and compensation are distributed mainly in consideration of the Company's operating performance and individual annual performance.

\* The Remuneration Committee has approved current remuneration system for the President and Vice Presidents.

\* Executive Vice President, R.H. Shao, retired on April 2016.

### 3.2.7 Employees Remuneration to Management Team

Unit: NT \$ 1,000

	Title	Name	Stock Bonus	Cash Bonus	Total Amount	Total Amount/Net Income
Executive Officers	President	Kun Yen Lee	0	13,722	13,722	0.348%
	Chief Executive Vice President	Y.F. Chang				
	Executive Vice President	R.H. Shao				
	Executive Vice President	Doris Wu				
	Vice President	C.M. Chen				
	Vice President	W.K. Chou				
	General Plant Manager	Z.P. Chang				
	Manager of the Hsinchu Plant	Z.H. Qiu				
	Assistant Vice President	C.P. Sue				
	Assistant Vice President	T.L. Yu				
	Deputy Chief Auditor	W.H. Yeh				
	Manager of Domestic Sales Dept.	M.C. Chen				
	Special Assistant of President Office	T.M. Chen				
	Manager of Secretarial Dept.	Manfred Wang				
	Manager of Accounting Dept.	Nancy Kao				

\* The proposed amounts of 2016 managers' remunerations need to be approved by the 2017 regular shareholders' meeting.

\* Executive Vice President, R.H. Shao, retired on April 2016.

### 3.2.8 Name and Title of the Top 10 Employees Who Were Distributed Employees Remuneration

Unit: NT \$ 1000

Rank	Title	Name	Stock Bonus	Cash Bonus	Total Amount
1	President	Kun Yen Lee	0	11,580	11,580
2	Chief Executive Vice President	Y.F. Chang			
3	Executive Vice President	Doris Wu			
4	Executive Vice President	R.H. Shao			
5	General Plant Manager	Z.P. Chang			
6	Vice President	C.M. Chen			
7	Vice President	W.K. Chou			
8	Assistant Vice President	T.L. Yu			
9	Deputy Chief Auditor	W.H. Yeh			
10	Manager of Domestic Sales Dept.	M.C. Cheng			

\* The employees remuneration comes from the profits of 2016.

\* Executive Vice President, R.H. Shao, retired on April 2016.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

There are 8 meetings of the 25<sup>th</sup> Board of Directors held in the period from January 1, 2016 to May 11, 2017. Directors' attendance condition was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate	Notes	
Chairman	Douglas Tong Hsu	8	0	100%	Reappointment Jun.16, 2014	
Director	Representatives of Far Eastern New Century Corp.	Tsai Hsiung Chang	8	0	100%	Reappointment Jun.16, 2014
		Johnny Shih	7	1	88%	Reappointment Jun.16, 2014
		C.V. Chen	5	3	63%	Reappointment Jun.16, 2014
Director	Representative of X.Z. Ying-Chai Memorial Foundation	Sui-Cheong Ying	7	1	88%	Reappointment Mar. 2, 2016
Director	Representative of Yue Ding Industry Co., Ltd.	Kun Yen Lee	8	0	100%	Reappointment Jun.16, 2014
Director	Representatives of Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Peter Hsu	8	0	100%	Reappointment Jun.16, 2014
		Chen Kun Chang	7	1	88%	Reappointment Jun.16, 2014
Director	Representative of Ta Chu Chemical Fiber Co.,Ltd	Ruey Long Chen	6	2	75%	Reappointment Jun.16, 2014
Director	Representative of Huey Kang Investment Corp.	Connie Hsu	7	1	88%	Reappointment Jun.16, 2014
Independent Director	Ta-Chou Huang		8	0	100%	Newly-elected Jun.16, 2014
	Chi Schive		8	0	100%	Newly-elected Jun.16, 2014
	Gordon S. Chen		6	2	75%	Newly-elected Jun.16, 2014

#### 3.3.2 Other mentionable items:

##### 1. Board of Directors

##### A. Items listed in the Article 14-3 of the Securities Exchange Act:

BOD date	Items	The opinions of all independent directors and the handling of the Company
Mar. 23, 2017	2017 CPA service fee of Deloitte & Touche	Approved by all independent directors
	To issue non-guaranteed corporate bond up to NT \$10 billion	
	To issue non-guaranteed overseas convertible bond up to USD 400 million.	

	To issue Cross Currency Swap for USD 400 million	
	Amendment to “the Working Procedures for the Acquisition and Disposal of Assets”	
	Amendment to “the Procedure for Making Endorsements and Guarantees”	
	Amendment to “the Procedure for Loans of Funds to Others”	
May 11, 2017	Amendment to “the Working Procedures for the Acquisition and Disposal of Assets”	Approved by all independent directors

B. All 3 independent directors gave us valuable opinions with no objection or expression of reservations in meeting minute or written statement.

2. If there is Directors’ avoidance of motions in conflict of interest, the Directors’ names, contents of motions, causes for avoidance and voting should be specified:

The 10<sup>th</sup> meeting of the 25<sup>th</sup> Board of Directors resolved with no objection or reservation to donate NT \$1,250,000 to the Yuan Ze University which conducts education and social responsibility activities for the Far Eastern Group. Douglas Tong Hsu, Tsai Hsiung Chang, C.V. Chen, Connie Hsu, and Peter Hsu are the directors of the university. They did not participate in discussion and voting of the issue according to relevant regulations.

The 12<sup>th</sup> meeting of the 25<sup>th</sup> Board of Directors resolved with no objection or reservation to donate NT \$5,000,000 to the Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation which conducts education and social responsibility activities for the Far Eastern Group. Douglas Tong Hsu, Tsai Hsiung Chang, Ta-Chou Huang, Connie Hsu, and Peter Hsu are the directors of the university. They did not participate in discussion and voting of the issue according to relevant regulations.

3. Measures taken to strengthen the function of the Board:

**Goals:**

To enhance corporate governance and the function of the Board by enacting “the Procedures for Evaluating the Board of Directors’ Performance”

**Implementation Status and Assessment:**

- A. The Board enacted “the Procedures for Evaluating the Board of Directors’ Performance” on May 13, 2015 and disclosed on the Company’s website.
- B. Secretarial Department reviewed the Self-Assessment Questionnaire of the Board and calculated a weighted average score, and reported to the Board on May 10, 2016 and May 11, 2017.
- C. The score of 2017 evaluation falls between 3.17~3.83, compared to 4 points as full score. Among evaluation items, "6 meetings of the Board annually" needs to be improved, while other item meets good performance.
- D. This is the second Self-assessment of Board, and the Board paid high attention on this matter. This is very helpful to implement corporate governance and to enhance the function of the Board.

2. Audit committee

Article 14-4 of the Securities and Exchange Act provided that a listed company shall establish either an audit committee or supervisors, and the audit committee shall be composed of all independent directors. The Company elected three independent directors in 2014 shareholders’ meeting. The Company amended the Articles of Incorporation of Asia Cement Corporation in 2016 and will establish Audit Committee in 2017 pursuant to government regulations.

### 3.3.3 Attendance of Supervisors for Board Meeting

There are 8 meetings of the 25<sup>th</sup> Board of Directors held in the period from January 1, 2016 to May 11, 2017. Supervisors' Attendance Condition was as follows:

Title	Name		Attendance in Person	Attendance rate	Notes
Supervisor	Representatives of Far Eastern Medical Foundation	Shaw Yi Wang	8	100%	Reappointment Jun.16, 2014
		Champion Lee	8	100%	Reappointment Jun.16, 2014
Supervisor	Representatives of Bai-Yang Investment Holdings Corp.	Chin-Der Ou	4	50%	Newly-elected Jun.16, 2014
		Ting Yu Tung	5	63%	Reappointment Jun.16, 2014
Supervisor	Representative of U-Ming Corp.	Kwan-Tao Li	5	63%	Reappointment Jun.16, 2014

Other mentionable items:

1. Organization and Responsibilities of Supervisors:

A. Communications with employees and shareholders:

In ACC, the labor relation is harmonious, information is open, and communication channels among different functions and levels are unblocked. Therefore, there is no affair with which employees and shareholders should communicate.

B. Communications with internal audit manager and CPA:

(1) Internal audit manager reports the plans and execution of audit works to Supervisors every half year.

Internal auditors discovering any material violation or any likelihood of material damage to the company shall promptly notify the Supervisors.

(2) CPA and accounting manager report financial and operation business to Supervisors every year.

2. If supervisors make any statement in BOD meetings, the following information should be disclosed- the date of BOD, the term of BOD, the contents and resolutions of motions, and the follow-up of supervisors' statements:

In the recent fiscal year, Supervisors attended BOD meeting and occasionally participated in discussion. No opposition has been made by Supervisors to any motions and company policies.



### 3.3.4 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Codes with reference to “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on Nov. 11, 2014. The information has been disclosed on MOPS and the Company’s website.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The Company has appointed spokesman or his deputy as well as stock agency, Oriental Security Corporation, to handle these issues. If involved in litigation matters, the spokesman will handle that with the Secretarial Department, and legal staff. If significant event happens, legal consultants, Lee and Li, and accounting consultants, Deloitte & Touche, will help deal with the matter. This complies with our internal operating procedures.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company keeps tracking the list of shareholders and follows the Article 3 of Market Information Post Regulation Reporting by Listed Companies to post related information within one month after the end of annual shareholders’ meetings.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		<p>In addition to enacting “Regulations for Monitoring Subsidiaries” as the risk management mechanism for its subsidiaries, the Company has also enacted “Regulations for Managing Client’s Credit” and assigned the Credit Committee to be responsible for risk control of accounts receivable. Meanwhile, to establish risk management and firewall, we have signed up with affiliates for “Procedures of Assets Acquisition and Disposal”, “Procedures for Loaning of funds to Others”, “Procedures for Endorsement and Guarantee,” and “Rules on the Management of Related Party Transaction.”</p> <p>The Auditing Department will report regularly to the Board of Directors and Supervisors about any abnormal conditions and their improvements. The Auditing Department will also report to the Financial Supervisory Commission and other government agencies in accordance with relevant regulations.</p>	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>The Board of Director approved “the Procedure Dealing with Internal Material Information of Asia Cement Corporation” on December 21, 2009. It states that “directors, supervisors, managers and other employees shall not disclose internal material information to others, nor involve in any transaction of the Company’s stock or any other forms of security.”</p>	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>The Board members considered its member diversification and approved “strengthening the function of the Board” Section of “the Corporate Governance Codes”. The Company adopts candidate nomination system for the election of directors/supervisors. In addition to the assessment of each candidate's education and experience, opinion of the stakeholder and full compliance with “the election rules for directors and supervisors” and “Corporate Governance Codes” are also considered.</p> <p>In the members of the 25<sup>th</sup> Board of Directors, except for one female member, there are members who have abilities of leadership, operation analysis, management, crisis management, industry knowledge and international view, such as Douglas Tong Hsu, Tsai Hsiung Chang, Johnny Shih, Peter Hsu, Kun Yen Lee, and Chen Kun Chang. Members who represent public welfare are He Shan Ying and Connie Hsu. C.V. Chen specializes in legal matters. Ruey Long Chen served as Minister of Economy. As for independent directors, Ta-Chou Huang Chi Schive, and Gordon S. Chen, they are expert in administrative management and financial matters. It is also mentionable that</p>	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>Ta-Chou Huang had served in agriculture affair for the government. He gave us many advices in green vegetation and environmental protection of plants and mines. In summary, the present members of the Board do have diversity.</p> <p>The diversified policy for the composition of the Board of Directors has been disclosed on the Company’s website and MOPS. The Company has established Remuneration Committee. The Company will amend the Articles of Incorporation of Asia Cement Corporation in 2016 to establish Audit Committee in 2017 pursuant to government regulations. Other voluntarily established functional committees are: <u>Human Resource Committee:</u> Review and advice to modify the Company’s organization structure, rules of personnel management, and other important human resource matters. <u>Credit Committee:</u> Execute “Regulations for Managing Client’s Credit” enacted by the Company and take charge of risk control of account receivable. <u>CSR Committee:</u> Responsible for investigating and identifying</p>	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		<p>corporate sustainability issues and to respond major considerations of stakeholders in order to implement the goal of sustainable development.</p> <p><u>IT Steering Committee:</u> Review all affairs relating to information operation system, office automation, internal and external website applications and information security to the needs of operation, management and provide strategy to prevent the risk of information security and its efficiency.</p> <p>The company enacted “Procedures for Evaluating the Board’s Performance” on May 13, 2015 and conducts it annually.</p> <p><u>Evaluation methods:</u></p> <ol style="list-style-type: none"> <li>1. Self-assessment of Board members Board members fill in the” Self-Assessment Questionnaire for Board Members” at the end of each year.</li> <li>2. Assessment by Secretarial Department: Secretarial Department will evaluate evaluation items at the end of each year and modify evaluation items if needed.</li> <li>3. Procedures:               <ol style="list-style-type: none"> <li>a. regularly review the effectiveness of the evaluation.</li> <li>b. at the end of each year, Secretarial Department will review the Self-Assessment Questionnaire and evaluation items, calculate a weighted</li> </ol> </li> </ol>	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>average score, and report to the Board of Directors.</p> <p>4. Implementation: At the beginning of each year, Secretarial Department will remind every Board’s member about items in the Self-Assessment Questionnaire and other issues, such as “recognition and discussion issues of the Board in accordance with law, "Quarterly meeting requirement of the Board", "rules regarding to conflicts of interests of Directors", "the minimum annual training hour of directors", and “to enhance attendance rate of board of directors and shareholders meeting”.</p> <p>Secretarial Department reviewed the Self-Assessment Questionnaire of the Board and calculated a weighted average score, and reported to the Board on May 23, 2017.</p> <p>The Procedures for Evaluating the Board of Directors’ Performance has been disclosed on the Company’s website.</p>	
4. Does the company establish specialized units or dedicated members and personnel responsible for corporate governance affairs, as well as carrying out key actions and reporting statuses (e.g. : including but not limited to provide the information that board directors and supervisors	V		1. The secretarial Dept. serves as the secretary of the board of directors to promote corporate governance. Each member of the Secretarial Dept. has more than 20 years' working experience in the management of legal affairs and board affairs, and is supervised by the vice	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
request to perform their duties, ensuring the general affairs of board meetings and shareholders’ meetings are held in accordance with regulations, applying and changing of company registration, and taking meeting minutes for board meetings and shareholders’ meetings.)			<p>president.</p> <p>2. The main responsibilities are as follows:</p> <ul style="list-style-type: none"> <li>※ Develop company and organizational structure to promote the independence of the board of directors, transparency, corporate governance, and internal control.</li> <li>※ Plan to convene the board of directors and its agenda at least prior 7 days before the meeting with sufficient meeting information to facilitate the directors to understand the contents of the relevant issues and conflict of interests in advance.</li> <li>※ To registry the date of the shareholders' meeting every year, and to issue the meeting notice, annual report and handbook in both English and Chinese. The relevant documents shall be approved by the vice president and president.</li> <li>※ To survey the board’s performance evaluation and report to the board of directors annually.</li> </ul>	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The Company provides “Stakeholder Area” section of the Company’s website for the communication channel with shareholders and stakeholders with respect to any CSR issues.</p> <p><a href="http://www.acc.com.tw/">http://www.acc.com.tw/</a></p>	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder	V		The Company designates stock agency, Oriental Security Corporation, to deal with shareholder	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
affairs?			affairs.	
7. Information Disclosure				None
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company has set up a Chinese/English website (www.acc.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status.	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has assigned a spokesman or his deputy to handle information collection and disclosure. The Company will also convene the institutional investors’ conference upon request and post relevant information on MOPS and ACC website. Please refer to Section 3.3.5 8(2) Investor Relations of this Annual Report.	None
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) Status of employee rights and employee wellness: Please refer to the “Section 5.5 Labor Relation” of this Annual Report. (2) Investor Relations: For the efficient communication between investors and the Company, in addition to the spokesman or his deputy, the Company specifies its Finance Department to serve as investor relation contact. Moreover, the Company will attend or hold investor conference if necessary. In order to ensure the information symmetry of disclosure, the Company will post relevant	None



Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No		
			<p>information and materials to MOPS and the Company's website.</p> <p>(3) Supplier relations: The Company regards our suppliers as partners. Except requiring good service, high quality, and reasonable prices to our suppliers, the Company also brings our construction contractors into its safety management system, and set up safety regulations for contractors, such as access control and issuing construction permission, and holds training courses to help contractors fulfill safety requirements.</p> <p>(4) Stakeholders’ Rights: For the transparency and timely disclosure of the Company, the information of finance, business, and corporate governance could be accessed on the Company’s website and MOPS in both Chinese and English.</p> <p>(5) The training for directors and supervisors: Please refer to section 3.3.8 for detail.</p> <p>(6) Risk managements and assessments: Based on the principles of “protecting assets, promote interests, reducing damages and ensuring sustainable development” of the Company, the Company forms its company organization with functions of risk management. Please refer to section 3.1.2 for detail. Besides of</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>routine business goals, each departments of the Company would timely adjust to rapidly-changing world for risk management.</p> <p>(7) Customer policy: The Company serves its customers with the principles of “good service, high quality, and reasonable prices, and customer-oriented”. The Company will also meet all customers’ need by stringent quality control.</p> <p>(8) Responsibility insurance purchase for directors and supervisors: None. However, since some listed companies of the Far Eastern Group have purchased responsibility insurance for directors and supervisors, the Company will report this matter to the Board for decision-making.</p>	
9. Base on the result of “Corporate governance Evaluation” announced by TWSE ( Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven’t been improved :	V		The Company was ranked 6%~20% in “the 3 <sup>rd</sup> Corporate Governance Evaluation” by the TWSE. This year will focus on improving non-scoring items: the Company will disclose the communication between the independent director and the audit manager and the accountant to the Company's website. The Company will also hold regular meetings to enhance the communication mechanism between independent directors and internal audit supervisors and accountants.	None

### 3.3.5 The Composition, Duty, and Implementation Status of the Remuneration Committee

#### 1. Professional Qualifications and Independence Analysis of Members of the Remuneration Committee

Position <sup>1</sup>	Criteria  Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria <sup>2</sup>										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Members of the Remuneration Committee	Note <sup>3</sup>	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent Director	Chi Schive	V	V	V	V	V	V	V	V	V	V	V	V	V	V	0	Yes
Other	L.Z. Dong		V		V	V	V	V	V	V	V	V	V	V	V	2	-
Other	S.Y. Su		V		V	V	V	V	V	V	V	V	V	V	V	1	-
Other	M.X. Lin		V		V	V	V	V	V	V	V	V	V	V	V	1	-

\*The 2<sup>nd</sup> Remuneration Committee established on June 24, 2014.

Note1: Please specify the members' position: director, independence director or others.

Note2: Please tick the corresponding boxes if each member has been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not been a person of any conditions defined in Article 30 of the Company Act.

Note3: If the member is a director, please specify whether he/she fulfills the qualification set in the paragraph 5, Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter."

2. Implementation Status of the Remuneration Committee

There are 4 members of the Remuneration Committee. Their terms of office start from June 24, 2014 to June 23, 2017. Totally, 3 meetings of the Remuneration Committee were held in the latest year. Members' attendance condition was as follows:

<b>Position</b>	<b>Name</b>	<b>Attendance in Person</b>	<b>Attendance in Proxy</b>	<b>Attendance rate</b>	<b>Notes</b>
Convener	Chi Schive	3	0	100	Incumbent
Member	L.Z. Dong	3	0	100	Incumbent
Member	S.Y. Su	3	0	100	Incumbent
Member	M.X. Lin	3	0	100	Incumbent

Other mentionable items:

1. If the board of directors declined to adopt, or modified a recommendation of the Remuneration Committee, please specify the date, term, content, resolution, and the Company's processing situations for Remuneration Committee's resolution: None.
2. If any objections or reservations expressed by any committee member in record or in written to Remuneration Committee's resolution, please specify the date, term, content, and the committee's processing situations for objections or reservations: None.

### 3.3.6 Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>1. Corporate Governance Implementation</p> <p>(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?</p>	V		<p>The Company enacted “Corporate Social Responsibility Policy” on Nov. 11, 2014 and published first CSR report on Dec. 2014. These have been disclosed on the Company’s website.</p> <p>The CSR Committee (operated by the Secretarial Department) will report to the Board on May and November about the implement status and review of the CSR policy.</p> <p>The performance and rewards for the CSR report lists as following:</p> <ol style="list-style-type: none"> <li>a. Greening area of the quarry increased 1.7 hectares with planting 4,568 trees.</li> <li>b. Cement 4.0 projects: intelligent delivery system completed in 2016 to enhance the delivery efficiency and information transparency, and to reduce the human demand for 6 people.</li> <li>c. Circular Economy: Planning Set disc reactor, and analyzing the types and quantities of waste can be processed in Taiwan.</li> <li>d. Visitors for our Butterfly Garden the Ecological Park: 5,275 people.</li> <li>e. “Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” award by the Industrial Development Bureau, MOEA.</li> <li>f. Hualien plant purchased green electricity 200,000KWH, and was issued by the electric Mark Green.</li> <li>g. Hualien plant awarded "2015 Carbon Reduction Action Award" by EPA.</li> <li>h. The implementation for promoting reading activities for aboriginal tribes.</li> <li>i. Donated NT\$ 2 million worth cement to help Taitung County post-disaster reconstruction.</li> <li>j. Donated NT\$ 30 million for rehabilitation in the collapse of National Park.</li> </ol>	None

<p>(2) Does the company provide educational training on corporate social responsibility on a regular basis?</p> <p>(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?</p> <p>(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an</p>	<p>V</p> <p>V</p> <p>V</p>	<p>k. The Company is rated as “Taiwan Top Salary 100 Index”, TWSE.</p> <p>l. The Company’s CSR Report was awarded “Top 50 Corporate Sustainability Report-Gold Award”, TCSA.</p> <p>m. The Company is ranked in top 40 by Global Views Monthly CSR Award.</p> <p>n. The Company is listed in “TWSE Corporate Governance 100 Index”.</p> <p>o. Chairman Hsu is selected as 2016 Taiwan CEO top 50 by "Harvard Business Review".</p> <p>p. Grade B for Carbon Disclosure Project.</p> <p>q. Hualien plant (including Hsinchenshan Mine) obtained ISO 50001: 2011 energy management system certification in December 27, 2016</p> <p>Human Development Center of the Far Eastern Group regularly provides training for directors, supervisors, managers and staff about CSR topics HR Department of the Company also irregularly provides CSR-related seminars.</p> <p>CSR Committee established on Nov. 11, 2014 and is responsible for investigating and identifying CSR issues (operated by the Secretarial Department).</p> <p>The CSR Committee (operated by the Secretarial Department) will report to the Board on May and November about the implement status and review of the CSR policy. The Secretarial Department will report the effectiveness about CSR activity twice a year.</p> <p>Except for consideration of education, work experience, license or permits, and professional technology, the Company’s salary remuneration policy will not discriminate any employee regardless of gender, age, race, religion, marital, and family status.</p> <p>The Company has a fair and reasonable salary payment system, and participates in market salary surveys annually to ensure that the Company lists among the highest salaries range within the cement industry.</p>	<p>None</p> <p>None</p> <p>None</p>
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<p>effective reward and disciplinary system?</p>		<p>The Company is rated as "Taiwan Top Salary 100 Index", TWSE in 2015. Both our Hsinchu and Hualien Plant have signed collective agreement with employees. The Company and the Labor Union received "Excellence Recognition for its collective agreement with employees" (Ministry of Labor).</p> <p>Employees' performances are reviewed based on their working performance, training achievements, and volunteer service according to the Company's employees working rule. There is a clear reward and punishment system. Please refer to "Human resources" and "Employee welfare" in our CSR report.</p>	
<p>2. Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (2) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	<p>V  V</p>	<p>For many years, the Company is devoted to enhance its utilization efficiency of resources and to use renewable materials, such as slag and gypsum from steelworks and power plants. This can greatly reduce the need for natural resources.</p> <p>In November 1996, the Hualien plant of the Company became one of the first organizations in Taiwan to receive ISO-14001 certification. This management system was completed by the Hualien plant personnel itself based on the Plant's good practice on environmental protection, and this has turned the Plant into a role model of Eco-friendly cement manufacturer.</p>	<p>None  None</p>
<p>(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company</p>	<p>V</p>	<p>The Hualien plant was the pioneer for implement ISO 14064-1 greenhouse air emission inspection since 2003. The Plant was awarded "Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions" in 2009, 2011, 2013, 2015, and 2016 by the Industrial Development Bureau, MOEA. Please refer to our CSR report for more information.</p>	<p>None</p>

strategies for energy conservation and carbon reduction?			
<p>3. Preserving Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?</p>	<p>V</p> <p>V</p>	<p>The Company fully complies with Labor Standards Law and other regulations, emphasizes the balance between working, family and leisure life, and prohibits child labor and all other forms of forced labor and discrimination.</p> <p>In order to establish gender equality in the workplace, the Company provides parental leave without pay system, while provides family care leave, physiological leave, maternity leave, paternity leave and lactation rooms.</p> <p>The Company provides health examination, health seminars, and Employee Assistance Program (EAP) service by Hsinchu Lifeline Association, EAP Center, which offers professional counsel to all issues that employees may meet, such as career development, family issues, and interpersonal relationship. Please refer to 5.5 “Labor Relations” of this report and "Human resources" and "Employee welfare" in our CSR report.</p> <p>According to our CSR Policy, Human Resource Committee formulated corporate human rights policies, and regularly assesses the impact of company operations and internal management on human rights, and formulated a corresponding procedure.</p> <p>In order to implement the Company's “Codes of Ethical Conduct” and “Principles for Ethical Management”, the Board enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted "Complainant rules for employees”.</p> <p>According to the above rules, the Company will treat all complaint confidentially and protect whistleblowers. The identification informants of whistleblowers will be kept confidential. The Company will also ensure that whistleblowers won’t be revenged because of reporting improper issues.</p>	<p>None</p> <p>None</p>



		<p>Alleged violator has the right to appeal to the investigation team while investigation will be made by the HR Committee if necessary.  Employees could also file a complaint via the Labor Union.  There is no complaint brought to us in 2015.  Above mentioned rules are disclosed on the Company’s website.</p>	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V	Please refer to Section 5.5 “Labor Relation” for detail.	None
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V	<p>Managers of each department and plants of the Company attend managerial meeting weekly and monthly. Each department also hold regular meeting for employees to attain and participate in company’s operation and decision-making. The Company also regularly organized meeting with labor representatives. This will allow employees to understand any significant impact on the changes of operation.</p> <p>On May, 2014, the Company was awarded “Excellence Recognition for its collective agreement with employees” by the Ministry of Labor.</p>	None
(5) Does the company provide its employees with career development and training sessions?	V	<p>For employees’ career development and training sessions, in addition to relevant management skills, the Company provides systematic training courses to strengthen the employees’ abilities and enhance the competitiveness of both employees and corporation.</p> <p>Recently, the Company cooperates with Yuan Ze University to conducts employee career development training programs for a 2-years period.  Please refer to our CSR report for more information.</p>	None

<p>(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?</p>	<p>V</p>	<p>The Company serves our customers with the principles of “customer-oriented good service, high quality, and reasonable prices”.</p> <p>To protect consumers’ rights, the Company sets up consumer services to manage consumers’ complaints from domestic and oversea clients. The Hsinchu and Hualien plants will manage our product quality to meet all customers’ need.</p> <p>Domestic and Foreign Sale Departments have set up "management practices for customer satisfaction" which establishes an effective communication channel for our clients.</p>	<p>None</p>
<p>(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?</p>	<p>V</p>	<p>The Company has set up a standard operation procedure dealing with customers’ complaint and protects consumers’ health and safety. Besides, the Company will keep the transparency of information to meet customers’ need while consumers’ personal information will be kept security according to Personal Information Protection Act.</p> <p>All products and services of the Company are advertised and labeled according to relevant regulations and international standards.</p> <p>Asia Cement received CNS Mark for Portland Cement (Type 1) since Sep. 22, 1961. Thus, the Company received "Special Honor for CNS Mark" for using CNS Mark more than 50 years on Oct. 2011.</p> <p>The trademark of “Skyscraper Cement” of the Company is registered pursuant to the Trademark Law.</p> <p>All authorized uses of “Skyscraper Cement” to our subsidiaries in China are approved by China’s Trademark Office of the State Administration for Industry and Commerce.</p>	<p>None</p>
<p>(8) Does the company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships?</p>	<p>V</p>	<p>Our Purchasing Department has "supplier evaluation procedures". Suppliers certified with ISO-9000, CNS marks, or other quality inspection mark will be rated as excellent suppliers.</p> <p>Furthermore, the Purchasing Department will assess the past impact of the supplier on CSR issues, such as ethics behaviors, legal compliance, matters relating to the health and security. This would be important basis for contractor selection.</p> <p>Please refer to Section 3.3.5 “Supplier relations” for detail.</p>	<p>None</p>

<p>(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?</p>	<p>V</p>	<p>Upon the signing of any contract, the Company will require every supplier to follow labor laws, avoid environmental hazards, and commit to CSR policy. Whenever violation occurs, the Company has the right to terminate the contract. Please refer to our CSR report for more information.</p>	<p>None</p>
<p>4. Enhancing Information Disclosure Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?</p>	<p>V</p>	<p>The Company will disclose CSR-relevant information on our web site and MOPS. We also utilize investor conference, shareholders meeting, investor relations, hearings, conferences with government representatives to achieve close engagement with all stakeholders.  Our CSR report has been published both on our website and MOPS. We wish this will be helpful for every stakeholder to understand our commitments to all sustainability issues.</p>	<p>None</p>
<p>5. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.</p>			
<p>6. Other important information to facilitate better understanding of the company’s corporate social responsibility practices : Please refer to Section 5.4 “Expenditures on Environmental Protection” of this annual report and our CSR report for more information. Please refer to our CSR report for more information.</p>			
<p>7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: The Company’s CSR report was prepared in accordance with the GRI Standards and verified by SGS Taiwan Limited in accordance with AA 1000 Assurance Standard.</p>			

### 3.3.7 Implementation Status of Ethical Management

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		<p>“Codes of Ethical Conduct” and “Principles for Ethical Management” of Asia Cement Corporation have been adopted by the 5<sup>th</sup> meeting of 24<sup>th</sup> Board of Directors on June 27, 2012 and reported to the 2013 shareholders’ meeting. The Company has post “Codes of Ethical Conduct” and “Principles for Ethical Management” on the Company’s intranet for compliance.</p> <p>The Company has also promoted “Codes of Ethical Conduct” and “Principles for Ethical Management” to its suppliers and contractors.</p>	None
(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	V		<p>For the purpose of developing a corporate culture of ethical management and preventing unethical conduct, HR Department enacted “Working procedures and Guidelines for Ethical Management”. It clearly expresses all kinds of bad faith conducts, preventions, and punishments for violators.</p> <p>In order to implement the Company's “Codes of Ethical Conduct” and “Principles for Ethical Management”, the Board enacted “Working Procedures for Reporting Illegal, Unethical, and</p>	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V		<p>Dishonest Issues”, and also enacted "Complainant rules for employees".</p> <p>Above mentioned rules are disclosed on the Company’s website (<a href="http://www.acc.com.tw/">http://www.acc.com.tw/</a>).</p> <p>The Company establish precautions for directors, supervisors, managers, employees for preventing high-potential unethical conducts:</p> <ol style="list-style-type: none"> <li>a. Set a standard distinguishing improper benefits,</li> <li>b. Set procedures for political donations,</li> <li>c. Set procedures for charity donations or sponsorship,</li> <li>d. Set reporting and handling procedures to avoid job-related conflicts of interest,</li> <li>e. Set an information firewall to prevent sensitive information or undisclosed information and to prevent the use of the non-disclosed information in insider trading,</li> <li>f. Set working procedures dealing with dishonest actions involved by suppliers, customers, and trading partners and others,</li> <li>g. Set working procedures dealing with violators of Principles for Ethical Management,</li> <li>h. Set punishment for violators and reward for whistleblowers.</li> </ol>	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		<p>All suppliers of the Company signed "Codes of Conduct and Commitment Statement for Suppliers". We will review, rate, and eliminate our suppliers based on past evaluation records and their implementations of CSR affairs.</p> <p>For fully implementation, the Purchasing Department has urged all suppliers to comply with our “Codes of Ethical Conduct” and “Principles for Ethical Management”. The Purchasing Department will include this item into commercial terms.</p>	None
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		<p>The HR Department is responsible for formulating policy and supervising ethical management for the Company. It will report the implementation status to the Board on a regular basis.</p> <p>In addition to report implementation status of ethical management to the Board, the HR Department will also report to supervisors and independent directors.</p>	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company provides that no manager shall engage in any affairs with conflicts of interest to the Company unless otherwise released restriction	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		<p>by the Board and the shareholders’ Meeting.</p> <p>All members of our Board of Directors are highly disciplined. Once there are conflicts of interests, such member will not participate in discussion and voting of the issue according to relevant regulation and keep it in the meeting minutes.</p> <p>The Company also has standard procedures for employees to report any potential conflicts of interests.</p> <p>The Company has a strict accounting system and dedicated accounting department. For ensuring accuracy and transparency, all financial statements are audited or reviewed by Deloitte &amp; Touche in accordance with relevant regulation. In order to implement “Regulations Governing Establishment of Internal Control Systems by Public Companies” and “Principles for Ethical Management”, the Company has set up the Auditing Department which established its internal control system. And the Audit Department will regularly review and revise the internal control system. In addition, the Audit Department will develop and implement its annual internal audit plan in accordance with risk assessment.</p>	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		<p>To establish corporate culture of ethical management and prevent unethical behaviors, the Company holds internal training sections for employees understanding our commitment to ethical management and policies.</p> <p>Our “Codes of Ethical Conduct”, “Principles for Ethical Management”, and relevant regulations have been posted on the Company's website and internal bulletin board.</p>	None
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V  V  V		<p>The Board of Directors enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted “Complainant rules for employees” on May 13, 2015. Alleged violator has the right to appeal to the investigation team while investigation hearing could be made if necessary.</p> <p>According to the above rules, the Company will treat all complaint confidentially and protect whistleblowers. The identification informants of whistleblowers will be kept confidential. The Company will also ensure that whistleblowers won't be revenged because of reporting improper</p>	None



Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			issues.  Above mentioned rules are disclosed on the Company’s website.	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		Our “Codes of Ethical Conduct”, “Principles for Ethical Management”, and relevant regulations have been posted on the Company's website and internal bulletin board.  The Company has designated employees responsible for disclosing relevant information on MOPS and the Company's website ( <a href="http://www.acc.com.tw">http://www.acc.com.tw</a> ).  Since the adoption of Principles for Ethical Management, there is no violation needed to be disclosed.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.  No Discrepancies.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).				

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
The Company treats its employees and business partners with the highest standards of ethical conducts. Any bribery or unethical conducts made by its employees or suppliers will be punished, such as disposition, rejection of transaction, or legal prosecution.				

- ◎ Access to Corporate Governance Best-Practice Principles and relevant regulations: Please visit the Company's website at <http://www.acc.com.tw>.
- ◎ Any other important information to facilitate better understanding of the Company’s corporate governance practices: None.
- ◎ During the most recent fiscal year and the current fiscal year up to the date of printing of this annual report, any punishment occurred for the Company and its employees violating laws, and any punishment, fault and improvement occurred for the Company’s employees against the regulations of Internal Audit System: None.
- ◎ To appoint certified accountants to audit internal audit system: None.

### 3.3.8 The Training for Directors and Supervisors

Name	Date	Organizer	Course Title and Lecturer	Hours
<u><b>Directors</b></u> Douglas Tong Hsu Tsai Hsiung Chang Johnny Shih Peter Hsu C.V.Chen Kun Yen Lee Connie Hsu Ruey Long Chen Chen Kun Chang Sui-Cheong Ying <u><b>Independent Directors</b></u> Ta-Chou Huang Chi Schive Gordon S.Chen <u><b>Supervisors</b></u> Shaw Yi Wang Champion Lee Chin-Der Ou	Jul. 6, 2016	Corporate Governance Association	The Trend of Taiwan Tax Reformation  Lecturer: The Accountants of Deloitte Taiwan	3
<u><b>Directors</b></u> Douglas Tong Hsu Tsai Hsiung Chang Johnny Shih Peter Hsu C.V.Chen Kun Yen Lee Connie Hsu Chen Kun Chang Sui-Cheong Ying <u><b>Independent Directors</b></u> Ta-Chou Huang Gordon S.Chen <u><b>Supervisors</b></u> Shaw Yi Wang Champion Lee Chin-Der Ou Kwan-Tao Li	Dec. 22, 2016	Taiwan Academy of Banking and Finance	Board Operations Practice and Corporate Governance Workshop  Lecturer: Chung-Shu Wu, Dean of Chung-Hua Institution For Economic Research	3
<u><b>Directors</b></u> Peter Hsu	Oct. 22, 2016	Financial Supervisory Commission R.O.C(Taiwan)	The 11th Taipei Corporate Governance Forum	6
<u><b>Directors</b></u> Ruey Long Chen	Mar. 22, 2016	Corporate Governance Association	Paris Climate Agreement for the Impact of the Enterprise	1.5
<u><b>Directors</b></u> Ruey Long Chen	May. 10, 2016	Corporate Governance Association	The Introduction of the System of Corporate Governance Evaluation	1.5
<u><b>Directors</b></u> Ruey Long Chen	Aug. 9, 2016	Corporate Governance Association	The Impact of Anti - Tax Avoidance on Companies	1.5
<u><b>Directors</b></u> Ruey Long Chen	Nov. 4, 2016	Corporate Governance Association	Analysis of the Latest Taxation Trends	1.5

<b>Independent Directors</b> Chi Schive	Oct. 24, 2016	Corporate Governance Association	Group Governance	3
<b>Directors</b> Sui-Cheong Ying	Oct. 20, 2016	Financial Supervisory Commission R.O.C(Taiwan)	The 11th Taipei Corporate Governance Forum	6
<b>Supervisors</b> Ting Yu Tung	Aug. 19, 2016	Corporate Governance Association	Rules of Corporate Mergers and Acquisitions	3
<b>Supervisors</b> Ting Yu Tung	Aug. 19, 2016	Corporate Governance Association	On Enterprise M & A from the Perspective of Directors and Supervisors	3
<b>Supervisors</b> Kwan-Tao Li	Jul. 6, 2016	Corporate Governance Association	Corporate Governance and Sustainable Management	3

### 3.3.9 The Training for Managers

Title	Name	Date	Organizer	Course Title and Lecturer	Hou rs
Deputy Chief Auditor	W.H.Yeh	Apr.28,2016	Securities &Futures Institute	New Development of Financial Related Methods for Anti-fraud Workshop	6
		May.19,2016	Accounting Research and Development Foundation	The Analysis and Observation of Internal Auditors Evidence Collection and Prosecution Unit Crime Evidence Search	6
Manager	Nancy Kao	May.23,2016- May.24,2016	Accounting Research and Development Foundation	Training Courses for accounting managers	12
President	Kun Yen Lee	Jan.8,2016	Asia Cement	The Prospect of Energy Economy Lecturer: Chung-Shu Wu, Dean of Chung-Hua Institution For Economic Research	30
Chief Executive	Y.F.Chang				
Vice President	Doris Wu	Mar.4,2016	Asia Cement	Business Growth Strategy Lecturer: Chen, Chung-Jen, Professor of College of Management at NTU	
Executive	C.M.Chen				
Vice President	W.K.Chou	Apr.15,2016	Asia Cement	Innovation& Creativity Management Lecturer: Lin, Bou-Wen, Professor and Director of Institute of Technology Management at NTHU	
Vice President	Z.P.Chang				
General Plant Manager	Z.H.Qiu	May.6,2016	Asia Cement	Team Building and Motivation Lecturer: JIA-CHI HUANG, Professor and Chairman of NCCU College of Commerce	
Plant Manager	Y.L. Yu				
Senior Assistant	C.P.Sue	Jun.3,2016	Asia Cement	Enterprise Quality Refining Lecturer: Lyu, Jr-Jung, Professor of Department of Industrial and Information Management at NCKU	
Vice President	W.H.Yeh				
Assistant	M.C.Chen				
Vice President	Manfred Wang				
Deputy Chief Auditor	Nancy Kao				
Manager	T.M.Chen				

		Jul.1,2016		Supply Chain Strategy and Management Lecturer: James T. Lin, Professor in the Department of Industrial Engineering and Engineering Management at NTHU	
		Aug.5,2016		Marketing Strategy and Planning Lecturer: Huang, Chun-Yao, Professor of College of Management at NTU	
		Sep.2,2016		Service Innovation Model Lecturer: T.C. Liu, Professor of Institute of International Business at NCKU	
		Oct.7,2016		Sales System Management Lecturer: Po-Chien Li, Associate Professor of College of Management at YZU.	
		Nov.4,2016		Performance Management and Enhancement Lecturer: Anne Wu, Chair Professor of NCCU College of Commerce	
Chief Executive Vice President Executive Vice President Vice President General Plant Manager Plant Manager Senior Assistant Vice President Assistant Vice President Deputy Chief Auditor Manager Manager Special Assistant	Y.F.Chang  Doris Wu  C.M.Chen W.K.Chou Z.P.Chang  Z.H.Qiu Y.L. Yu  C.P.Sue  W.H. Yeh  M.C.Chen Nancy Kao T.M.Chen	Jul.6,2016	Corporate Governance Association	The Trend of Taiwan Tax Reformation  Lecturer: The Accountants of Deloitte Taiwan	3
Chief Executive Vice President Vice President General Plant Manager Senior Assistant Vice President Manager Special Assistant	Y.F.Chang  W.K.Chou Z.P.Chang  Y.L. Yu  M.C.Chen T.M.Chen	Dec.22,2016	Taiwan Academy of Banking and Finance	Board Operations Practice and Corporate Governance Workshop  Lecturer: Chung-Shu Wu, Dean of Chung-Hua Institution For Economic Research	3

### **3.3.10 the Execution Status of Internal Control System**

#### ***Asia Cement Corporation Statement of Internal Control System***

Date: March 23, 2017

Asia Cement Corporation (ACC) has conducted a self-inspection of internal control system during 2016. The results are as follows:

ACC acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and managerial level, and ACC has established such system. It is aimed to reasonably ensure that the goals such as effective and efficient operations (including profitability, performance, and safeguard of assets), the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws and regulations are achieved.

The internal control system has its inherent limitations; whatever a perfect design is, an internal control system can provide only reasonable assurance that the above-mentioned goals will be achieved; besides, owing to the change of environment and circumstances, the effectiveness of internal control system will be changed accordingly. However, the internal control system of ACC is equipped with self-monitoring mechanisms and ACC will take corrective action once defect is identified.

According to the criteria for the internal control system as specified in “Guidelines for Implementation of Establishing Internal Control System by Public Listed Companies”(hereinafter referred to as “Guidelines,”) ACC evaluates the effectiveness of its internal control system. The said Guidelines divide internal control system into five components: (1) Control Environment, (2) Risk Assessment, (3) Control Operations, (4) Information and Communication, and (5) Monitoring. Each component includes certain items. For the foregoing items, please refer to “Guidelines”.

ACC has adopted the aforesaid criteria for internal control system to evaluate the effectiveness of design and implementation of internal control system.

Based on the findings of the evaluation mentioned in the preceding paragraph, ACC believes that as at December 31, 2016 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, transparency, and regulatory compliance of reporting , and the compliance with applicable laws and regulations, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

This statement comprises the entire annual report and public brochure, and will be publicly disclosed. If the aforesaid statement has any unlawful attempt such as pretence and concealment, ACC will assume the legal responsibilities according to Article 20, 32, 171 and 174 of Securities and Exchange Law.

This statement has been approved by ACC Board of Directors at the meeting of March 23, 2017 with 13 directors in presence and none disagreement with the content of this statement.

**Asia Cement Corporation**

Chairman: Douglas Tong Hsu

President: K.Y. Lee

### 3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

#### 1. Major resolution of 2016 Regular Shareholders' Meeting

Date	Major resolutions
2016/06/21	<ol style="list-style-type: none"> <li>1. Amendment to "Articles of Incorporation of Asia Cement Corporation".</li> <li>2. Acceptance of 2015 financial statements and consolidated financial statements.</li> <li>3. Acceptance of the proposal for distribution of 2015 profits.</li> <li>4. Enactment of "Rules Governing the Scope of Powers of Supervisors".</li> </ol>
Execution Status	<p>Major resolutions of the Shareholders' meeting have been fully implemented.</p> <ol style="list-style-type: none"> <li>1. Amendment to "Articles of Incorporation" has been approved by MOEA on July 6, 2016 and disclosed on our web site.</li> <li>2. The record date for distribution of 2015 profits was Sep. 6, 2016. Cash dividends have been distributed on September 29, 2016.</li> <li>3. "Rules Governing the Scope of Powers of Supervisors" has been disclosed on our website.</li> </ol>

#### 2. Major Resolutions of the Board of Directors

Totally 8 meetings of the Board of Directors were held in the period from Jan. 1, 2016 to May 11, 2017. Directors and Supervisors have no opposition to major resolutions in this period.

Date	Major resolutions
2016/03/25	<ol style="list-style-type: none"> <li>1. Amendment to "Articles of Incorporation of Asia Cement Corporation"</li> <li>2. Acceptance of the 2015 employees' compensation and Directors' and Supervisors' remuneration.</li> <li>3. Acceptance of 2015 financial statements and consolidated financial statements.</li> <li>4. Acceptance of the proposal for distribution of 2015 profits.</li> <li>5. Acceptance to issue 2015 Statement of Internal Control System.</li> <li>6. To convene 2016 regular shareholders' meeting.</li> <li>7. Acceptance of 2016 business budget.</li> <li>8. Acceptance of 2016 CPA service fee of Deloitte &amp; Touche.</li> <li>9. To issue non-guaranteed commercial paper up to NT \$12 billion.</li> </ol>
2016/05/10	<ol style="list-style-type: none"> <li>1. Acceptance of 2015 Business Report.</li> <li>2. To issue non-guaranteed corporate bond up to NT \$10 billion.</li> </ol>
2016/08/11	<ol style="list-style-type: none"> <li>1. To decide the date for distribution of cash dividends, and the closing date for stock transference.</li> <li>2. To donate NT \$1,250,000 to the Yuan Ze University.</li> </ol>
2016/11/11	<ol style="list-style-type: none"> <li>1. To accept 2017 audit plan and to modify 2016 audit plan.</li> </ol>
2017/02/22	<ol style="list-style-type: none"> <li>1. To discuss the possibility that the Company mandate Pre-Conditional Share/Right Purchase Agreement with the shareholders/beneficiaries of CSI to acquire Shanshui Cement' shares.</li> </ol>
2017/03/07	<ol style="list-style-type: none"> <li>1. To approve Pre-Conditional Share/Right Purchase Agreement with the shareholders/beneficiaries of CSI to acquire Shanshui Cement' shares.</li> </ol>
2017/03/23	<ol style="list-style-type: none"> <li>1. Acceptance of the 2016 employees' compensation and Directors' and Supervisors' remuneration.</li> <li>2. Acceptance of 2016 financial statements and consolidated financial statements.</li> <li>3. Acceptance of the proposal for distribution of 2016 profits.</li> <li>4. Acceptance of 2017 business budget.</li> <li>5. Acceptance of 2017 CPA service fee of Deloitte &amp; Touche.</li> <li>6. Proposal to Elect Directors and Independent Directors.</li> <li>7. To convene 2017 regular shareholders' meeting.</li> </ol>

	<ol style="list-style-type: none"> <li>8. Proposal for Release the Prohibition on Directors from Participation in Competitive Business.</li> <li>9. Acceptance to issue 2016 Statement of Internal Control System.</li> <li>10. To issue non-guaranteed bond up to NT\$ 10 billion.</li> <li>11. To issue non-guaranteed overseas convertible bond up to USD 400 million.</li> <li>12. To issue Cross Currency Swap for USD 400 million.</li> <li>13. Amendment to “Articles of Incorporation of Asia Cement Corporation”</li> <li>14. Amendment to “the Working Procedures for the Acquisition and Disposal of Assets”.</li> <li>15. Amendment to “the Procedure for Making Endorsements and Guarantees”</li> <li>16. Amendment to “the Procedure for Loans of Funds to Others”</li> <li>17. Amendment to relevant rules and procedures for the Company’s establishment of an Audit Committee to replace the Supervisors.</li> <li>18. To donate NT \$5,000,000 to the Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation.</li> </ol>
2017/05/11	<ol style="list-style-type: none"> <li>1. Acceptance of 2016 Business Report.</li> <li>2. Acceptance of the review for the candidates of directors and independent directors.</li> <li>3. Amendment to “the Working Procedures for the Acquisition and Disposal of Assets”.</li> </ol>

**3.3.12 Resignation or dismissal of the chairman, president, accounting manager, finance manager, auditing manager, and R&D manager of the Company : None.**

◎The Board of Director approved “the Procedure Dealing with Internal Material Information of Asia Cement Corporation” on December 21, 2009. This Procedure has been posted on the Company’s electronic bulletin board.



### 3.4 Information of CPA Service Fee

#### 1. Information of CPA service fee

Unit: NT\$ 1,000

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit period	Note
			System design	Business Registration	Human Resource	Other	Subtotal		
Deloitte & Touche	L.W. Kuo	7,790	0	106	0	7,461	7,567	2016	Other Non-Audit Fees include ECB issuance expenses.
	Y. W. Fan								

- If the audit fee in the year CPA firm changes is lower than that in the prior year, specify the amount of audit fee before and after and the reason: None.
- If the audit fee dropped year on year by more than 15%, specifies the amount, percentage, reason of the reduction: None.
- Change of CPA in recent two fiscal years and subsequent periods: None.
- The ACC Chairman, President, and managers who are responsible for finance and accounting do not have any position at CPA Firm or its affiliated companies in the most recent fiscal year.

### 3.5 Relevant licenses and certificates obtained about transparent financial information

Department	Name	Title	Licenses and Certificates
Finance	Doris Wu	Executive Vice President	CPA, Taiwan and United States
Finance	Yu Ling Yang	Manager	CPA, Taiwan and China
Finance	Ya Ping Li	Project Manager	CPA, Taiwan
Finance	Yu De Liao	Specialist	Certified Internal Auditor Certified Information Systems Auditor
Finance	Wei Zhong Chen	Assistant Section Chief	Chartered Financial Analyst
Auditing	Chi Wen Lu	Assistant Specialist	Certified Internal Auditor Certification in Risk Management Assurance
Auditing	Kun Da Hsu	Assistant Coordinator	Certified Internal Auditor
Auditing	Jia Ning Hsu	Assistant	CPA, Taiwan

### 3.6 Changes in Shareholdings and pledge of Directors, Supervisors, Managers, and Shareholders with more than 10% Shareholding

#### 1. Changes in Shareholdings:

Title	Name	Shareholding on Dec. 31, 2016		Shareholding on Apr. 29, 2017	
		Changes of Shares	Changes of Shares Pledged	Changes of Shares	Changes of Shares Pledged
Chairman	Douglas Tong Hsu	—	—	—	—
Director	Far Eastern New Century Corporation*	—	—	—	—
	T.H. Chang	—	—	—	—
	Johnny Shih	(350,000)	—	—	—
	C.V. Chen	—	—	—	—
Director	X.Z. Ying-Chai Memorial Foundation	—	—	—	—
	Sui-Cheong Ying	—	—	—	—
Director	U-Ding Corporation	—	—	—	—
	K.Y. Lee	—	—	—	—
Director	Far Eastern Y.Z. Hsu Science And Technology Memorial Foundation	556,000	—	—	—
	Peter Hsu	2,000,000	—	—	—
	C.K. Chang	—	—	—	—
Director	Ta Chu Chemical Fiber Co.,Ltd	—	—	—	—
	Ruey Long Chen	—	—	—	—
Director	Huey Kang Investment Corporation	—	—	—	—
	Connie Hsu	—	—	—	—
Independent Director	Ta-Chou Huang	—	—	—	—
Independent Director	Chi Schive	—	—	—	—
Independent Director	Gordon S. Chen	—	—	—	—
Supervisor	Far Eastern Medical Foundation	—	—	—	—
	S.Y. Wang	—	—	—	—
	Champion Lee	—	—	—	—
Supervisor	Bai-Yang Investment Holdings Corporation	—	—	—	—
	Chin-Der Ou	—	—	—	—
	T.Y. Tung.	—	—	—	—
Supervisor	U-Ming Corporation	—	—	—	—
	K.T. Li	—	—	—	—

Title	Name	Shareholding on Dec. 31, 2016		Shareholding on Apr. 29, 2017	
		Changes of Shares	Changes of Shares Pledged	Changes of Shares	Changes of Shares Pledged
President	K.Y. Lee	—	—	—	—
Chief Executive Vice President	Y.F. Chang	—	—	—	—
Vice President	Doris Wu	—	—	—	—
Vice President	C.M. Chen	—	—	—	—
Vice President	W.K. Chou	—	—	—	—
General Plant Manager	Z.P. Chang	—	—	—	—
Plant Manager	Z.H. Qiu	—	—	—	—
Assistant Vice President	C.P. Sue	—	—	—	—
Assistant Vice President	T.L. Yu	—	—	—	—
Deputy Chief Auditor	W.H. Yeh	—	—	—	—
Manager	M.C. Chen	—	—	—	—
Manager	Manfred Wang	—	—	—	—
Special Assistant	T.M. Chen	—	—	—	—

\* The majority shareholder holding more than 10% of the Company.

2. Shareholders transfer information: Since the relative transfer of shareholders is non-related person, so there is no information on this information.
3. Shareholders pledge information: no shareholders pledged.

### 3.7 Information Disclosing the Relationship between any of the Company's Top 10 Shareholders

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the "affiliate", or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
Far Eastern New Century Corp. Representative: Douglas Tong Hsu	750,511,324	22.33%	0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	The Same Chairman
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	The Same Chairman
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	The Same Chairman
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	212,040,069	6.31%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
Far Eastern Medical Foundation Representative: Douglas Tong Hsu	181,566,797	5.40%	0	0%	0	0%	Far Eastern New Century Corporation	The Same Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	The Same Chairman
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	The Same Chairman
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of the Foundation
Far Eastern Department Stores Co., Ltd. Representative: Douglas Tong Hsu	61,000,492	1.81%	0	0%	0	0%	Far Eastern New Century Corporation	The Same Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	The Same Chairman
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	The Same Chairman

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of the Foundation
Labor Pension Fund Committee of Far Eastern New Century Corporation	50,835,049	1.51%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
Yuan-Ze University Representative: Douglas Tong Hsu	47,499,567	1.41%	0	0%	0	0%	Far Eastern New Century Corporation	The Same Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	The Same Chairman
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	The Same Chairman

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of the Foundation
Shin Kong Life Insurance Co., Ltd. Representative: Wu Tung Chin	46,757,846	1.39%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
Yu Yuan Investment Co., Ltd	43,268,479	1.29%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
Representative: C.M. Chen			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	43,248,529	1.29%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party



Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
Far Eastern Memory Foundation Representative: Chu Shu-hsun	42,173,478	1.25%	0	0%	0	0%	Far Eastern New Century Corporation	Director of the Foundation is the Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Director of the Foundation is the Chairman
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Director of the Foundation is the Chairman
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Yuan-Ze University	Director of the Foundation is the Chairman
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
			0	0%	0	0%	Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund	Non-related party

### 3.8 Shareholding Proportion of ACC to Investees

Dec. 31, 2016

Investees	Investments by ACC		Investments by Directors, Supervisors, Managers and Directly or Indirectly Controlled Businesses		Total Investments	
	Shares	%	Shares	%	Shares	%
Asia Investment Corp.	197,618,848	100.00%	-	0.00%	197,618,848	100.00%
Sunrise Industrial Holdings Ltd.	90,000	100.00%	-	0.00%	90,000	100.00%
Yuan Long Stainless Steel Corp.	200,000,000	100.00%	-	0.00%	200,000,000	100.00%
Ya Tung Ready-Mixed Concrete Corp.	149,993,192	99.99%	6,512	0.00%	149,999,704	99.99%
Der Ching Investment Corp.	595,576,603	99.99%	25,326	0.00%	595,601,929	99.99%
Nan Hwa Cement Corp.	26,128,171	99.94%	12,396	0.05%	26,140,567	99.99%
Asia Cement (Singapore) Pte. Ltd.	10,495,495	99.96%	2	0.00%	10,495,497	99.96%
Fu Ming Transportation Co., Ltd.	29,517,188	99.82%	39,944	0.14%	29,557,132	99.96%
Asia Engineering Enterprise Corp.	7,970,703	98.23%	123,243	1.52%	8,093,946	99.75%
FEDS Development Ltd.	53,250,000	25.00%	149,100,000	70.00%	202,350,000	95.00%
Yuan Ding Co., Ltd.	178,707,648	35.50%	259,921,774	51.63%	438,629,422	87.13%
Ya Li Precast and Prestressed Concrete Industries Corp.	16,241,083	83.81%	14,366	0.08%	16,255,449	83.89%
Asia Cement (China) Holdings Corp.	1,061,209,202	67.73%	72,024,298	4.60%	1,133,233,500	72.33%
Chiahui Power Corp.	280,093,521	59.59%	1,100,069	0.24%	281,193,590	59.83%
Ya Li Transportation Corp.	5,100,000	51.00%	60,817	0.61%	5,160,817	51.61%
Yuan Ding Leasing Corp.	34,640,189	43.60%	-	0.00%	34,640,189	43.60%
U-Ming Marine Transport Corp.	331,701,152	39.25%	20,616,777	2.44%	352,317,929	41.69%
Everstrong Iron & Steel Foundry Ltd.	3,199,823	40.40%	5,000	0.06%	3,204,823	40.46%
Oriental Securities Corp.	135,092,154	18.93%	145,111,393	20.33%	280,203,547	39.26%
Far Eastern New Century Corp.	1,272,277,085	23.77%	560,141,721	10.45%	1,832,418,806	34.22%
Yue Yuan Investment Corp.	155,000,803	29.92%	515,024	0.10%	155,515,827	30.02%

## IV Capital Formation

### 4.1 Capital and Shares

#### 4.1.1 Capital Increase in the Past Five Years

As of May 3, 2017

Date	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Others
Dec.2010	NT\$10	3,300,000,000	33,000,000,000	3,075,307,547	30,753,075,470	Dividend	None	None
Dec.2011	NT\$10	3,600,000,000	36,000,000,000	3,136,813,697	31,368,136,970	Dividend	None	None
Dec.2012	NT\$10	3,600,000,000	36,000,000,000	3,230,918,107	32,309,181,070	Dividend	None	None
Dec.2013	NT\$10	3,600,000,000	36,000,000,000	3,295,536,469	32,955,364,690	Dividend	None	None
Dec.2014	NT\$10	3,600,000,000	36,000,000,000	3,361,447,198	33,614,471,980	Dividend	None	None

#### 4.1.2 Capital

Share Type	Authorized Capital			Reserve for Convertible Shares
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	3,361,447,198 Available for trading on the TWSE	238,552,802	3,600,000,000	-

#### 4.1.3 Shelf Registration: None

#### 4.1.4 Shareholder Structure

As of May 3, 2017

Structure Amount	Governments	Financial Institutions	Other Institutional Investors	Domestic Individual Investors	Foreign Institutions & Individuals	Total
Number of Shareholders	11	50	318	83,543	621	84,543
Number of shares	85,309,098	447,528,546	1,557,925,043	615,366,690	655,317,821	3,361,447,198
Shareholding Percentage	2.54%	13.31%	46.35%	18.31%	19.49%	100.00%

Note: No foreign institutions and individuals from China Area.

#### 4.1.5 Shareholding Distribution Status

As of May 3, 2017

Class of Shareholding (Unit: Share)	Number of shareholders	Number of shares	Holding Percentage
1-999	35,099	8,569,407	0.25%
1,000-5,000	32,417	72,757,204	2.17%
5,001-10,000	7,514	54,622,565	1.62%
10,001-15,000	3,140	38,076,539	1.13%
15,001-20,000	1,496	26,415,908	0.79%
20,001-30,000	1,616	39,509,110	1.18%
30,001-40,000	774	26,829,027	0.80%
40,001-50,000	490	22,197,373	0.66%
50,001-100,000	900	63,018,133	1.87%
100,001-200,000	473	66,409,559	1.98%
200,001-400,000	276	76,527,617	2.28%
400,001-600,000	80	39,743,863	1.18%
600,001-800,000	48	33,443,476	0.99%
800,001-1,000,000	19	17,319,976	0.52%
Over 1,000,001	201	2,776,007,441	82.58%
Total	84,543	3,361,447,198	100%

#### Preferred Share

As of May 3, 2017

Class of Shareholding (Unit: Share)	Number of shareholders	Number of shares	Holding Percentage
NA	0	0	0

#### 4.1.5 List of Major Shareholders

As of May 3, 2017

Major Shareholder	Shares	Number of Shares	Holding Percentage
Far Eastern New Century Corporation		750,511,324	22.33%
Fubon Life Insurance Co., Ltd.		212,040,069	6.31%
Far Eastern Medical Foundation		181,566,797	5.40%
Far Eastern Department Stores Co., Ltd.		61,000,492	1.81%
Labor Pension Fund Committee of Far Eastern New Century Corporation		50,835,049	1.51%
Yuan-Ze University		47,499,567	1.41%
Shin Kong Life Insurance Co., Ltd.		46,757,846	1.39%
Yu Yuan Investment Co., Ltd		43,268,479	1.29%
Standard Chartered Bank in custody for Vanguard Emerging Markets Stock Index Fund		43,248,529	1.29%
Far Eastern Memory Foundation		42,173,478	1.25%
Total		1,478,901,630	43.99%

#### 4.1.6 Market Price, Net Value, Earnings and Dividends per Share

Unit: NT\$

Item		Year	2015	2016
Market Price Per Share	Highest		39.85	31.15
	Lowest		26.85	23.00
	Average		35.33	27.52
Net Value Per Share	Before Distribution		40.43	36.49
	After Distribution		39.33	(Note)
Earnings Per Share	Weighted Average shares (in thousand)		3,141,732	3,139,998
	Earnings Per Share		1.55	1.26
Dividends Per Share	Cash Dividends		1.10	0.90(Note)
	Stock Dividend	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Unpaid Dividends		-	-
Return on Investment	Price-Earnings Ratio		22.79	21.84
	Price-Dividend Ratio		32.12	30.58
	Cash Dividend Yield Rate		3.11%	3.27%

Note: Being resolved by the 2017 Shareholders' Meeting.

#### 4.1.7 Dividend Policy & Implementation Status

##### 1. Dividend Policy

According to the Article 26 of Incorporation of Asia Cement Corporation, 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 set forth in these Articles of Incorporation aimed to maintain the stability of dividend distributions. Unless saving for the purposes of improving the financial structure, reinvestments, capacity expansion or other capital expenditures in which capital is required, when distributing dividends, cash dividends shall not be less than 10% of the aggregate sum of dividends and bonuses distributed in the same year.

The Company has mapped out its dividend policy which shall conclude the following considerations:

- a. Changes in the outlook for the Company's businesses;
- b. Maintaining a stable dividend policy; and
- c. Cash-dividends oriented market trends.

## 2. Implementation Status

Hereby lists the Company's dividend in recent years as follows:

Year	Cash Dividend	Ratio of Total Dividend	Stock dividend	Ratio of Total Dividend	Total dividend
2012	NT \$1.7	89.5%	NT \$0.2	10.5%	NT \$1.9
2013	NT \$1.8	90%	NT \$0.2	10%	NT \$2.0
2014	NT \$2.2	100%	NT \$0	0%	NT \$2.2
2015	NT \$1.1	100%	NT \$0	0%	NT \$1.1
2016 (Proposed)	NT \$0.9	100%	NT \$0	0%	NT \$0.9

- The net income after tax for FY2016 was NT\$3,945,769,516. After the appropriation of Legal Reserve and Special Reserve, NT\$2,670,173,937 is left. Even under the lackluster business environment, the Company still insists on stable payout, and the Board has proposed a cash dividend of NT\$0.9 per share, which is summed up to NT\$3,025,302,478 in total, more than the amount after reserve.
- The Company used to pay mainly stock dividend other than cash dividend. As time passed by, for 2012~2013, cash dividends have accounted for 90% of the total dividend, and over 100% For 2014~2016. High percentage of cash dividend has become our dividend policy.
- Considering the actual dividend payment in the last five years, the Company tends to modify the dividend policy in the 2018 Shareholders' Meeting, from "the cash dividend is no less than 10% of the total dividend" to "the dividend payment is no less than 50% of the earnings after covering the deficit and after the appropriation of Legal Reserve and Special Reserve, and the cash dividend is no less than 50% of the total dividend"

### 4.1.8 Effects on Business Performance and EPS Resulting From Stock Dividend Distribution

Item	Year		2017 (Estimated)
Paid-In Capital (Beginning of The Year)			NT \$33,614,471,980
Stock & Cash Dividend Distribution	Cash Dividend Per Share		NT\$0.90
	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 <sup>*</sup>
	% 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	Pro Forma Earnings Per Share	"
	Dividend	Pro Forma Average Yearly Return on Investment	"
	If Capital Surplus	Pro Forma Earnings Per Share	"

	Not Distributed In Stock Dividend	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.

#### 4.1.9 Employees' Compensation and Directors' and Supervisors' Remuneration

1. The percentages or ranges with respect to employees' compensation and directors' and supervisors' remuneration as set forth in the Asia Cement Corporation's Articles of Incorporation: Pursuant to the Articles of Incorporation for distribution 2%~3.5% as employees' compensation and distribution less than 2.5% as directors and supervisors' remuneration base on the profit of the current year.
2. (1)The basis for estimating the amount of employees' compensation and directors' and supervisors' remuneration: Distribution 2%~3.5% as employees' compensation and less than 2.5% as directors and supervisors' remuneration shall be based on the profit before income tax of the current year.  
(2)The number of shares to be distributed as employees' compensation: NA  
(3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period: the difference would be regarded as accounting estimation adjustment and recognized as the profit and loss of 2017.
3. Information on resolved by the Board of Directors on March 23, 2017 for distribution of compensation:
  - (1) The amount of any compensation distributed in cash or stocks: Employees' cash compensation is NT\$ 97,237,631. Directors and supervisors' cash remuneration is NT\$ 86,747,024.
  - (2) If there is any discrepancy between that amount and the estimated are recognized for the fiscal year shall be disclosed the discrepancy amount, its cause, and the status of treatment: No discrepancy.
  - (3) The amount of any employees' compensation distributed in stocks, and the amount as a percentage of the sum of profit after income tax base on the separated financial report and total employees' compensation: N.A.
5. The actual distribution compensation of employees' compensation and directors' and supervisors' remuneration for the previous fiscal year (with an indication of the number of shares, amount and stock price of the shares distributed), and if there is any discrepancy between the actual distribution and the recognized employees' compensation and directors' and supervisors' remuneration shall be disclosed the discrepancy, its cause, and the status of treatment:

The Board of Directors resolved on March 25, 2016 to distribute employees' compensation NT\$ 132,000,056 and directors' and supervisors' remuneration NT\$ 119,277,159 which were recognized by the Shareholders' Meeting. The employees' compensation and directors' and supervisors' remuneration was fully distributed and no discrepancy with 2015 separate financial report ◦

◎Buyback of Treasury Stock: None.

◎Preferred Stock: None.

◎Employee Stock Option: None.

◎Restricted Stock Awards for employees: None.

◎Merger or acquisition of other company' share to issue new share: None.



## 4.2 Summary of Corporate Bonds

### 4.2.1 Issued Corporate Bonds

Type of Bond Issued		1st Unsecured Corporate Bond Issued in 2014	1st Unsecured Corporate Bond Issued in 2016
Item			
Date Issued		May. 23, 2014	Sep. 27, 2016
Par Value		NT\$1,000,000	NT\$1,000,000
Issue and Trade Place		N/A	N/A
Issue Price		Par Value	Par Value
Nominal Amount		NT\$8,000,000,000	NT\$6,000,000,000
Interest Rate		1.36%	0.80%
Term		Five Years. Maturity: May. 23, 2019	Five Years. Maturity: Sep. 27, 2021
Guaranty/Guarantor		None	None
Trustee		China Trust Commercial Bank, Trust Department	China Trust Commercial Bank, Trust Department
Underwriter		None	None
Certified Lawyer		M.T.HUANG	M.T.HUANG
Certified Public Accountant		H.W. Tai, L.W. Kuo	L.W. Kuo, Y.W. Fan
Repayment Method		Interest Paid Annually Since Issue, 50% Principal Installed Separately After The 4 - 5th Anniversary of The Issue Date	Interest Paid Annually Since Issue, 50% Principal Installed Separately After The 4 - 5th Anniversary of The Issue Date
Outstanding Balance		NT\$8,000,000,000	NT\$6,000,000,000
Redemption Clauses		None	None
Restrictive Covenants		None	None
Credit Rating Agency/Date/Rating		Taiwan Ratings Corporation Long term Credit Ratings: twA+ Short term Credit Ratings: twA-1 Outlook: Stable Bond Ratings: - Credit rating date: Aug.22, 2013	Taiwan Ratings Corporation Long term Credit Ratings: twA Short term Credit Ratings: twA-1 Outlook: Stable Bond Ratings: - Credit rating date: Nov.17, 2015
Convertible	Amount Converted	None	None
	Issue/ Conversion Rules	None	None
Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions.		None	None
Custodian		None	None

Type Of Bond Issued	2nd Overseas Unsecured Exchangeable Bonds	1st Overseas Unsecured Convertible Bonds
Item		
Date Issued	Jan. 27, 2011	Jun. 7, 2011
Par Value	US\$200,000 and in increments of US\$1,000 thereafter	US\$200,000 and in increments of US\$1,000 thereafter
Issue And Trade Place	Singapore Exchange	Singapore Exchange
Issue Price	Par Value	Par Value
Nominal Amount	US\$375,000,000	US\$172,500,000
Interest Rate	0%	0%
Term	Five Years Maturity: Jan. 27, 2016	Five Years Maturity: Jun. 7, 2016
Guaranty/Guarantor	None	None
Trustee	BNY Mellon	BNY Mellon
Underwriter	Goldman Sachs International	Goldman Sachs International
Certified Lawyer	Y.H. Wang	Y.H. Wang
Certified Public Accountant	H.W. Tai, Y.W. Fan	H.W. Tai, Y.W. Fan
Repayment Method	Unless previously redeemed, repurchased and cancelled or exchanged, the bonds will be redeemed at their principal amount on the maturity date.	Unless previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed at their principal amount with a yield calculated at the rate of 0.3% per annum on the maturity date.
Outstanding Balance	US\$0, Fully repaid on Jan. 27, 2016	US\$0, Fully repaid on Jun. 7, 2016
Redemption Clauses	<p>A. The Issuer may redeem the bonds at the option of the Issuer in whole or in part at any time after three years of the issue date at the early redemption price, if the closing price for 30 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days during the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the common shares of FENC on the TSE is at least 130% of the then exchange price.</p> <p>B. The Issuer may redeem all of the bonds at their principal amount in the event that more than 90% of the bonds have been previously redeemed, repurchased and cancelled or exchanged.</p> <p>C. The Issuer may redeem all of the bonds at their principal amount in the event of changes in ROC taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer.</p>	<p>A. The Issuer may redeem the bonds at the option of the Issuer in whole or in part at any time after three years of the issue date at the early redemption price, if the closing price for 30 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days during the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the Issuer's common shares on the TSE is at least 130% of the quotient of the early redemption price multiply by the then conversion price divided by the principal amount of the bonds.</p> <p>B. The Issuer may redeem all of the bonds at the early redemption price in the event that more than 90% of the bonds have been previously redeemed, repurchased and cancelled or converted.</p> <p>C. The Issuer may redeem all of the bonds at early redemption price in the event of changes in ROC taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer.</p>
Restrictive Covenants	None	None
Credit Rating Agency/Date/Rating	None	None
Convertible	Amount Converted	None

	Issue/ Conversion Rules	<p>Except for closed periods as prescribed by ROC laws and regulations or otherwise described in the Indenture, the bondholders shall have the right to require the Issuer to exchange the bonds into the exchange securities at any time during the period from the 41th day after the issuance of the bonds to the date falling 30th day prior to the maturity date. The aforementioned closed periods shall mean:</p> <p>A. The period of FENC has to close its shareholders' register, which period currently includes 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to a special shareholders' meeting, or any other period prescribed by law.</p> <p>B. In the event of free distribution of shares, distribution of cash dividends or rights issues, by FENC, the period from at least fifteen trading days prior to the record date for determination of shareholders entitled to receive dividends, subscription of new shares or other benefits to the record date for the distribution or allocation of the relevant dividends, rights and benefits, and in the event of capital reduction, the period from the record date for determination of the shareholders participating in such capital reduction to the first trading day immediately prior to the date on which the common shares resume trading after such capital reduction and other closed period as required by ROC laws and regulations or by the TSE.</p> <p>C. Where any ROC laws and regulations governing closed period as above-mentioned has been changed or amended, the closed period shall be amended to comply with the prevailing laws and regulations.</p>	<p>Except for closed periods as prescribed by ROC laws and regulations or otherwise described in the Indenture, the bondholders shall have the right to require the Issuer to convert the bonds into the converted securities at any time during the period from the 41th day after the issuance of the bonds to the date falling 30th day prior to the maturity date. The aforementioned closed periods shall mean:</p> <p>A. The Issuer has to close its shareholders' register, which period currently includes 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to a special shareholders' meeting, or any other period prescribed by law.</p> <p>B. In the event of free distribution of shares, distribution of cash dividends or rights issues, by Issuer, the period from at least fifteen trading days prior to the record date for determination of shareholders entitled to receive dividends, subscription of new shares or other benefits to the record date for the distribution or allocation of the relevant dividends, rights and benefits, and in the event of capital reduction, the period from the record date for determination of the shareholders participating in such capital reduction to the first trading day immediately prior to the date on which the common shares resume trading after such capital reduction and other closed period as required by ROC laws and regulations or by the TSE.</p> <p>C. Where any ROC laws and regulations governing closed period as above-mentioned has been changed or amended, the closed period shall be amended to comply with the prevailing laws and regulations.</p>
Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions.	The 2 <sup>nd</sup> overseas unsecured exchangeable bonds with a zero coupon rate, the bonds provide a low-cost source of long-term funds and reduce the interest expenses, and therefore have a positive boost on the Issuer's profitability.	The 1 <sup>st</sup> overseas unsecured convertible bonds with a zero coupon rate, the bonds provide a low-cost source of long-term funds and reduce the interest expenses, and therefore have a positive boost on the Issuer's profitability.	
Custodian	None	None	

Type Of Bond Issued		2nd Overseas Unsecured Convertible Bonds
Item		
Date Issued		May. 13, 2013
Par Value		US\$200,000 and in increments of US\$1,000 thereafter
Issue And Trade Place		Singapore Exchange
Issue Price		Par Value
Nominal Amount		US\$220,000,000
Interest Rate		0%
Term		Five Years Maturity: May. 13, 2018
Guaranty/Guarantor		None
Trustee		BNY Mellon
Underwriter		Goldman Sachs International
Certified Lawyer		Y.H. Wang
Certified Public Accountant		H.W. Tai, L.W. Kuo
Repayment Method		Unless previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed at their principal amount on the maturity date.
Outstanding Balance		US\$3,000,000
Redemption Clauses		<p>A. The Issuer may redeem the bonds at the option of the Issuer in whole or in part at any time after three years of the issue date at the principal amount, if the closing price for 30 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days during the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the Issuer's common shares on the TSE is at least 130% of the quotient of the principal amount multiply by the then conversion price divided by the principal amount of the bonds.</p> <p>B. The Issuer may redeem all of the bonds at the principal amount in the event that at least 90% of the bonds have been previously redeemed, repurchased and cancelled or converted.</p> <p>C. The Issuer may redeem all of the bonds at principal amount in the event of changes in ROC taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer.</p>
Restrictive Covenants		None
Credit Rating Agency/Date/Rating		None
Convertible	Amount Converted	None
	Issue/ Conversion Rules	<p>Except for closed periods as prescribed by ROC laws and regulations or otherwise described in the Indenture, the bondholders shall have the right to require the Issuer to convert the bonds into the converted securities at any time during the period from the 41th day after the issuance of the bonds to the date falling 30th day prior to the maturity date. The aforementioned closed periods shall mean:</p> <p>A. The Issuer has to close its shareholders' register, which period currently includes 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to a special shareholders' meeting, or any other period prescribed by law.</p> <p>B. In the event of free distribution of shares, distribution of cash dividends or rights issues, by Issuer, the period from the fifteen trading days prior to the commencement day of the closed period with respect to the record date for determination of shareholders entitled to receive dividends, subscription of new shares or other benefits to the record date for the distribution or allocation of the relevant dividends, rights and benefits, and in the event of capital reduction, the period from the record date for determination of the shareholders participating in such capital reduction to the first trading day immediately prior to the date on which the common shares resume trading after such capital reduction and other closed period as required by ROC laws and regulations or by the TSE.</p> <p>C. Where any ROC laws and regulations governing closed period as above-mentioned has been changed or amended, the closed period shall be amended to comply with the prevailing laws and regulations.</p>
Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions.		The 2 <sup>nd</sup> overseas unsecured convertible bonds with a zero coupon rate, the bonds provide a low-cost source of long-term funds and reduce the interest expenses, and therefore have a positive boost on the Issuer's profitability.
Custodian		None

#### 4.2.2 Issued Exchangeable Bonds and Convertible Bonds

Type of Bonds Issued		2nd Overseas Unsecured Exchangeable Bonds						
Item	Year	Launch Date	2011	2012	2013	2014	2015	As of Jan. 27, 2016
	Number of Exchange Securities		171,421,824	185,436,894	200,867,159	213,261,509	25,525,954 Note1	27,049,639
Exchange Price/Share		63.51	58.71	54.20	51.05	48.11	45.4 <sup>Note2</sup>	45.4
Market Price of Exchangeable Bonds(US\$)	Highest	100	101.85	98.12	99.87	100.42	97.33	96.253
	Lowest	100	88.96	93.21	98.06	96.32	96.21	96.249
	Average	100	96.98	96.34	98.93	98.55	97.00	96.251
Issued Date	Jan. 27, 2011							
Exchange Securities	The Common Shares of Far Eastern New Century Corporation.							

Note1: Pursuant to the Indenture, any holders of the bonds may exercise the holders' Put Right to require the company to redeem the bonds held by the holders in whole or in part only on 27 January 2014. As of the date of redemption, the total redemption amount is US\$332,700,000, and the outstanding balance is US\$42,300,000.

Note2: Pursuant to the Indenture, the exchange price of the bonds had been adjusted to NT\$45.4/Share since August 6, 2014 as FENC distributed cash dividends and stock dividends.

Note3: After final redemption on Jan. 27, 2016, there is no outstanding balance.

Type of Bonds Issued		1st Overseas Unsecured Convertible Bonds						
Item	Year	Launch Date	2011	2012	2013	2014	2015	As of <sup>Note3</sup> Jun. 7, 2016
	Market Price of Convertible Bonds(US\$)	Highest	100	107.01	105.61	108.64	110.67	105.24
Lowest		100	95.14	96.63	101.91	102.29	99.28	99.68
Average		100	99.72	101.13	104.85	106.03	101.83	100.62
Conversion Price/Share		50.17	46.9	42.87	40.14	37.72 <sup>Note1</sup>	35.28 <sup>Note2</sup>	35.28
Issuing (handling) date and conversion price in issuing	Issued on Jun. 7, 2011 NT\$50.17/share							
Method of performing conversion obligations	Issuance of new shares							

Note1: Pursuant to the Indenture, any holders of the bonds may exercise the holders' Put Right to require the company to redeem the bonds held by the holders in whole or in part only on 7 June 2014. As of the date of redemption, the total redemption amount is US\$6,000,000, and the outstanding balance is US\$166,500,000.

Note2: Pursuant to the Indenture, the conversion price of the bonds had been adjusted to NT\$35.28/Share since September 8, 2015 as ACC distributed cash dividends and stock dividends.

Note3: After final redemption on Jun. 7, 2016, there is no outstanding balance.

Type of Bonds Issued		2nd Overseas Unsecured Convertible Bonds					
Item	Year	Launch Date	2013	2014	2015	2016	From the current year to March. 31, 2017
	Market Price of Convertible Bonds(US\$)	Highest	100	105.71	108.12	104.68	101.10
Lowest		100	98.10	101.27	98.08	98.61	98.73
Average		100	101.52	103.83	100.50	99.70	99.46
Conversion Price/Share		48	44.7	42	39.28 <sup>Note1</sup>	37.85 <sup>Note2</sup>	37.85
Issuing (handling) date and conversion price in issuing		Issued on May. 13, 2013 NT\$48/share					
Method of performing conversion obligations		Issuance of new shares					

Note1: Pursuant to the Indenture, any holders of the bonds may exercise the holders' Put Right to require the company to redeem the bonds held by the holders in whole or in part only on 13 May 2016. As of the date of redemption, the total redemption amount is US\$217,000,000, and the outstanding balance is US\$3,000,000.

Note2: Pursuant to the Indenture, the conversion price of the bonds had been adjusted to NT\$37.85/Share since September 7, 2016 as ACC distributed cash dividends and stock dividends.

### 4.3 Summary of Issued GDR

5. Issue Date		Jun. 23, 1992	Sep. 13, 1996	Jan. 23, 2007	Mar. 25, 2008
Issuance & Listing		London Stock Exchange			
Total Amount (US\$)		66,002,750	60,000,010.77	83,209,951.46	61,355,000
Issuing Price per GDR (US\$)		27.50	19.67	9.905946602	17.53
Number of GDR Issued		2,400,100	3,050,331	8,400,000	3,500,000
Underlying Securities		ACC Common Shares held by Far Eastern New Century Corporation	ACC Common Shares held by Far Eastern New Century Corporation	ACC Common Shares held by Yuang Ding Investment Corporation	ACC Common Shares held by Far Eastern General Contractor Co., Ltd. and Far Eastern Construction Co., Ltd.
Common Shares Represented (shares)		24,001,000	30,503,310	84,000,000	35,000,000
Right & Obligation of GDR Holders		Same as Common Shareholders			
Trustee		Not Applicable			
Depository Bank		BNY Mellon			
Custodian		Far Eastern International Bank			
Outstanding		38,972 (As of March 31, 2017)			
Apportionment of Expenses for Issuance & Maintenance		All expenses related to issuance and maintenance is undertaken by FENC and ACC respectively.			
Major Commitment of Depository Agreement & Custody Agreement		GDR holders are allowed to vote on a given agenda only when over 51% of them reach consensus.			
Closing Price Per GDR (US\$)	2016	Highest	11.9		
		Lowest	11.9		
		Average	11.9		
	As of March 31, 2017	Highest	11.9		
		Lowest	11.9		
		Average	11.9		

\* Each GDR represented 10 Common Shares.

### 4.4 Status on Execution of Capital Utilization Plans

Funds utilization plans have not been completed or have been completed in past 3 years but their benefits have not been appeared: none.

# V Overview of Business Operation

## 5.1 Business Introduction

### 5.1.1 Business Scope

1. Scope of Business: Please refer to Section 2.1: “Scope of Business.”
2. Main Business and Percentage:
  - A. Production and sales of Cement and clinker: 92%.
  - B. Granulated blast-furnace slag: 8%.
3. New Product Research & Development: None.

### 5.1.2 Industry Overview

#### 1. Market situation and future outlook

A. The 2016 total cement production volume in Taiwan was 12,126,206 MT, decreased 9.81% compared to 2015. Among them, the domestic cement sales was 8,811,395 MT, and exported cement was 3,231,869 MT. Compared with those in 2015, domestic sales decreased by 13.74%, exports decreased by 0.88%. In 2016, 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 to 10,245,815 MT, decreased by 12.07%. The 2016 per capita average cement consumption is about 435 kg, decreased 12.07% from 496 kg in 2015. As a result, the cement market in Taiwan is still showing oversupply.

#### B. For the year 2017:

##### (1) Outlook of the domestic market:

Taiwanese Public Works budget totaled NT\$ 186.9 billion in 2017, increased NT\$ 5.7 billion, 3.1%. According to a survey of the Taiwan Institute of Economic Research, because the government to expand public investment and the Forward-looking Infrastructure Development Program will also enter the feasibility assessment stage, the construction industry boom might increase slightly. In 2016, the real estate market frozen while new construction cases and overall trading volume shrinking significantly. The number of housing trading only met 24 million, a 26-year new low record. There is a large price gap for real estate between buyers and sellers. Moreover, the housing market needs time to adjust. Cement demand is expected to continue to decline this year, but the decline is expected to narrow.

##### (2) Outlook of the global markets:

For 2017, the cement industry in China will keep conducting mergers & acquisitions, eliminating backward production capacity, and raising cement price. The profits for its cement market are expected. For the cement markets in the rest areas, mainly due to overcapacity caused the market downturn in 2016, the market in 2017 will be improved. In addition, with the Taiwan government's cement industry policy, Taiwan's cement exports will be reduced in future while only supplying ASEAN markets



with long-term relationship. We will actively utilize the trade model to purchase cement, clinker, gypsum and silica sand to meet the demand in Southeast Asian markets. The export strategy will be adjusted to reduce Taiwan's exports and expand the raw materials trade business.

Overall, the domestic market remains to be observed, while foreign markets have growth potential

C. In addition to root in Taiwan for on-going cement business operation, the Company will keep enhancing its competitiveness by largely expansion in China both in production and sales.

## 2. The relationships among the value chain of cement industry

The upstream, midstream and downstream sectors of cement industry, namely ready-mixed concrete, precast, and construction industry, are co-existed and blooming together. Nowadays, vertical integration is the trend in cement industry. As a result, the Company's operation strategy is to establish the downstream subsidiaries — Ya Tung Ready-mixed Concrete Corp. and Yali Precast & Prestressed Concrete Industries Corp., and to invest Far Eastern Construction Company and Far Eastern General Contractor Company to grasp the business opportunities.

## 3. Product development and company competitiveness

Although the cement products include Portland Cement Type I, Type II, and Special Cement, the major market demand is Portland Cement Type I. However, the overseas market has stronger demand for Special Cement in recent years. The ability to produce quality products and the shipping & loading efficiency has become the key competitive factors.

### 5.1.3 Technology and Research Development

As of March 31, 2016  
Unit: NT\$1,000

Item	Amount
1 Intelligent continuously discharge and movable tripper	2,100
2 First stage of Industrial 4.0 project -Intelligent shipment -Analysis and forecasting to kiln refractory -Intelligent quality control	5,000
3 The optimization project of Hualien Plant No.4 Cement mill	72,400
4 Detection technique of in-process powder particle size distribution	1500
Total	81,000

### 5.1.4 Short-term Business Plan

- ◎ To strengthen the existing domestic and international channels of cement sales.
- ◎ To reduce costs and to maintain fully sell out the estimated production volume and sound profitability.

- ◎ To fulfill the vertical integration policy and to expand into downstream market channels.
- ◎ To keep good relationship with customers and foresee market trend.

### **5.1.5 Long-term Business Plan**

- ◎ Maintain solid position in Taiwan - improve producing efficiency.
- ◎ Increase the investment in China (Please refer to the “I Report to Shareholders” at page 1 and the “8.2 Basic Information of Affiliates” at section 8.2 of this annual report.
- ◎ Extend the global market - Find new markets, new opportunities to expand overseas operations.

## **5.2 General Information of Market & Production**

### **5.2.1. Markets Analysis**

#### **1. Major Sale Markets**

##### **A. Cement and Clinker:**

“Skyscraper” is the Company’s brand-name for marketing all kinds of our products. Our domestic market includes Taiwan, Penghu, Kinmen and Matsu, and our overseas market includes Singapore, Malaysia, Philippine, Hong Kong, Guam, Hawaii, etc.

##### **B. Ready-Mixed Concrete:**

To provide better customer service, our subsidiary, Ya Tung Ready-Mixed Concrete Corp., has set up many plants around Taiwan, and furthermore established strategic alliance with local firms.

#### **2. Market Share**

In 2016, the Company domestic sales was 2,621,943 MT, i.e. 29.76% of the sales amount of all domestic cement producers, which was equal to 25.59% of total cement consumption in Taiwan.

#### **3. Market supply forecast, growth opportunity, and business competitiveness:**

A. Since there will be fewer application for construction license, the estimated demand for 2017 in Taiwan will be less than 10 million MT. However, the cement price will be influenced by the cost of energy, labor, raw material, shipping and the quantities of imported cement.

B. For the export sales, the Company is expected to export 1.2~1.3 million MT of cement and clinker in 2017, decreased 0.25 million MT by last year. The Company has long term major customers in Singapore, Malaysia, Hawaii, etc. and shall continue to maintain an excellent business relationship with them in the years to come. The Company has also expanded its trading business for cement.

C. In the view of the vast and steady growth market in China, Asia Cement Corporation actively expands production base as well as storage and transportation facilities. In addition, with the markets both in Taiwan and China, it constitutes an effective competitive niche and profitability for the Company.

#### **4. Positive factors for the industry development**

A. The budget for 2017 Public Works Projects increase 3.1% to NT \$186.9 billion. Taiwan’s cement industry believes that the implementations of several infrastructure projects such as Suhua Highway improvement projects, the improvement of the South-Link Highway in Taitung, Intercontinental Container Terminal of the Kaohsiung Port, the Circular Line of

Taipei Metro system, west coast expressway, the Tamkang Bridge, Taoyuan MRT Green Line, and Public Housing Project, the cement consumption in Taiwan is expected to slow the decline of cement market.

- B. The recent NT\$ 800billion forward-looking infrastructure project will expand public spending.
- C. Eight consecutive green economic signals show that the domestic economy continued to recover. In addition, hot money back to Taiwan help the housing market recovery.
- D. The Ministry of Finance announced in February 2017 to continue to levy cement and clinker from China at the original approved tax rate of 91.58% anti-dumping duties for five years. This will help stability of the domestic industry.

#### 5. Negative factors and the solutions

- A. Industry relocation, environmental awareness, and emission limits of carbon dioxide will increase the difficulties in both public constructions and private housing sectors, and cause the construction industry more conservative. This will constrain the growth of cement demand.
- B. The Ministry of Economic Affairs has set limitations on trade volume of domestic cement industry according the Foreign Trade Law. The limitations will gradually lower the export-production ratio from 50% in 2011 to 28% in 2017. The over-supply condition will be worse.
- C. The applications for construction license from Jan. to Mar., 2016 decreased 26% than in the same period of 2015. This shows negative view toward real estate market in Taiwan.
- D. Mining Industry Law is currently in the occasion of amending, the industry will face more stringent operating requirements and limitations.

4. Limestone tax is raised from NT\$ 10 to NT\$ 70 per metric ton. As well as the recent rise in coal prices will bring to the cement industry to more difficult condition.

#### E. Solutions:

Improve the efficiency of current production, transportation and marketing activities and strengthen the downstream distribution channels in both domestic and overseas market.

Continue selecting good target markets, establish production and distribution channels, expand customers in emerging countries, and realize reasonable profitability.

### 5.2.2 Application of Major Cement Products

#### 1. Portland Cement Type I:

It is known as ordinary cement, used for all structural projects which are not particularly exposed to sulphuric acid or underground water. Most of the current market supply is in this category.

#### 2. Portland Cement Type II:

With lower hydration heat than Portland Cement Type I as well as low alkalis and moderate resistance to sulfate, Portland Cement Type II is for large-scale structures. It is resistant against cracking and erosion by sea water, salt, and alkali. The general purposes are as follows:

- A. Underground foundation engineering: Tower Building Basement, underpass, sewers, tunnels and massive underground rapid transit systems.
- B. Large-scale concrete works: Bridges, dams, water retention facilities, valve based structure.
- C. Construction subject to erosion by sea water and sea wind: dock, breakwaters, caisson, breeding

plants, harbors, and others.

D. Project that requires resistance to sulfate: Sewage treatment plants and chemical engineering.

3. Special Purpose Cement: Produced to meet customers' special needs.

4. Production process:

All types of cement are produced in accordance to a fixed proportion of mixtures, in the following steps:

A. Limestone and clay are mixed and ground into raw meal.

B. Raw meal is poured into the rotary kiln and burned in high temperature to produce clinker.

C. Clinker is mixed with gypsum and ground into cement.

D. Cement is sold in bulk or packages.

### **5.2.3 Supply Condition of Main Raw Materials**

The major raw materials used by the Company consist of limestone, clay, gypsum, pyrite, iron slag, and raw coal for fuel. Except a little limestone, most limestone is produced and used by the Company. Clay is purchased from domestic suppliers through long-term contracts. Gypsum and pyrite are supplied by qualified domestic and foreign firms. Fuel coal is supplied by Australian providers via long or short term contracts.

#### 5.2.4 Major Suppliers Information for the Last Two Years

Unit: NT\$1,000

Item	2015				2016			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	BB Co., Australia	1,084,035	30.27	Raw material supplier	BB Co., Australia	772,217	32.82	Raw material supplier
2	Chung Ling Co.	726,050	20.27	Raw material supplier	Chung Ling Co.	266,008	11.31	Raw material supplier
3	AA Co., Australia	179,020	5.00	Raw material supplier	AA Co., Australia	116,132	4.94	Raw material supplier
4	Fushan Mining	112,570	3.14	Subsidiary	Yuantai Corp.	66,731	2.84	Construction supplier
	Others	1,480,056	41.32		Others	1,131,811	48.09	
	Net Total Supplies	3,581,731	100.00		Net Total Supplies	2,352,899	100.00	

Note: Variations are because of market mechanisms.

#### 5.2.5 Major Clients Information for the Last Two Years

Unit: NT\$1,000

Item	2015				2016			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	Ya Tung Ready-Mixed Concrete Co.	1,662,917	14.31	Subsidiary	Ya Tung Ready-Mixed Concrete Co.	1,448,242	15.18	Subsidiary
	Others	9,961,264	85.69		Others	8,092,997	84.82	
	Net Sales	11,624,181	100.00		Net Sales	9,541,239	100.00	

Note: Variations are because of market mechanisms.



## 5.2.6 Output of Main Products 2015-2016

### 1. ACC (Taiwan)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

Output Product	Year	2015			2016		
		Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
Cement & Clinker		5,597	4,621	8,795,333	5,597	4,118	7,522,997

### 2. ACC (China)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

Output Product	Year	2015			2016		
		Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
Cement & Clinker		35,500	30,265	25,284,094	35,500	30,695	22,486,398

## 5.2.7 Sales of Main Products 2015-2016

### 1. ACC (Taiwan)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

Sales Product	Year	2015				2016			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement & Clinker*		3,178	7,254,186	1,366	2,566,258	2,698	6,108,114	1,455	2,550,765

\* Cement & Clinker produced by the Company.

### 2. ACC (China)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

Sales Product	Year	2015				2016			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement & Clinker*		30,283	29,452,257	230	283,012	30,673	27,224,759	207	200,571

\* Cement & Clinker produced by the Company.

### 5.3 Human Resources

Year		2015	2016	As of Mar. 31, 2017
Number of Employees	Headquarter	153	153	151
	Hsinchu Plant	105	103	102
	Hualien Plant	314	313	311
	Total	572	569	564
Average Age		47.92	47.95	47.69
Average Years of Service		21.48	20.70	20.28
Education	Ph.D.	0	0	0
	Masters	11.01%	12.30%	12.41%
	Bachelor's Degree	41.26%	41.83%	41.84%
	Senior High School	40.38%	39.89%	39.72%
	Below Senior High School	7.34%	5.98%	6.03%

### 5.4 Expenditures on Environmental Protection

According to government regulations, the Company set up the continuous emission monitoring system to monitor pollutant opacity of nitrogen oxides, sulfur oxides, and other pollutants.

◎ During the most recent fiscal year and the current fiscal year up to the printing date of the annual report, the loss (including compensation) and penalty resulted from environmental pollution:

(1) Fine: none.

(2) Countermeasures: none.

◎ The restriction of RoHS (to restrict the use of hazardous chemicals) is not applicable to the Company.

#### 5.4.1 ISO-14001 Environmental Management Systems (EMS)

1. ISO-14001 EMS has become the trend in many advanced countries.

2. In August 1996, the Hualien plant of the Company passed certification by the Bureau of Commodity Inspection and Quarantine of the Ministry of Economic Affairs (MOEA), and in November of the same year, Hualien plant became one of the first organizations in Taiwan to receive ISO-14001 certification. In July 2000, Taiwan's first Environmental Report was completed by Hualien plant according to Sustainability Reporting Guidelines of Global Reporting Initiative (GRI).

3. The affiliated Jiangxi Yadong Cement Co., Sichuan Yadong Cement Co., Hubei Yadong Cement Co., Huanggang Yadong Cement Co., and Wuhan Yaxin Cement Co., have awarded ISO-14001 certification.

#### 5.4.2 Air Pollution Prevention

1. One of the main environmental concerns relating to cement production is air pollution caused by the dust generated from production processes. Therefore, the work of dust disposal is an important duty, not only to prevent air pollution, but also to reduce the loss of raw materials and finished products. Consequently, ACC has always emphasized on the efficiency of dust

collection equipment.

For increasing dust preventive facilities, Hsinchenshan Mine of the Hualien plant had built 440-meters-long fully-closed belt conveyor in 2015, which could completely prevent dust shed or spread, moreover, the Hualien plant has set up dustproof net outside of the belt conveyor and continued to build 180-meters-long fully-closed belt conveyor in 2016.

2. At present, ACC's Hsinchu plant has 2 electrostatic precipitators and 35 bag filters, with a total investment cost of NT \$174 million. The Hualien plant has 9 electrostatic precipitators and 80 bag filters, with a total investment cost more than NT \$950 million. In 2016, the Hsinchu plant invested NT\$9.35 million to improve its air pollution control facilities.
3. The good maintenance of above equipment ensures dust collection efficiency which is within the legal limit. Consequently, the quality of air around the plants is higher than national standard. As a result, the Environmental Protection Administration (EPA) especially recognized the two plants as environmental protection demonstration plants.
4. In particular, the amount of dust including chimney emissions measured by environmental protection agencies at the Hualien plant was less than 25 milligrams/m<sup>3</sup>, which was far better than national standard. The plant was awarded by the Chinese National Federation of Industries for its excellent performance of preventing industrial pollution. In addition, the Hualien plant was listed by the EPA as one of the top 10 factories in pollution prevention and has received the Enterprise Environmental Protection Award for three years in a row.
5. In 2016, the environment expenditure of the Hualien plant, such as purchasing and maintenance of precipitators, training courses, greening and beautification was NT\$ 337,960,000.

#### **5.4.3 Greening and Beautification for Quarry Restoration**

1. Both Hsinchu and Hualien plants have implemented measures for soil conservation and taken actions to green the environment by planting trees and other vegetation. For many years, the Hualien plant promotes the cultivation of the native species of trees for greening the quarry and the plant.
2. As of 2016, the green restoring area is 58.5 acres, while exploiting operation area is 22.0 acres, which is 70.06% and 29.94% respectively. Recently, the quarry of the Hualien plant is visible from nearby high way and railroad. In order to integrate the quarry into the surrounding environment, the Hualien Plant introduced a new forestation method for quarry restoration. Within merely two year, trees could grow up to 4 meters high. The green restoring area will increase 0.85 acres every year.

In 2016, the Hualien plant devoted NT\$ 31,379,000 to the greening and beautification of the quarry.

3. Due to Hualien Plant's dedication of environmental protection and engaging in community activities, the Taroko National Park cooperates with the Company to preserve native species of trees for greening and beatification of the National Park and environment guidance.
4. In 2007, the Hualien Plant was awarded for the excellent performance in the project of "promoting green communities" by the Environmental Protection Administration.



#### **5.4.4 Major Environmental Protection Work in the Future**

1. Reinforcing and ensuring the normal operation of environmental facilities.
2. Practicing in industry waste reduction; avoiding pollution.
3. Improving the greening rate in factory and quarry areas.
4. Utilizing wastes as resources to take social responsibilities.
5. Endlessly enhancing the environmental measures and techniques; expecting to reach the goal of “zero pollution”.

#### **5.4.5 Fulfill Social Responsibilities**

1. The Company volunteered to take care of greenbelts and pavements along the Dun-Hua South Road and An-He Road over a long period of time to fulfill its social responsibilities and strengthen relations with neighborhood.
2. Since 2001 on, Hualien plant has annually participated in local festivals such as lily blossom in Buluowan held by the Taroko National Park and donated potted flowers and plants for all visitors.
3. For our neighbors’ traffic safety, the Hualien plant has regularly sponsored Xincheng Branch of the Hualien County Police Office to renew police stands and street lamps.
4. The Company will also sponsor local activities and facilities of the villages and towns nearby the Hsinchu and Hualien plant.
5. Employees are encouraged to serve as hospital volunteers.
6. Based on ACC corporate philosophy of “feeding back to society whatever takes from society,” the Company sponsors Far Eastern Medical Foundation, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation, and Far Eastern Memory Foundation and participates in all kinds of public service activities.

### **5.5 Labor Relations**

The Company complies with every regulation of labor relationship. Due to the excellent labor relations, there were no damages or penalties causing from labor disputes.

1. According to law, The Company has Industrial Welfare Committee to allot welfare fund for staffs and conduct many welfare-related activities. In factory, we have basketball courts, tennis courts, badminton courts, table tennis courts, and swimming pools, etc., as staff’s recreational facilities. Health examination, group insurance, subsidies for employee’s education, trips, and clubs are also included in welfare plans.

#### **2. Employee Relations**

The Company provides Employee Assistance Program (EAP) service from Hsinchu Lifeline Association, EAP Center, which offers professional counsel to all issues employees may meet, such as career development, family issues, and interpersonal relationship.

3. Every year, the Company participates in the training programs provided by the training center of Far Eastern Group, which include professional courses such as finance, accounting, marketing,

information, and management skills for management levels. Following the Company's development plan, the Human Resource Department also holds in-house courses customized for the competencies by request of different professions and levels. These courses provide executives and employees with sufficient training opportunities, which not only can be applied to the workplace, but also connect with employees' career development.

Also, the Far Eastern EMBA programs designed by professors from Center for Management Studies, Yuan Ze University, provide the chances of advanced study with employees and develop staffs' excellent talents for the Company's long-term development. We also invite all trainees to share what they learned to expand learning effect. In addition, in view of respective demands, every department of the Company recommends employees to participate in the courses introduced by government bodies and other social institutions in order to acquire the latest relevant information.

Furthermore, Human Resource Department holds reading club, inviting a professional lecturer monthly to guide reading and facilitate discussion, encouraging employees to absorb new concepts and sharing knowledge.

In 2016, totally 310 training courses were held for ACC employees, roughly 3,730 participants; the relevant expenditures amounted to NT\$ 5 million.

4. The "Employment Rules of Asia Cement Corporation" articulates regulations in connection with appointment, service, assessment, and rewards as well as punishments, promotion, retirement, and compensation, etc. In order to guarantee the rights relating to retirement and compensation, in accordance with the law the Company sets up Supervisory Committee of the Labor Retirement Fund, allocates work's retirement reserve fund into the special account managed by assigned institutions, regularly convenes the supervisory committee, and audits the allocation and practice of work's retirement reserve fund. In addition, in compliance with Labor Pension Act, the Company monthly set aside pension fund for the employees who choose to be subject to the pension mechanism.
5. The Company's management philosophy "Sincerity, Diligence, Thrift, Prudence and innovation" has been firmly in every employee's heart. "Sincerity" implies honest and enthusiasm. "Diligence" indicates dedication. "Thrift" signifies frugality and modesty. "Prudence" represents deliberation and accuracy. In short, one important corporate culture of ACC is that every job should be done thoroughly, precisely, and perfectly.

In "Employment Rules of Asia Cement Corporation" mentioned above, the chapter 4 'Service', and chapter 7 'Assessment, Reward, Punishment, and Promotion' clearly illustrate the principles of conduct. In terms of management, besides emphasizing staff self-discipline, the Company also asks every department managers to take responsibilities of educating, advising, and leading their subordinates, which enables employees to fully understand the behavior and ethics criteria.

For better compliance with corporation governance, the Company has also enacted "Codes of

Ethical Conduct” and “Principles for Ethical Management”.

## 6. Policies of labor safety and health

### A. Management in Labor Safety and Health

The Company’s policy of labor safety and health is based on the following vision-“protecting labor safety, improving occupational environment, and building up friendly workplace.” Also, we comply with Labor Safety and Health Act, carry out systematical management in occupational health and safety, and implement identification of the hazardous factors, risk evaluation and control in workplace. Besides setting up safety standards and developing safety management system, the safety-related training courses, such as prevention of hidden dangers, emergency response planning, and safety self-management are regularly and irregularly held, to ensure that all employees can obey safety related rules and operate safety equipment and protective outfits well. The Company reached the target which is no occupational-safety accident happened in 2016.

In February 2009, the Hualien plant has passed TOSHMS (Taiwan Occupational Safety and Health Management System). On November 6, 2013, the Hualien Plant obtained “Occupational Safety and Health Management System Performance Recognitions” from the Council of Labor Affairs. Its effective period is five year. The "CNS15506: 2011 Taiwan Occupational Safety and Health Management System" and "OHSAS18001: 2007 Occupational Safety and Health Management System" currently implemented by Hualien Plant were evaluated and approved by the Foundation for Research and Development of Metal Industry Research and Development Center on June 28, 2016. Its effective period is to June 27, 2019. The Hsinchu Plant also follows the model of Hualien plant for establishing a faultless occupational safety and health management System.

### B. Workplace environment and labor safety protection

To assure employee safety and health, protect the assets of the Company, and make comfortable and safe workplace, based on safety-related rules, we have the following active measures:

a. Following procurement to assure the intrinsic safety of raw materials and equipment:

Conforming to the safety and health standard is the essential consideration of purchasing raw materials and equipment to assure the intrinsic safety of manufacture procedure, products, and equipment.

b. General safety management, training courses, and related auditing:

We monthly hold safety and health committee and safety-related courses for employees and contractors to make sure that everyone working with ACC fully understands the possible hazardous factors and prevention measures in workplace, and obeys safety-related standards to preclude the occurrence of any disaster. Also, by means of “the walking around management” and frequently patrols, we investigate flaws and also improve them to assure the effective operation in safety management.

c. Workplace environmental monitoring system and usage of protective outfits:

All plants regularly monitor noise, high temperature, and radiation around workplace, so the unusual condition can be immediately detected and eliminated. Also, all employees can be protected from possible dangers by protective outfits designed for different hidden hazardous factors in workplace.

d. Health Care Management for Employees:

All plants set up medical offices with nursing staff and contracted doctors, and prepare emergency medicine, equipment, and supplies. According to related rules, all employees regularly accept health assessment and carry out health care management.

e. Emergency Drills and Exercises

All plants shall regularly exercise emergency response drills by following their emergency response plan. All employees shall be familiar with relevant details, which ensures the losses could be minimized in case of emergency.

7. ACC has enjoyed harmonious relations between management and employees for years. Employees devoted their time and hard work to the Company. In recent years, the Company's continuous excellent performance of sales and production is a proof of employees' effort. The Company's work and employment regulations are based on the Labor Law and in some cases even exceed the minimum requirements of the law. Besides reasonable payment, ACC gives seasonal bonuses to encourage clinker production, attendance award, and cost and resource-saving measures, as well as year-end bonuses based on the Company's annual performance.

The Company was awarded “2013 Excellence Recognition for its collective agreement with employees” by the Ministry of Labor.

## 5.6 Major Contracts

Type of Contract	Contracting Party	Contract Duration	Primary Contents	Restrictive Clauses
Issuance of Long-term Commercial paper	Mega Bills Finance co., Ltd	2016/12~2020/12	Company has the right to terminate the issuance after 3 years	None
Bank medium-term loan/guarantee	CTBC Bank Co., Ltd.	2017/03~2020/05	Irrevocable commitment facility	None
Bank long-term unsecured loan	Mizuho Corporate Bank, Taipei Branch	2017/03~2019/03	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	First Commercial Bank. Tung-Hwa Branch	2017/04~2019/04	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Taiwan Cooperative Bank	2017/03~2019/03	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Hwa Nan Commercial Bank. Tung-Hwa Branch	2016/12~2018/12	Interest paid monthly, principal repaid at maturity	None
Bank long-term secured loan	Far Eastern International Bank Business Dept.	2017/01~2019/01	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Bank of China	2016/06~2018/06	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Bank of Taiwan	2017/02~2019/02	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	E.Sun Commercial Bank	2016/10~2018/10	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Yuanta Commercial Bank	2016/12~2018/12	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Chang Hwa Bank Tung-Hwa Branch	2016/08~2018/08	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Mega International Commercial Bank Foreign Dept.	2016/06~2018/06	Interest paid monthly, principal repaid at maturity	None
Bank long-term secured loan	Mega International Commercial Bank Foreign Dept.	2016/06~2018/06	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Land Bank of Taiwan Co., Ltd.	2016/09~2018/09	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	BNP PARIBAS Taiwan	2016/11~2018/11	Interest paid monthly, principal repaid at maturity	None
Long term raw material supply	BB Co.,	2016/08~2017/03	Contract of Coal Purchase from Australia	None
Long term raw material supply	Chung Ling Co.	2016/01~2016/12	Contract of Clay Purchase	None
Long term raw material supply	AA Co.,	2016/07~2016/09	Contract of Coal Purchase from Australia	None
Long term construction service provider	Yuantai Corp.	2016/09~2017/09	Contract of construction service	None
Long term raw material supply	CC Co.,	2016/08~2017/03	Contract of Gypsum Purchase	None

## VI Financial Information

### 6.1 Financial Reports & Audit Results (2012~2016)

#### 6.1.1 Consolidated Balance Sheets

UNIT: NT\$1,000

Item		Five-Year Financial Summary				
		2012(Note1)	2013(Note1)	2014	2015	2016
Current Assets		49,663,040	65,337,233	70,558,875	52,844,285	42,148,568
Property, Plant and Equipment		55,930,994	62,481,951	70,586,382	67,264,573	58,832,486
Intangible Assets		2,159,286	2,176,436	5,485,677	5,304,367	4,866,642
Other Assets		128,901,681	132,407,961	136,188,121	144,663,984	132,623,089
Total Assets		236,655,001	262,403,581	282,819,055	270,077,209	238,470,785
Current Liabilities	Before Appportioned	41,721,322	61,955,511	64,989,203	65,223,927	40,857,530
	After Appportioned	47,213,883	67,887,477	72,384,387	68,921,519	-
Non-current Liabilities		50,233,697	47,605,868	56,102,626	49,999,090	56,950,034
Total Liabilities	Before Appportioned	91,955,019	109,561,379	121,091,829	115,223,017	97,807,564
	After Appportioned	97,447,580	115,493,345	128,487,013	118,920,609	-
Equity Attributable To Owners Of The Corporation		128,049,692	134,448,119	141,833,564	135,898,873	122,663,077
Share Capital		32,309,181	32,955,365	33,614,472	33,614,472	33,614,472
Capital Surplus		1,034,446	1,018,079	1,073,920	1,155,643	1,167,881
Retained Earnings	Before Appportioned	87,741,404	92,169,086	94,863,921	91,552,336	91,599,413
	After Appportioned	81,602,659	85,578,013	87,468,737	87,854,744	-
Other Equity		6,964,661	8,305,589	12,281,251	9,576,422	(3,718,689)
Non-Controlling Interests		16,650,290	18,394,083	19,893,662	18,955,319	18,000,144
Total Equity	Before Appportioned	144,699,982	152,842,202	161,727,226	154,854,192	140,663,221
	After Appportioned	139,207,421	146,910,236	154,332,042	151,156,600	-

Note 1: The measurement subsequent to initial recognition of investment properties was altered to fair value model from 1st January, 2014 and the consolidated financial information of 2012 and 2013 included the effects of this amendments of accounting policy.

## 6.1.2 Consolidated Statements of Comprehensive Income

Unit: NT\$1,000

Year Item	Five-Year Financial Summary				
	2012	2013(Note1)	2014	2015	2016
Operating Revenue	63,793,183	70,172,781	77,683,281	66,287,480	60,946,190
Realized Gross Profit	6,140,552	9,042,595	11,129,604	7,058,747	8,588,274
Profit From Operations	4,106,489	6,672,500	8,248,404	4,039,945	6,233,048
Non-operating Income And Expenses	2,613,180	7,409,748	5,471,335	2,774,213	243,541
Income Before Income Tax	6,719,669	14,082,248	13,719,739	6,814,158	6,476,589
Net Profit For The Period	5,842,391	12,164,319	10,905,998	4,934,483	4,683,297
Other Comprehensive Income , Net	(920,590)	2,340,845	4,827,293	(3,860,529)	(14,688,396)
Total Comprehensive Income For The Period	4,921,801	14,505,164	15,733,291	1,073,954	(10,005,099)
Net Profit Attributable To Owner Of The Company	5,082,381	10,517,318	9,361,635	4,860,241	3,945,769
Net Profit Attributable To Non-Controlling Interests	760,010	1,647,001	1,544,363	74,242	737,528
Total Comprehensive Income Attributable To Owner Of The Company	4,649,295	12,091,175	13,273,390	1,343,662	(9,550,011)
Total Comprehensive Income Attributable To Non-Controlling Interests	272,506	2,413,989	2,459,901	(269,708)	(455,088)
Earnings Per Share	1.65	3.35	2.98	1.55	1.26
Earnings Per Share (Note2)	1.62	3.35	2.98	1.55	1.26

Note 1: The measurement subsequent to initial recognition of investment properties was altered to fair value model from 1st January, 2014 and the consolidated financial information of 2013 included the effects of this amendments of accounting policy.

Note 2: Based on weighted average outstanding shares in 2016 after subtracting the shares of the Corporation held by the associates treated as treasury stock.

### 6.1.3 Separate Balance Sheets

Unit: NT\$1,000

Item \ Year		Five-Year Financial Summary				
		2012(Note)	2013(Note)	2014	2015	2016
Current Assets		11,864,615	20,849,405	14,346,035	14,560,998	8,560,664
Property, Plant and Equipment		5,423,442	5,113,731	4,850,893	5,220,819	5,142,099
Intangible Assets		18,725	12,435	9,808	8,639	10,287
Other Assets		150,923,136	158,769,476	168,832,659	169,888,349	157,629,856
Total Assets		168,229,918	184,745,047	188,039,395	189,678,805	171,342,906
Current Liabilities	Before Appportioned	10,778,457	23,929,318	13,024,234	23,780,564	8,016,448
	After Appportioned	16,271,018	29,861,284	20,419,418	27,478,156	-
Non-current Liabilities		29,401,769	26,367,610	33,181,597	29,999,368	40,663,381
Total Liabilities	Before Appportioned	40,180,226	50,296,928	46,205,831	53,779,932	48,679,829
	After Appportioned	45,672,787	56,228,894	53,601,015	57,477,524	-
Share Capital		32,309,181	32,955,365	33,614,472	33,614,472	33,614,472
Capital Surplus		1,034,446	1,018,079	1,073,920	1,155,643	1,167,881
Retained Earnings	Before Appportioned	87,741,404	92,169,086	94,863,921	91,552,336	91,599,413
	After Appportioned	81,602,659	85,578,013	87,468,737	87,854,744	-
Other Equity		6,964,661	8,305,589	12,281,251	9,576,422	(3,718,689)
Total Equity	Before Appportioned	128,049,692	134,448,119	141,833,564	135,898,873	122,663,077
	After Appportioned	122,557,131	128,516,153	134,438,380	132,201,281	-

Note : The measurement subsequent to initial recognition of investment properties was altered to fair value model from 1st January, 2014 and the separated financial information of 2012 and 2013 included the effects of this amendments of accounting policy.



### 6.1.4 Separate Statements of Comprehensive Income

UNIT: NT\$1,000

Item \ Year	Five-Year Financial Summary				
	2012	2013(Note1)	2014	2015	2016
Operating Revenue	11,758,818	12,292,506	12,394,201	12,012,770	9,917,334
Realized Gross Profit	670,658	846,569	1,381,751	1,547,808	1,288,995
Profit From Operations	134,742	234,523	737,270	977,733	758,915
Non-operating Income And Expenses	5,131,042	10,651,309	9,972,764	5,330,300	3,792,066
Income Before Income Tax	5,265,784	10,885,832	10,710,034	6,308,033	4,550,981
Net Profit For The Year	5,082,381	10,517,318	9,361,635	4,860,241	3,945,769
Other Comprehensive Income , Net	(433,086)	1,573,857	3,911,755	(3,516,579)	(13,495,780)
Total Comprehensive Income For The Year	4,649,295	12,091,175	13,273,390	1,343,662	(9,550,011)
Earnings Per Share	1.65	3.35	2.98	1.55	1.26
Earnings Per Share (Note2)	1.62	3.35	2.98	1.55	1.26

Note1 :The measurement subsequent to initial recognition of investment properties was altered to fair value model from 1st January, 2014 and the separated financial information of 2013 included the effects of this amendments of accounting policy.

Note2 :Based on weighted average outstanding shares in 2016 after subtracting the shares of the Corporation held by the associates treated as treasury stock.

### 6.1.5 Balance Sheets-R.O.C GAAP

UNIT: NT\$1,000

Item		Year	One-Year Financial Summary
			2012
Current Assets			11,830,954
Long-term Investments			94,832,864
Properties and Equipment			13,499,125
Other Assets			3,115,288
Total Assets			123,278,231
Current Liabilities	Before Apportioned		10,322,312
	After Apportioned		15,814,873
Long-term Liabilities			23,407,129
Other Liabilities			4,879,550
Total Liabilities	Before Apportioned		38,608,991
	After Apportioned		44,101,552
Capital Stock			32,309,181
Capital Surplus			6,590,192
Retained Earnings	Before Apportioned		25,382,092
	After Apportioned		19,243,347
Unrealized Gains on Financial Instruments			9,274,052
Cumulative Translation Adjustments			618,416
Net Loss not Recognized as Pension Cost			(222,747)
Unrealized revaluation increments			10,718,054
Total Stockholders' Equity	Before Apportioned		84,669,240
	After Apportioned		79,176,679

### 6.1.6 Statements of Income – R.O.C GAAP

UNIT: NT\$1,000

Item	Year	One-Year Financial Summary
		2012
Operating Revenue		11,758,818
Realized Gross Profit		767,966
Operating Income(Loss)		253,385
Nonoperating Income and Gains		7,169,960
Nonoperating Expenses and Losses		991,045
Income before Income Tax		6,432,300
Net Income		6,235,192
Earnings Per Share		1.93
Earnings Per Share (Based on outstanding shares in 2016)		1.85

### 6.1.7 Auditors' Opinions from 2012 to 2016

Year	CPA's Name	Audit Opinion
2012	Hsin Wei Tai 、Li Wen Kuo	Unqualified Opinion
2013	Hsin Wei Tai 、Li Wen Kuo	Unqualified Opinion
2014	Li Wen Kuo 、You Wei Fan	Modified Unqualified Opinion
2015	Li Wen Kuo 、You Wei Fan	Unqualified Opinion
2016	Li Wen Kuo 、You Wei Fan	Unqualified Opinion

## 6.2 Financial Analysis

### 6.2.1 Consolidated Financial Statements

Item		Financial Analysis (2012~2016)				
		2012	2013 (Note)	2014 (Note)	2015	2016
Capital Structure (%)	Debts Ratio	46.97	41.75	42.82	42.66	41.01
	Long-term Capital In % of Property, Plant and Equipment	272.75	320.81	308.60	304.55	335.89
Repayment Ability	Current Ratio (%)	119.04	105.46	108.57	81.02	103.16
	Quick Ratio (%)	101.02	92.77	94.08	69.80	86.22
	Times Interest Earned	4.79	9.59	9.23	5.14	4.95
Operating Efficiency	Turnover of Receivable(Times)	3.57	4.15	4.13	3.55	3.85
	Average Collection Days of Receivable	102	88	88	103	95
	Turnover of Inventory (Times)	7.66	7.95	7.70	7.08	7.35
	Turnover of Payable (Times)	8.22	8.16	7.36	6.42	6.64
	Average Days of Sales	48	46	47	52	50
	Turnover of Property, Plant and Equipment (Times)	1.12	1.19	1.17	0.96	0.97
	Turnover of Total Assets (Times)	0.33	0.28	0.28	0.24	0.24
Profitability (%)	Return on Total Assets (%)	3.74	5.42	4.51	2.28	2.38
	Return on Stockholders' Equity (%)	5.62	8.18	6.93	3.12	3.17
	Income Before Income Tax In (%) of Capital Stock	20.80	42.73	40.81	20.27	19.27
	Profit Margin (%)	9.16	17.33	14.04	7.44	7.68
	Earnings per Share (NT\$) (Based on outstanding shares in 2016)	1.62	3.35	2.98	1.55	1.26
Cash Flow (%)	Cash Flow Ratio	33.96	23.86	16.38	20.95	31.37
	Cash Flow Adequacy Ratio	70.60	83.14	89.91	112.25	126.91
	Cash Reinvestment Ratio	4.04	4.61	2.14	2.97	4.43
Degree of Leverage	Degree of Operating Leverage	2.10	1.72	1.72	2.42	1.87
	Degree of Financial Leverage	1.76	1.33	1.25	1.69	1.36
<p>The explanation of the change in financial ratios for deviation over 20% in recent two years:</p> <p>The increase in Current Ratio, Quick Ratio and Cash Flow Ratio were mainly due to a decrease in current liability in 2016.</p> <p>The increase in Cash Reinvestment Ratio was due to a decrease in Cash dividends in 2016.</p> <p>The decrease in Degree of Operating Leverage and Degree of Financial Leverage were mainly due to an increase in operating income in 2016.</p>						

Note: The measurement subsequent to initial recognition of investment properties was altered to fair value model from January 1, 2014 and the consolidated financial information of 2013 included the effects of these amendments of accounting policy.

## 6.2.2 Separate Financial Statements

Item		Financial Analysis(2012~2016)				
		2012	2013 (Note)	2014 (Note)	2015	2016
Capital Structure (%)	Debts Ratio	31.26	27.23	24.57	28.35	28.41
	Long-term Capital In % of Property, Plant and Equipment	2,145.19	3,144.78	3,607.90	3,177.63	3,176.26
Repayment Ability	Current Ratio (%)	110.08	87.13	110.15	61.23	106.79
	Quick Ratio (%)	92.29	79.16	98.10	54.65	90.84
	Times Interest Earned	8.96	17.24	21.16	13.12	13.34
Operating Efficiency	Turnover of Receivable(Times)	9.85	10.39	10.42	11.34	11.10
	Average Collection Days of Receivable	37	35	35	32	33
	Turnover of Inventory (Times)	5.69	5.99	6.33	6.68	6.07
	Turnover of Payable (Times)	6.48	6.43	6.12	5.97	5.30
	Average Days of Sales	64	61	58	55	60
	Turnover of Property, Plant and Equipment (Times)	2.30	2.33	2.49	2.39	1.91
	Turnover of Total Assets (Times)	0.09	0.07	0.07	0.06	0.05
Profitability (%)	Return on Total Assets (%)	4.49	6.27	5.26	2.80	2.36
	Return on Stockholders' Equity (%)	5.84	8.01	6.78	3.50	3.05
	Income Before Income Tax In (%) of Capital Stock	16.30	33.03	31.86	18.77	13.54
	Profit Margin (%)	43.22	85.56	75.53	40.46	39.79
	Earnings per Share (NT\$) (Based on outstanding shares in 2016)	1.62	3.35	2.98	1.55	1.26
Cash Flow (%)	Cash Flow Ratio	57.37	22.36	50.08	25.81	54.45
	Cash Flow Adequacy Ratio	86.31	87.26	88.68	87.49	87.14
	Cash Reinvestment Ratio	(0.81)	(0.10)	0.37	(0.84)	0.46
Degree of Leverage	Degree of Operating Leverage	4.76	3.82	1.70	1.50	1.85
	Degree of Financial Leverage	(0.26)	(0.54)	3.58	2.14	1.95
<p>The explanation of the change in financial ratios for deviation over 20% in recent two years:  The increase in Current Ratio, Quick Ratio, Cash Flow Ratio and Cash Reinvestment Ratio were mainly due to a decrease in current liability in 2016.  The decrease in Turnover of Property, Plant and Equipment (Times) was mainly a decrease in net revenue in 2016.  The decrease in Income Before Income Tax In (%) of Capital Stock was mainly a decrease in income before income tax in 2016.  The increase in Cash Reinvestment Ratio was due to a decrease in Cash dividends in 2016.  The Increase in Degree of Operating Leverage was mainly due to a decrease in operating income in 2016.</p>						

Note: The measurement subsequent to initial recognition of investment properties was altered to fair value model from January 1, 2014 and the separated financial information of 2013 included the effects of these amendments of accounting policy.

### 6.2.3 Financial Statements (Accounting Principles Generally Accepted in the Republic of China)

Item	Year		Financial Analysis
			2012
Capital Structure (%)	Debts Ratio		31.32
	Long-term Capital In % of Fixed Assets		800.62
Repayment Ability	Current Ratio (%)		114.62
	Quick Ratio (%)		95.35
	Times Interest Earned		10.72
Operating Efficiency	Turnover of Receivable(Times)		9.68
	Average Collection Days of Receivable		38
	Turnover of Inventory (Times)		6.28
	Turnover of Payable (Times)		6.32
	Average Days of Sales		58
	Turnover of Fixed Assets (Times)		0.87
	Turnover of Total Assets (Times)		0.10
Profitability (%)	Return on Total Assets (%)		5.50
	Return on Stockholders' Equity (%)		7.29
	In (%) of Capital Stock	Operating Income	0.78
		Income Before Income Tax	19.91
	Profit Margin (%)		53.03
	Earnings per Share (NT\$)		1.93
	Earnings per Share (NT\$) (Based on outstanding shares in 2016)		1.85
Cash Flow (%)	Cash Flow Ratio		57.36
	Cash Flow Adequacy Ratio		85.25
	Cash Reinvestment Ratio		(0.97)
Degree of Leverage	Degree of Operating Leverage		9.17
	Degree of Financial Leverage		(0.62)

### **6.3 Supervisor's Review Report on the 2016 Financial Statements**

To: The 2017 Regular Shareholders' Meeting

The undersigned has duly audited the Operating Report, Financial Statements certified by CPA Miss Li Wen Kuo and Mr. Yu Wei Fan of the Deloitte & Touche, together with the Schedule of Earnings Distribution prepared by the Board of Directors for the year of 2016, 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

K. T. Li

T.Y. Tung

Chin-Der Ou

March 29, 2017

## 6.4 Financial Statements and Independent Auditors' Report

Please refer to Attachment I for the Notes to Consolidated Financial Statements

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Asia Cement Corporation

#### **Opinion**

We have audited the accompanying consolidated financial statements of Asia Cement Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows:



#### Estimated impairment of trade receivables of subsidiaries

In the process of estimating impairment of trade receivables, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Notes 5 and 11. Because the recoverability of trade receivables represents an area of significant judgement and uncertainty, we believe that the estimated impairment of trade receivables is one of key audit matters.

Corresponding audit procedures:

1. We obtained an understanding and performed tests of the management's estimation of impairment of trade receivables and of the design and execution of relevant internal controls.
2. We evaluated the reasonableness of allowance for impairment loss by testing the ageing of trade receivables and by quantifying the potential risk on overdue balances at the balance sheet date.
3. We tested recoverability of receivables by vouching cash receipts after the balance sheet date.
4. For amounts that were past due and not yet recovered, we evaluated the adequacy of allowance for impairment loss by understanding the customers' historical payment performance, any collateral pledged, and other abilities to repay the bills.

#### Fair value measurement of investment properties

The Group's investment properties are subsequently measured using the fair value model and valued by independent qualified professional valuer, a member of the ROC certified real estate appraisers. Please refer to Notes 5 and 18. Because the valuation of investment properties represents an area of significant judgement and uncertainty, we believe that the fair value measurement of investment properties is one of key audit matters.

Corresponding audit procedures:

1. We assessed the competencies and independence of the valuer engaged by the management and obtained an understanding of the scope of work and the process of engagement acceptance to evaluate the risk that the valuer's independence might be impaired and the scope of the valuer's work was limited.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in valuation.
3. We tested samples of items from management's supporting documentation, including the reasonableness of effective gross income, expenses, and ownerships of land and buildings used in valuation process and reperformed the calculation of fair value.

#### Fair value measurement of financial instruments with no active market

The Group owned equity interests in China Shanshui Cement Group Limited (CSCGL). CSCGL's prescribed percentage of securities held by the public has fallen below the minimum requirement of 25% according to the Main Board Listing Rules 8.08 of Hong Kong Exchanges and Clearing Limited (the Exchange). Therefore, the Exchange suspended the trading of CSCGL's securities until the percentage of securities in public hands satisfies the minimum requirement. As of December 31, 2016, the trading of CSCGL's securities was still suspended and there was no quoted price in active markets. The Group engaged third party qualified valuers for fair value measurement of CSCGL's securities. Please refer to Notes 5 and 8. Because the fair value measurement of CSCGL's securities represents an area of significant judgement and uncertainty, we believe that the fair value measurement of financial instruments with no active market is one of key audit matters.

Corresponding audit procedures:

1. We assessed the competencies and independence of the valuer engaged by the management and obtained an understanding of the scope of work and the process of engagement acceptance to evaluate the risk that the valuer's independence might be impaired and the scope of the valuer's work was limited.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in valuation.
3. We reviewed management's relevant quoted price data, including verifying the reasonableness of enterprise value/sales, enterprise value/earnings before interest, taxes, and amortization, value of equity securities/net equity and price-to-book ratio of other comparable listed companies used in the valuation process and reperformed the calculation of fair value.

#### **Other Matter**

We have also audited the parent company only financial statements of Asia Cement Corporation as of and for the years ended December 31, 2016 and 2015, on which we have issued an unqualified report.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in the independent auditors' report are Kuo, Li Wen and Fan, Yu Wei.

Deloitte & Touche  
Taipei, Taiwan  
The Republic of China

March 23, 2017

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 AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

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

ASSETS	2016		2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 37)	\$ 7,450,006	3	\$ 11,024,089	4
Financial assets at fair value through profit or loss - current (Notes 7 and 37)	327,875	-	1,030,970	-
Available-for-sale financial assets - current (Note 8)	6,346,839	3	5,283,052	2
Debt investments with no active market - current (Notes 6, 10, 37 and 39)	2,507,290	1	5,383,861	2
Notes receivable				
Third parties	4,155,701	2	6,268,468	2
Related parties (Note 37)	24,029	-	12,537	-
Trade receivables				
Third parties (Notes 11 and 12)	9,812,374	4	10,384,455	4
Related parties (Notes 11 and 37)	532,754	-	481,581	-
Other receivables (Notes 13 and 37)	2,740,861	1	2,924,090	1
Current tax assets (Note 33)	25,222	-	3,922	-
Inventories (Note 14)	6,920,598	3	7,318,610	3
Prepayments (Note 21)	841,858	1	1,146,914	1
Other current assets (Note 29)	463,161	-	1,581,736	1
<b>Total current assets</b>	<b>42,148,568</b>	<b>18</b>	<b>52,844,285</b>	<b>20</b>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using equity method (Notes 16 and 39)	65,435,100	27	68,784,137	25
Available-for-sale financial assets - non-current (Notes 8 and 39)	13,800,282	6	22,717,179	8
Financial assets measured at cost - non-current (Note 9)	1,310,918	-	1,367,517	1
Debt investment with no active market - non-current (Notes 6, 10, 37 and 39)	151,846	-	165,949	-
Property, plant and equipment (Notes 17 and 39)	58,832,486	25	67,264,573	25
Investment properties (Notes 18 and 39)	35,281,745	15	34,629,764	13
Intangible assets (Notes 19 and 20)	4,866,642	2	5,304,367	2
Deferred tax assets (Note 33)	861,406	-	750,251	-
Long-term notes receivables and other receivables (Notes 12 and 22)	10,303,904	4	10,918,197	4
Long-term prepayments for lease (Note 21)	3,911,856	2	3,737,647	1
Other non-current assets (Notes 23, 29 and 37)	1,566,032	1	1,593,343	1
<b>Total non-current assets</b>	<b>196,322,217</b>	<b>82</b>	<b>217,232,924</b>	<b>80</b>
<b>TOTAL</b>	<b>\$ 238,470,785</b>	<b>100</b>	<b>\$ 270,077,209</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 24 and 37)	\$ 18,900,622	8	\$ 18,677,761	7
Short-term bills payable (Notes 25 and 37)	12,032,043	5	13,445,051	5
Accounts payable and accrued expenses				
Third parties	7,074,962	3	8,199,549	3
Related parties (Note 37)	253,303	-	254,636	-
Dividends and bonuses payable	208,063	-	212,423	-
Other payable - other (Note 26)	337,635	-	547,033	-
Current tax liabilities (Note 33)	429,732	-	466,164	-
Provisions - current (Note 28)	9,655	-	9,419	-
Customers' deposits and advances (Note 28)	785,952	-	692,442	-
Current portion of long-term liabilities (Notes 27 and 37)	825,563	1	22,719,449	9
<b>Total current liabilities</b>	<b>40,857,530</b>	<b>17</b>	<b>65,223,927</b>	<b>24</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 27)	14,094,681	6	8,000,000	3
Long-term borrowings (Notes 27 and 37)	32,842,810	14	32,164,684	12
Provisions - non-current (Notes 28 and 40)	327,662	-	322,268	-
Deferred tax liabilities (Note 33)	8,137,817	4	7,817,183	3
Net defined benefit liabilities (Note 29)	167,129	-	195,835	-
Long-term deferred revenue (Note 28)	926,923	-	995,008	1
Other non-current liabilities	453,012	-	504,112	-
<b>Total non-current liabilities</b>	<b>56,950,034</b>	<b>24</b>	<b>49,999,090</b>	<b>19</b>
<b>Total liabilities</b>	<b>97,807,564</b>	<b>41</b>	<b>115,223,017</b>	<b>43</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 30 and 33)</b>				
Share capital	33,614,472	14	33,614,472	12
Capital surplus	1,167,881	1	1,155,643	-
Retained earnings				
Legal reserve	14,673,903	6	14,187,878	5
Special reserve	62,119,922	26	61,112,646	23
Unappropriated earnings	14,805,588	6	16,251,812	6
Total retained earnings	91,599,413	38	91,552,336	34
Other equity	(3,718,689)	(2)	9,576,422	4
<b>Total equity attributable to owners of the Corporation</b>	<b>122,663,077</b>	<b>51</b>	<b>135,898,873</b>	<b>50</b>
<b>NON-CONTROLLING INTERESTS (Note 30)</b>	<b>18,000,144</b>	<b>8</b>	<b>18,955,319</b>	<b>7</b>
<b>Total equity</b>	<b>140,663,221</b>	<b>59</b>	<b>154,854,192</b>	<b>57</b>
<b>TOTAL</b>	<b>\$ 238,470,785</b>	<b>100</b>	<b>\$ 270,077,209</b>	<b>100</b>

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, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 31 and 37)	\$ 60,946,190	100	\$ 66,287,480	100
OPERATING COSTS (Notes 14, 31, 32 and 37)	<u>52,358,957</u>	<u>86</u>	<u>59,228,641</u>	<u>89</u>
GROSS PROFIT	8,587,233	14	7,058,839	11
UNREALIZED GROSS PROFIT	-	-	(92)	-
REALIZED GROSS PROFIT	<u>1,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	8,588,274	14	7,058,747	11
OPERATING EXPENSES (Notes 32 and 37)	<u>2,355,226</u>	<u>4</u>	<u>3,018,802</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>6,233,048</u>	<u>10</u>	<u>4,039,945</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 32)	1,058,684	2	1,502,671	2
Other gains and losses (Note 32)	(526,644)	(1)	(66,725)	-
Finance costs (Note 32)	(1,638,218)	(2)	(1,647,870)	(2)
Share of profit or loss of associates and joint ventures	<u>1,349,719</u>	<u>2</u>	<u>2,986,137</u>	<u>5</u>
Total non-operating income and expenses	<u>243,541</u>	<u>1</u>	<u>2,774,213</u>	<u>5</u>
INCOME BEFORE INCOME TAX	6,476,589	11	6,814,158	11
INCOME TAX EXPENSE (Note 33)	<u>1,793,292</u>	<u>3</u>	<u>1,879,675</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>4,683,297</u>	<u>8</u>	<u>4,934,483</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(59,867)	-	(468,796)	(1)
Share of the other comprehensive loss of associates and joint ventures	<u>(140,079)</u>	<u>-</u>	<u>(285,305)</u>	<u>-</u>
	<u>(199,946)</u>	<u>-</u>	<u>(754,101)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(4,016,914)	(7)	(1,184,681)	(2)

(Continued)

# ASIA CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
Unrealized loss on available-for-sale financial assets	\$ (7,989,160)	(13)	\$ (1,216,565)	(2)
Cash flow hedges	-	-	17,718	-
Share of other comprehensive loss of associates and joint ventures	<u>(2,482,376)</u>	<u>(4)</u>	<u>(722,900)</u>	<u>(1)</u>
	<u>(14,488,450)</u>	<u>(24)</u>	<u>(3,106,428)</u>	<u>(5)</u>
Other comprehensive loss for the year, net of income tax	<u>(14,688,396)</u>	<u>(24)</u>	<u>(3,860,529)</u>	<u>(6)</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<u><u>\$ (10,005,099)</u></u>	<u><u>(16)</u></u>	<u><u>\$ 1,073,954</u></u>	<u><u>2</u></u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 3,945,769	7	\$ 4,860,241	7
Non-controlling interests	<u>737,528</u>	<u>1</u>	<u>74,242</u>	<u>-</u>
	<u><u>\$ 4,683,297</u></u>	<u><u>8</u></u>	<u><u>\$ 4,934,483</u></u>	<u><u>7</u></u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ (9,550,011)	(15)	\$ 1,343,662	2
Non-controlling interests	<u>(455,088)</u>	<u>(1)</u>	<u>(269,708)</u>	<u>-</u>
	<u><u>\$ (10,005,099)</u></u>	<u><u>(16)</u></u>	<u><u>\$ 1,073,954</u></u>	<u><u>2</u></u>
<b>EARNINGS PER SHARE (Note 34)</b>				
Basic	<u>\$1.26</u>		<u>\$1.55</u>	
Diluted	<u>\$1.24</u>		<u>\$1.32</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, 2016 AND 2015  
(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		Total			
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain on Revaluation	Cash Flow Hedge				Total Other Equity
BALANCE, JANUARY 1, 2015	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 - \$2.2 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 accounted for by using equity method	-	-	81,723	-	-	-	-	-	-	-	-	81,723	-	81,723
Net profit for the year ended December 31, 2015	-	-	-	-	-	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	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	18,955,319	154,854,192
Appropriation of 2015 earnings														
Legal reserve	-	-	-	486,025	-	(486,025)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,159,506	(1,159,506)	-	-	-	-	-	-	-	-
Cash dividends - \$1.1 per share	-	-	-	-	-	(3,697,592)	-	-	-	-	-	(3,697,592)	-	(3,697,592)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(500,037)	(500,037)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	12,238	-	-	-	-	-	-	-	-	12,238	-	12,238
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(41)	(41)
Net profit for the year ended December 31, 2016	-	-	-	-	-	3,945,769	-	-	-	-	-	3,945,769	737,528	4,683,297
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(200,669)	(4,253,547)	(9,036,793)	5	(4,776)	(13,295,111)	(13,495,780)	(1,192,616)	(14,688,396)
Other change in equity from investments in associates accounted for by using equity method	-	-	-	-	(1,326)	895	-	-	-	-	-	(431)	(9)	(440)
Special reserve reversed	-	-	-	-	(150,904)	150,904	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	<u>3,361,447</u>	<u>\$ 33,614,472</u>	<u>\$ 1,167,881</u>	<u>\$ 14,673,903</u>	<u>\$ 62,119,922</u>	<u>\$ 14,805,588</u>	<u>\$ (44,313)</u>	<u>\$ (4,023,554)</u>	<u>\$ 307,728</u>	<u>\$ 41,450</u>	<u>\$ (3,718,689)</u>	<u>\$ 122,663,077</u>	<u>\$ 18,000,144</u>	<u>\$ 140,663,221</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, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,476,589	\$ 6,814,158
Adjustments for:		
Depreciation expenses	5,241,445	5,400,304
Finance cost	1,638,218	1,647,870
Share of profit or loss of associates and joint ventures	(1,349,719)	(2,986,137)
Dividend income	(787,459)	(678,148)
Gain on change in fair value of investment properties	(647,946)	(1,278,760)
Loss on redemption of bonds payable	298,893	-
Interest income	(207,661)	(397,031)
Amortization expenses (including amortization of prepayments for lease)	202,093	242,047
Gain on disposal of investments	(198,564)	(599,049)
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	174,920	(826,151)
Effect of exchange rate of bonds payable	(159,295)	503,840
Impairment loss recognized on financial assets	109,055	65,374
Impairment loss on property, plant and equipment	104,772	-
Impairment loss recognized on trade receivables	77,457	216,598
Reversal of impairment loss on inventory	(47,745)	(33,645)
Gain on disposal of property, plant and equipment	(8,422)	(7,151)
Loss on disposal of associates	-	283
Unrealized foreign exchange loss	2,620	139,145
Other items	3,368	4,502
Changes in operating assets and liabilities:		
Financial assets held for trading	(28,212)	(20,720)
Notes receivable	1,738,330	1,217,938
Trade receivables	559,433	1,815,562
Other receivables	(33,852)	(191,261)
Inventories	135,714	2,035,814
Prepayments	224,401	88,709
Other current assets	24,357	354,728
Accounts payable and accrued expenses	(1,040,880)	(1,362,084)
Provisions	751	11,390
Customers' deposits and advances	139,454	29,594
Net defined benefit liabilities	(22,939)	(4,452)
Deferred revenue	(68,085)	(68,085)
Cash generated from operations	12,551,091	12,135,182
Interests received	216,152	366,274
Dividends received	2,808,990	3,798,693
Interests paid	(1,508,280)	(1,491,715)
Income tax expenses paid	(1,250,522)	(1,216,131)
Net cash generated from operating activities	<u>12,817,431</u>	<u>13,592,303</u>

(Continued)

# ASIA CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	\$ (3,252,940)	\$ (2,046,066)
Proceeds from sale of available-for-sale financial assets	2,904,802	3,719,317
Decrease in debt investments with no active market	2,885,375	511,376
Acquisition of property, plant and equipment	(1,250,087)	(3,479,729)
Decrease (increase) in refundable deposits	1,085,701	(1,127,478)
Increase in prepayments for lease	(577,914)	(19,694)
Proceeds from sale of derivative instruments not held for trading	555,733	-
Proceeds from disposal of property, plant and equipment	90,775	78,816
Acquisition of intangible assets	(63,358)	(51,689)
Acquisition of associates and joint ventures	(32,581)	(129,379)
Acquisition of investment properties	(8,214)	(2,126)
(Increase) decrease in other non-current assets	(6,308)	95,928
Net cash inflow on disposal of associate	-	58,716
Cash capital reduction from financial assets	-	31,765
	<u>2,330,984</u>	<u>(2,360,243)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term borrowings	(41,250,977)	(33,553,827)
Proceeds from long-term borrowings	35,487,417	34,512,584
Repayments of bonds	(13,894,347)	(2,500,000)
Proceeds from issue of bonds	6,000,000	-
Dividends paid	(3,697,567)	(7,395,159)
(Decrease) increase in short-term bills payable	(1,414,200)	202,100
Increase (decrease) in short-term borrowings	972,525	(3,571,459)
Change of non-controlling interests	(500,078)	(668,142)
Decrease in other non-current liabilities	(30,825)	(12,428)
Increase (decrease) in guarantee deposits received	2,516	(911)
	<u>(18,325,536)</u>	<u>(12,987,242)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(396,962)</u>	<u>39,437</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,574,083)	(1,715,745)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>11,024,089</u>	<u>12,739,834</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 7,450,006</u>	<u>\$ 11,024,089</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

### **Opinion**

We have audited the accompanying financial statements of Asia Cement Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Corporation's financial statements for the year ended December 31, 2016 are stated as follows:

### Estimated impairment of trade receivables of subsidiaries

In the process of estimating impairment of trade receivables, the Corporation's subsidiaries take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. Because the recoverability of trade receivables represents an area of significant judgement and uncertainty, we believe that the estimated impairment of trade receivables is one of key audit matters.

Corresponding audit procedures:

1. We obtained an understanding and performed tests of the management's estimation of trade receivables and of the design and execution of relevant internal controls.
2. We evaluated the reasonableness of allowance for impairment loss by testing the ageing of trade receivables and by quantifying the potential risk on overdue balances at the balance sheet date.
3. We tested recoverability of receivables by vouching cash receipts after the balance sheet date.
4. For amounts that were past due and not yet recovered, we evaluated the adequacy of allowance for impairment loss by understanding the customers' historical payment performance, any collateral pledged, and other abilities to repay the bills.

### Fair value measurement of investment properties

The Corporation's and its subsidiaries' investment properties are subsequently measured using the fair value model and valued by independent qualified professional valuer, a member of the ROC certified real estate appraisers. Because the valuation of investment properties represents an area of significant judgement and uncertainty, we believe that the fair value measurement of investment properties is one of key audit matters.

Corresponding audit procedures:

1. We assessed the competencies and independence of the valuer engaged by the management and obtained an understanding of the scope of work and the process of engagement acceptance to evaluate the risk that the valuer's independence might be impaired and the scope of the valuer's work was limited.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in valuation.
3. We tested samples of items from management's supporting documentation, including the reasonableness of effective gross income, expenses, and ownerships of land and buildings used in valuation process and reperformed the calculation of fair value.

#### Fair value measurement of financial instruments with no active market

The Corporation and its subsidiaries owned equity interests in China Shanshui Cement Group Limited (CSCGL). CSCGL's prescribed percentage of securities held by the public has fallen below the minimum requirement of 25% according to the Main Board Listing Rules 8.08 of Hong Kong Exchanges and Clearing Limited (the Exchange). Therefore, the Exchange suspended the trading of CSCGL's securities until the percentage of securities in public hands satisfies the minimum requirement. As of December 31, 2016, the trading of CSCGL's securities was still suspended and there was no quoted price in active markets. The Corporation engaged third party qualified valuers for fair value measurement of CSCGL's securities. Because the fair value measurement of CSCGL's securities represents an area of significant judgement and uncertainty, we believe that the fair value measurement of financial instruments with no active market is one of key audit matters.

Corresponding audit procedures:

1. We assessed the competencies and independence of the valuer engaged by the management and obtained an understanding of the scope of work and the process of engagement acceptance to evaluate the risk that the valuer's independence might be impaired and the scope of the valuer's work was limited.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in valuation.
3. We reviewed management's relevant quoted price data, including verifying the reasonableness of enterprise value/sales, enterprise value/earnings before interest, taxes, and amortization, value of equity securities/net equity and price-to-book ratio of other comparable listed companies used in the valuation process and reperformed the calculation of fair value.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in the independent auditors' report are Kuo, Li Wen and Fan, Yu Wei.

Deloitte & Touche  
Taipei, Taiwan  
The Republic of China

March 23, 2017

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.*

# ASIA CEMENT CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

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

ASSETS	2016		2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 31)	\$ 2,119,151	1	\$ 4,876,146	3
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	160,600	-	838,797	-
Available-for-sale financial assets - current (Note 8)	3,175,297	2	3,194,851	2
Debt investments with no active market - current (Notes 10 and 31)	798,602	1	1,792,459	1
Notes receivable				
Third parties	111,084	-	134,080	-
Related parties (Note 31)	24,029	-	12,537	-
Trade receivables				
Third parties (Note 11)	361,852	-	380,527	-
Related parties (Notes 11 and 31)	382,855	-	380,282	-
Other receivables (Note 31)	20,279	-	29,600	-
Current tax assets (Note 27)	3,397	-	-	-
Inventories (Note 12)	1,278,584	1	1,564,101	1
Prepayments (Note 17)	116,830	-	201,463	-
Other current assets (Note 18)	8,104	-	1,156,155	1
<b>Total current assets</b>	<b>8,560,664</b>	<b>5</b>	<b>14,560,998</b>	<b>8</b>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using equity method (Notes 13 and 33)	106,904,196	63	116,888,348	62
Available-for-sale financial assets - non-current (Note 8)	6,341,274	4	9,592,886	5
Financial assets measured at cost - non-current (Note 9)	133,202	-	177,126	-
Property, plant and equipment (Notes 14 and 33)	5,142,099	3	5,220,819	3
Investment properties (Notes 15, 31 and 33)	41,557,622	24	40,610,918	21
Intangible assets (Note 16)	10,287	-	8,639	-
Deferred tax assets (Note 27)	368,164	-	238,934	-
Long-term prepayments for lease (Note 17)	299,887	-	317,932	-
Other non-current assets (Notes 18, 23 and 31)	2,025,511	1	2,062,205	1
<b>Total non-current assets</b>	<b>162,782,242</b>	<b>95</b>	<b>175,117,807</b>	<b>92</b>
<b>TOTAL</b>	<b>\$ 171,342,906</b>	<b>100</b>	<b>\$ 189,678,805</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 19 and 33)	\$ -	-	\$ 50,000	-
Short-term bills payable (Notes 20 and 33)	6,139,093	3	7,750,831	4
Accounts payable and accrued expenses				
Third parties	1,303,039	1	1,557,629	1
Related parties (Note 31)	238,549	-	156,825	-
Dividends and bonuses payable	201,956	-	201,931	-
Current tax liabilities (Note 27)	3,879	-	189,396	-
Customers' deposits and advances (Note 22)	129,932	-	134,015	-
Current portion of long-term liabilities (Notes 21 and 33)	-	-	13,739,937	7
<b>Total current liabilities</b>	<b>8,016,448</b>	<b>4</b>	<b>23,780,564</b>	<b>12</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 21)	14,094,681	8	8,000,000	4
Long-term borrowings (Notes 21 and 33)	17,681,007	10	13,429,484	7
Deferred income tax liabilities (Note 27)	7,928,785	5	7,545,491	4
Deferred revenue - non-current (Note 22)	926,923	1	995,008	1
Other non-current liabilities	31,985	-	29,385	-
<b>Total non-current liabilities</b>	<b>40,663,381</b>	<b>24</b>	<b>29,999,368</b>	<b>16</b>
<b>Total liabilities</b>	<b>48,679,829</b>	<b>28</b>	<b>53,779,932</b>	<b>28</b>
<b>EQUITY (Note 24)</b>				
Ordinary shares	33,614,472	20	33,614,472	18
Capital surplus	1,167,881	1	1,155,643	1
Retained earnings				
Legal reserve	14,673,903	8	14,187,878	7
Special reserve	62,119,922	36	61,112,646	32
Unappropriated earnings	14,805,588	9	16,251,812	9
Total retained earnings	91,599,413	53	91,552,336	48
Other equity	(3,718,689)	(2)	9,576,422	5
<b>Total equity</b>	<b>122,663,077</b>	<b>72</b>	<b>135,898,873</b>	<b>72</b>
<b>TOTAL</b>	<b>\$ 171,342,906</b>	<b>100</b>	<b>\$ 189,678,805</b>	<b>100</b>

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



# ASIA CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 9,917,334	100	\$ 12,012,770	100
OPERATING COSTS (Notes 12, 25, 26 and 31)	<u>8,626,794</u>	<u>87</u>	<u>10,466,846</u>	<u>87</u>
GROSS PROFIT	1,290,540	13	1,545,924	13
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(1,545)	-	-	-
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>-</u>	<u>-</u>	<u>1,884</u>	<u>-</u>
REALIZED GROSS PROFIT	1,288,995	13	1,547,808	13
OPERATING EXPENSES (Notes 26, 31 and 32)	<u>530,080</u>	<u>5</u>	<u>570,075</u>	<u>5</u>
OPERATING INCOME	<u>758,915</u>	<u>8</u>	<u>977,733</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	680,961	7	723,662	6
Other gains and losses (Note 26)	216,108	2	2,395,943	20
Finance costs (Note 26)	(368,940)	(4)	(520,478)	(5)
Share of the profit or loss of subsidiaries and associates	<u>3,263,937</u>	<u>33</u>	<u>2,731,173</u>	<u>23</u>
Total non-operating income and expenses	<u>3,792,066</u>	<u>38</u>	<u>5,330,300</u>	<u>44</u>
INCOME BEFORE INCOME TAX	4,550,981	46	6,308,033	52
INCOME TAX EXPENSE (Note 27)	<u>605,212</u>	<u>6</u>	<u>1,447,792</u>	<u>12</u>
NET INCOME	<u>3,945,769</u>	<u>40</u>	<u>4,860,241</u>	<u>40</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(62,582)	(1)	(455,887)	(4)
Share of the other comprehensive loss of subsidiaries and associates	<u>(138,082)</u>	<u>(1)</u>	<u>(297,606)</u>	<u>(2)</u>
	<u>(200,664)</u>	<u>(2)</u>	<u>(753,493)</u>	<u>(6)</u>

(Continued)

# ASIA CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	\$ (2,914,758)	(29)	\$ (1,082,453)	(9)
Share of the other comprehensive loss of subsidiaries and associates	<u>(10,380,358)</u>	<u>(105)</u>	<u>(1,680,633)</u>	<u>(14)</u>
	<u>(13,295,116)</u>	<u>(134)</u>	<u>(2,763,086)</u>	<u>(23)</u>
Other comprehensive loss for the year, net of income tax	<u>(13,495,780)</u>	<u>(136)</u>	<u>(3,516,579)</u>	<u>(29)</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<u>\$ (9,550,011)</u>	<u>(96)</u>	<u>\$ 1,343,662</u>	<u>11</u>
<b>EARNINGS PER SHARE (Note 28)</b>				
Basic	<u>\$ 1.26</u>		<u>\$ 1.55</u>	
Diluted	<u>\$ 1.24</u>		<u>\$ 1.32</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, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Capital Stock Issued		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity				Total Equity
	Shares	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Revaluation	Cash Flow Hedge	Total	
BALANCE AT JANUARY 1, 2015	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 - \$2.2 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 subsidiaries and 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
Appropriation of 2015 earnings												
Legal reserve	-	-	-	486,025	-	(486,025)	-	-	-	-	-	-
Special reserve	-	-	-	-	1,159,506	(1,159,506)	-	-	-	-	-	-
Cash dividends - \$1.1 per share	-	-	-	-	-	(3,697,592)	-	-	-	-	-	(3,697,592)
Change in capital surplus from investments in subsidiaries and associates accounted for by using equity method	-	-	12,238	-	-	-	-	-	-	-	-	12,238
Net income in 2016	-	-	-	-	-	3,945,769	-	-	-	-	-	3,945,769
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(200,669)	(4,253,547)	(9,036,793)	5	(4,776)	(13,295,111)	(13,495,780)
Other change in equity from investments in subsidiaries and associates accounted for by using equity method	-	-	-	-	(1,326)	895	-	-	-	-	-	(431)
Special reserve reversed	-	-	-	-	(150,904)	150,904	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2016	<u>3,361,447</u>	<u>\$ 33,614,472</u>	<u>\$ 1,167,881</u>	<u>\$ 14,673,903</u>	<u>\$ 62,119,922</u>	<u>\$ 14,805,588</u>	<u>\$ (44,313)</u>	<u>\$ (4,023,554)</u>	<u>\$ 307,728</u>	<u>\$ 41,450</u>	<u>\$ (3,718,689)</u>	<u>\$ 122,663,077</u>

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

# ASIA CEMENT CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 4,550,981	\$ 6,308,033
Adjustments for:		
Share of profit of subsidiaries and associates	(3,263,937)	(2,731,173)
Gain on change in fair value of investment properties	(899,748)	(1,712,194)
Depreciation expenses	636,521	484,409
Finance cost	368,940	520,478
Dividend income	(362,946)	(414,397)
Loss on redemption of bonds payable	298,893	-
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	188,997	(857,746)
Unrealized loss (gain) on foreign currency exchange	177,432	(252,059)
Effect of exchange rate of bonds payable	(159,295)	503,840
Interest income	(57,613)	(86,887)
Impairment loss recognized on financial assets	39,515	42,000
Amortization expenses	3,786	6,449
Unrealized (realized) gain from inter-affiliate	1,545	(1,884)
Reversal of impairment loss on trade receivables	(465)	(1,341)
Loss on disposal of property, plant and equipment	32	304
Gain on disposal of available-for-sale financial assets	-	(255,448)
Other items	4,409	4,410
Changes in operating assets and liabilities:		
Notes receivable	11,504	26,776
Trade receivables	13,285	279,198
Other receivables	10,568	(2,943)
Inventories	285,517	18,146
Prepayments	102,678	23,338
Other current assets	866	(1,829)
Net defined benefit assets	(49,247)	(66,633)
Accounts payable and accrued expenses	(196,395)	(75,186)
Customers' deposits and advances	(4,083)	21,276
Deferred revenue	(68,085)	(68,085)
Cash generated from operations	1,633,655	1,710,852
Interest received	56,366	85,020
Interest paid	(257,163)	(282,350)
Dividend received	3,102,857	4,905,872
Income tax paid	(170,836)	(282,799)
Net cash generated from operating activities	<u>4,364,879</u>	<u>6,136,595</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in refundable deposits	1,128,727	(1,103,610)
Decrease in debt investments with no active market	927,183	780,250
Acquisition of property, plant and equipment	(557,953)	(865,619)
Proceeds from sale of derivative instruments not held for trading	489,200	-

(Continued)

# ASIA CEMENT CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
Acquisition of investment properties	\$ (44,241)	\$ (1,855)
Proceeds from disposal of property, plant and equipment	8,435	9
Acquisition of intangible assets	(5,434)	(5,280)
Proceeds from disposal of available-for-sale financial assets	<u>-</u>	<u>556,788</u>
Net cash generated from (used in) investing activities	<u>1,945,917</u>	<u>(639,317)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	17,700,000	21,847,000
Repayments of bonds payable	(13,894,347)	(2,500,000)
Repayments of long-term borrowings	(13,437,000)	(13,140,000)
Proceeds from issue of bonds	6,000,000	-
Cash dividends paid	(3,697,567)	(7,395,159)
(Decrease) increase in short-term bills payable	(1,613,000)	503,000
Decrease in short-term borrowings	(50,000)	(350,000)
Increase (decrease) in guarantee deposits received	<u>2,600</u>	<u>(1,000)</u>
Net cash used in financing activities	<u>(8,989,314)</u>	<u>(1,036,159)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(78,477)</u>	<u>151,461</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,756,995)	4,612,580
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,876,146</u>	<u>263,566</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,119,151</u>	<u>\$ 4,876,146</u>

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

(Concluded)

※The Company and its affiliates have not experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the printing date of the annual report.

## VII Analysis of Financial Status, Operating Result, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$1,000

Item \ Year	2015	2016	Variance	
			Amount	%
Current Assets	52,844,285	42,148,568	(10,695,717)	(20)
Property, Plant and Equipment	67,264,573	58,832,486	(8,432,087)	(13)
Intangible Assets	5,304,367	4,866,642	(437,725)	(8)
Other Assets	144,663,984	132,623,089	(12,040,895)	(8)
Total Assets	270,077,209	238,470,785	(31,606,424)	(12)
Current Liabilities	65,223,927	40,857,530	(24,366,397)	(37)
Non-current Liabilities	49,999,090	56,950,034	6,950,944	14
Total Liabilities	115,223,017	97,807,564	(17,415,453)	(15)
Equity Attributable To Owners Of The Corporation	135,898,873	122,663,077	(13,235,796)	(10)
Share Capital	33,614,472	33,614,472	0	0
Capital Surplus	1,155,643	1,167,881	12,238	1
Retained Earnings	91,552,336	91,599,413	47,077	0
Other Equity	9,576,422	(3,718,689)	(13,295,111)	(139)
Non-Controlling Interests	18,955,319	18,000,144	(955,175)	(5)
Total Equity	154,854,192	140,663,221	(14,190,971)	(9)
Analysis of deviation over 20%:				
<ol style="list-style-type: none"> <li>1. The decrease of current assets was mainly due to the decrease of cash and cash equivalents, debt investments with no active market – current and notes receivable-third parties.</li> <li>2. The decrease of current liabilities was mainly due to the decrease of current portion of long-term liabilities</li> <li>3. Other equity decreased mainly resulted from the increase of unrealized losses on available-for-sale financial assets.</li> </ol>				

## 7.2 Analysis of Operating Results

Unit: NT\$1,000

Item	Year		Variance	
	2015	2016	Amount	%
Operating Revenue	66,287,480	60,946,190	(5,341,290)	(8)
Operating Costs	59,228,641	52,358,957	(6,869,684)	(12)
Gross Profit	7,058,839	8,587,233	1,528,394	22
Unrealized Gross Profit	(92)	1,041	1,133	1,232
Realized Gross Profit	7,058,747	8,588,274	1,529,527	22
Operating Expenses	3,018,802	2,355,226	(663,576)	(22)
Profit From Operations	4,039,945	6,233,048	2,193,103	54
Non-operating Income And Expenses	2,774,213	243,541	(2,530,672)	(91)
Income Before Income Tax	6,814,158	6,476,589	(337,569)	(5)
Income Tax Expense	1,879,675	1,793,292	(86,383)	(5)
Net Profit For The Year	4,934,483	4,683,297	(251,186)	(5)
Other Comprehensive Income , Net	(3,860,529)	(14,688,396)	(10,827,867)	280
Total Comprehensive Income For The Year	1,073,954	(10,005,099)	(11,079,053)	(1,032)
Net Profit Attributable To Owner Of The Company	4,860,241	3,945,769	(914,472)	(19)
Net Profit Attributable To Non-Controlling Interests	74,242	737,528	663,286	893
Total Comprehensive Income Attributable To Owner Of The Company	1,343,662	(9,550,011)	(10,893,673)	(811)
Total Comprehensive Income Attributable To Non-Controlling Interests	(269,708)	(455,088)	(185,380)	69

### 1. Analysis of deviation over 20% :

The increase of the gross profit ,realized gross profit and profit from operations were mainly due to the decrease of operating costs.

The decrease of the unrealized gross profit resulted from the transactions with affiliated companies in 2016.

Operating expenses decreased mainly due to the decrease of personnel expense.

The decrease of non-operating income and expenses was mainly due to the decrease of investment revenue and the increase of unrealized losses on available-for-sale financial assets.

Other comprehensive income decreased mainly due to the decrease of exchange differences on translating foreign operations and the increase of unrealized losses on available-for-sale financial assets.

### 2. For 2017, expected own production and sales volume of cement and clinker is 3,943 thousand MT in Taiwan, and 31,318 thousand MT in China. Total own production and sales volume will be 35,261 thousand MT, which is better than sales volume 35,033 thousand MT in 2016.

### 7.3 Analysis of Cash Flow

Unit: NT\$1,000

Cash Balance, Beginning of 2016	The Cash Inflows from Operating Activities for 2016	Cash Outflows for 2016	The Cash Surplus	Source of Funding for Negative Cash Balance	
				Investing Plans	Financing Plans
11,024,089	12,817,431	16,391,514	7,450,006	-	-
<p>The Analysis for Changing of Cash Flow for the Year</p> <ol style="list-style-type: none"> <li>1. Operating Activities: Mainly generated from operations NT\$12,551,091 thousand and dividends received NT\$2,808,990 thousand .</li> <li>2. Investing Activities: Mostly for net decrease in debt investments with no active market NT\$2,885,375 thousand.</li> <li>3. Financing activities: Mostly for net decrease in short-term and long-term loans NT\$14,099,582 thousand and payout of cash dividends NT\$3,697,567 thousand.</li> </ol> <p>Measures to Save the Cash Deficiency and the Liquidity Analysis :</p> <ol style="list-style-type: none"> <li>1.Source of Funding for Negative Cash Balance : Not Applicable.</li> <li>2.Liquidity Analysis : Please Refer to the List Below.</li> </ol>					
Items	2015	2016	Increase(Decrease)Percentage		
Cash Flow Ratio	20.95	31.37	49.74		
Cash Flow Adequacy Ratio	112.25	126.91	13.06		
Cash Reinvestment Ratio	2.97	4.43	49.16		
<ol style="list-style-type: none"> <li>1.The increase in cash flow ratio was mainly due to a decrease in current liabilities in 2016.</li> <li>2.The increase in cash reinvestment ratio was mainly due to a decrease in payout of cash dividends in 2016.</li> </ol>					
Cash Balance, Beginning of 2017	Expected Net Cash Inflows from Operating Activities for 2017	Expected Total Cash Outflows for 2017	Expected Cash Surplus	Expected Source of Funding for Negative Cash Balance	
				Investing Plans	Financing Plans
7,450,006	9,380,638	10,438,090	6,392,554	-	-
<p>Liquidity Analysis for the Coming Year :</p> <ol style="list-style-type: none"> <li>1. Operating Activities : Mainly from net income and dividends received from associates.</li> <li>2. Investing Activities : Primarily for investment in capital expenditures.</li> <li>3. Financing activities: Mostly for net decrease in short-term and long-term loans and payout of cash dividends.</li> </ol>					



## 7.4 Impacts of Major Capital Expenditures on Finance and Operation

### 7.4.1 Major Capital Expenditures and Funding Sources

UNIT: NT\$1,000

Projects	Actual or Expected Source of Capital	Actual or Expected Date of Completion	Total Capital	Actual or Expected Capital Expenditures					
				2012~2015	2016	2017	2018	2019	2020
Installation constructions of new indoor coal bunker , stacker reclaimers and material conveyor system in Hualien plant	Self-owned capital	Dec. 2020	556,160	9,917	316	300,000	140,000	100,000	5,927
Sichuan Yadong the second period long conveyor belt construction	Self-owned capital & loan	May. 2016	1,976,827	1,207,471	769,356	-	-	-	-

### 7.4.2 Expected Benefit to Finance and Operation from the Major Capital Expenditure

A. In order to prevent the emission of coal sewage water from violating environmental protection laws and regulations, and refrain coal containing excessive water after heavy rain from leading to the losses of reduction of clinker production or interruption of production, the new indoor coal bunker and conveyor system constructions were executed in Hualien plant.

B. After Sichuan Yadong the second period long conveyor belt construction completed, this will save materials freight cost.

Above two major capital expenditures have positive benefits for the financial and operating outlook.

## 7.5 Investment Strategies in the Most Recent Year, the Major Reasons for its Gain or Loss and Improvement Plan and Investment Plans for Next Year

The majority of the company's investments were for long-term strategic purposes. In 2016, the total gain through equity method by the company was NT\$1,349,719,000 (on consolidated basis). In the future, the company will continue to focus on strategic purposes through prudent assessment.

## 7.6 Analysis and Evaluation of Risk Management

### 7.6.1 The Impact of Fluctuation of Foreign Exchange, Interest Rates, and Inflation on the Company's Profit and Loss and Its Countermeasures

#### ※Foreign exchange impact:

The percentage of foreign exchange gains/losses over operating revenue and operating income in 2016 are as follows:

Unit : NT\$1,000

Item \ Year	2016
Foreign Exchange Gains (Losses) (A)	(236,504)
Operating Revenue (B)	60,946,190
% of Operating Revenue (A)/(B)	(3.9%)
Operating Income (C)	6,233,048
% of Operating Income (A)/(C)	(3.8%)

Foreign exchange rate fluctuates constantly because of the variation in market demand and supply. Thus, the risk of foreign exchange may occur to the Company by means of various trading. For the Company, most of the procurements of raw materials were disbursed in USD; foreign sales were collected in USD. Currently, the revenue mostly equals to the disbursement, which led to the effect of natural hedge, minimizing the impact of fluctuation of foreign exchange on the Company's profit and loss.

(Besides natural hedge, in order to minimize the risk of foreign exchange, the Company and subsidiaries had adopted such risk management policies against the uncertainty)

1. Monitoring the impact to foreign exchange rate from global macro-economic change and building up a necessary hedge mechanism.
2. Planning future's demand for currencies and establishing the foreign currency position from relatively lower level to reduce overall cost. Convert weak currencies to strong currencies.

#### ※Interest rate impact:

The percentage of interest revenue/losses over operating revenue and operating income in 2016 are as follows:

Unit : NT\$1,000

Item \ Year	2016
Interest Revenue (Losses) (A)	(1,430,557)
Operating Revenue (B)	60,946,190
% of Operating Revenue (A)/(B)	(2.3%)
Operating Income (C)	6,233,048
% of Operating Income (A)/(C)	(23.0%)

If market interest rates had been 0.01% higher/lower, the group's pretax profit for the year ended December 31, 2016 would have decreased/increased by NT\$3,166 thousand, mainly due to the Group's exposure to interest rates on its floating-rate bank borrowings and bank deposits' interest revenue and expenses.

The Company primarily utilizes short-term bank loans and issues long-term debt instruments to finance its short, mid, and long term funding demands.

According to the terms and conditions of agreements entered with banks, short-term bank loan, subject to floating interest rate basis, can be utilized in revolving method within the duration of the agreements. Since the Company has been maintaining stable status operationally and financially, it is capable of obtaining relatively lower interest rate with aggressive negotiations with banks. Besides, the duration of utilizing short-term loan is less than one year. In a whole, the impact of the fluctuation of interest rates on the Company's short-term loans is limited. In order to minimize the risk of interest rate, the Company and subsidiaries had adopted such risk management policies against the uncertainty:

The Company mainly issues long-term and fixed interest rate debt instruments to lock relatively lower funding cost, which can reduce interest expense and impact of interest fluctuation, spare banks' credit lines for temporary funding demand, replenish working capital, and improve financial structure to comply with the principle for long-term sustainable operation.

**※Inflation rate impact:**

Taiwan inflation rate was about 1.4% in 2016. This inflation rate did not have substantial effect on the Company's operation and profit. In order to minimize the risk of inflation rate, the Company and subsidiaries maintained stable and long-term cooperative relationships with our major suppliers.

**7.6.2 The Impact of Highly Risky Investments, Highly Leveraged Transaction, Loaning to Others, Endorsement and Guarantee for Others, and Derivatives**

The Company has no highly risky and highly leveraged investments or loaning to others.

The Company provided endorsement and guarantee for its subsidiaries according to "Procedures for Endorsement and Guarantee". Its balance was NT\$19,619,072,000 and NT\$19,452,032,000 by the end of 2016 and the end of March 2017 respectively. Based on conservative operating policy, the operations of its subsidiaries bring considerable income to the Company. Besides that, the Company supervises its subsidiaries regularly and controls related risks.

The financial transactions with "derivative" nature the Company and subsidiaries entered into were strictly for hedging purposes and not for any trading or speculative purposes. To control various types of financial trading risks, the Company and subsidiaries has established

internal policies and procedures based on sound financial and business practices, all in compliance with the relevant rules and regulations issued by the Taiwan Securities and Futures Bureau.

The Company entered into USD/TWD CCS transactions which was due by the end of 2016. The realized loss on CCS transactions was NT\$167,019,000 in 2016.

### 7.6.3 The Prevention of Legal Risks

In view of current company's operations, in addition to compliance with laws and regulations, there are many different areas involved in the legal norms, such as dealing with other companies, government agency, stakeholders, employees, and other foreign-related cases. Preventing legal risks shall be the first priority in today's business operators

In response to this situation, the Company asks those who majored in law to be in charge of the Secretarial Department. Besides, the Company teaches and requires every employee to comply with every regulation in daily operations. The Company also cooperates with the Group's legal department to handle labor, general affairs, sales, factory management, taxation and other issues. Lawyers and accountants would be consulted if necessary. These could ensure legal risks reduced to maintain the Company's interests.

◎R&D project and estimated expenditures in the future:

		Unit: NT\$1000
	<b>Item</b>	<b>Amount</b>
1	Second stage of Industrial 4.0 project	6,000
2	Third stage of Industrial 4.0 project	9,000
3	Automatic analysis and detection technology for limestone	300
4	Laboratory powder blending technology	800
	Total	1,500

◎Effect on the Company's finance and operation from any changes in major policies and laws at home and abroad in the most recent fiscal year: None.

◎Effect on the Company's finance and operation due to the technological improvement and the change of industrial environment in the most recent fiscal year: None.

◎Events influencing the Company's corporate image in the most recent fiscal year: None.

◎Merger or acquisition plan in the most recent fiscal year: None.

◎Plan of expanding capacity in the most recent fiscal year: None.

◎Supply and sale of the Company in the most recent fiscal year: Normal and steady.

◎Large volume shares transferred or changed by directors, supervisors, or shareholders with more than 10% shareholdings in the most recent fiscal year: None.

◎Change of the Company's management in the most recent fiscal year: None.

◎Litigation, non-litigation incidents or administrative disputes of directors, supervisors,

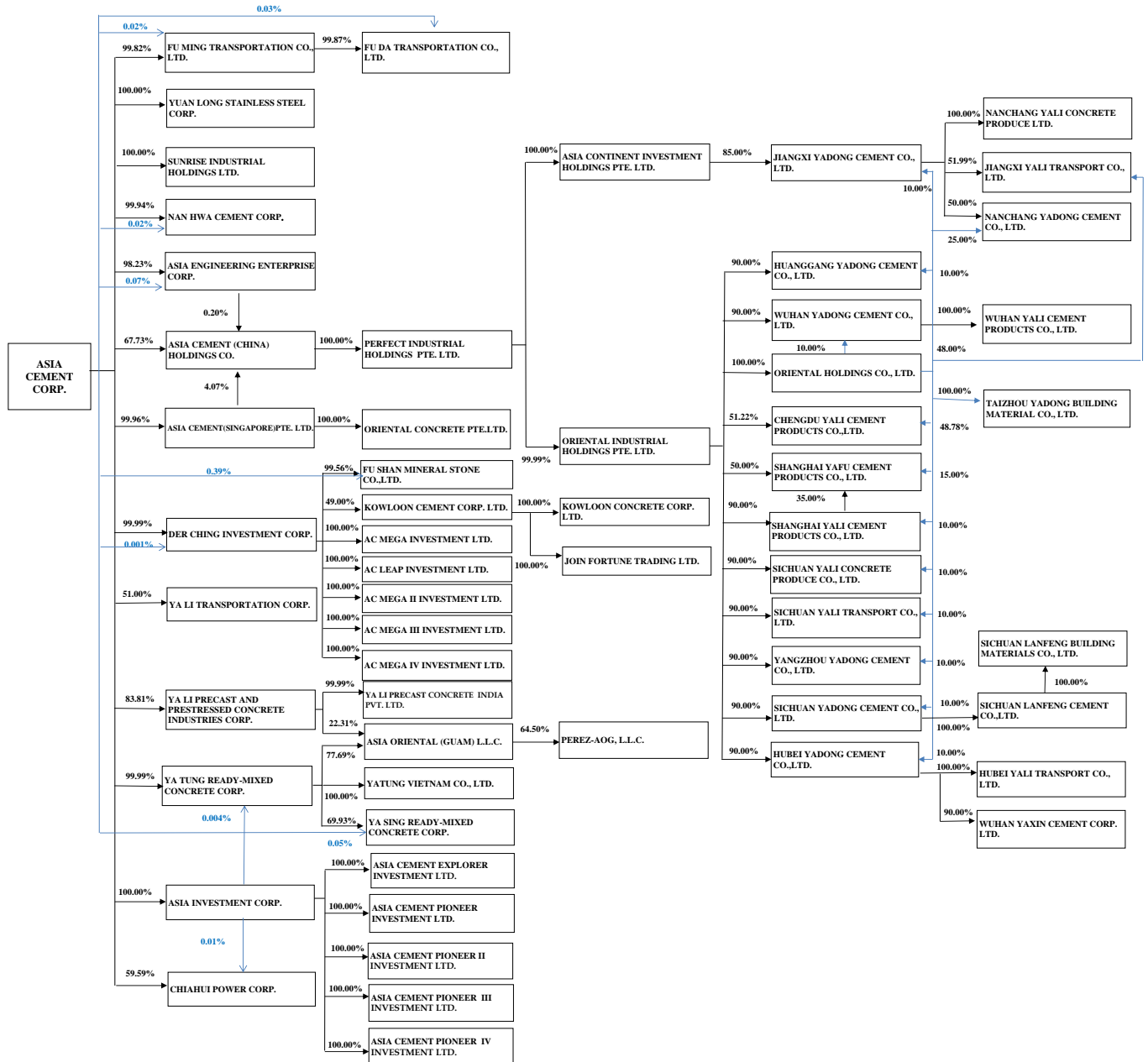
president, shareholders with more than 10% shareholdings, or subsidiaries which could materially affect shareholders' equity or the prices of the Company's securities: None.

©Other major risks: None.

**7.7 Other Mentionable Issues : None.**

# VIII Special Disclosure

## 8.1 Organizational Chart of Affiliated Companies



## 8.2 Basic Information of Affiliated Companies

Currency: NT\$ (except otherwise specified)

Unit: \$1,000

As of December 31, 2016

Company Name	Establishing Date	Paid-in Capital	Main business or Production Item
FU MING TRANSPORTATION CO., LTD. Address: 23F., No.16-1, Xinzhan Rd., Banqiao Dist., New Taipei City	Feb. 1980	295,695	Transportation
YUAN LONG STAINLESS STEEL CORP. Address: No.28, Daye S. Rd., Xiaogang Dist., Kaohsiung City	Dec. 2005	2,000,000	Stainless steel
SUNRISE INDUSTRIAL HOLDINGS LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	Apr. 1996	USD 90	Investment
NAN HWA CEMENT CORP. Address: No.90, Sec. 2, Linkong. Rd., Longchin Dist., Taichung City	May. 1979	261,440	Cement, Blast-Furnace Slag, Limestone Slag
ASIA ENGINEERING ENTERPRISE CORP. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County	Nov. 1982	81,144	Engineering
ASIA CEMENT (CHINA) HOLDINGS CO. Address: Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies	Apr. 2004	HKD 156,685	Investment
ASIA CEMENT (SINGAPORE) PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	Apr. 1964	SGD 10,500	Cement
DER CHING INVESTMENT CORP. Address: 31F., No.207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	Dec. 1988	5,956,218	Investment
YA LI TRANSPORTATION CORP. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County	Oct. 1980	100,000	Transportation
YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP. Address: No.3, Sec. 2, Jiayuan Rd., Shulin Dist., New Taipei City	Nov. 1990	193,776	Cement products
YA TUNG READY-MIXED CONCRETE CORP. Address: No.139, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	Jan. 1999	1,500,000	Ready-mixed concrete, Cement products
ASIA INVESTMENT CORP. Address: 31F., No.207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	Oct. 1998	1,976,188	Investment
CHIAHUI POWER CORP. Address: No.688, Songzijiao, Minxiong Township, Chiayi County	Apr. 1996	4,700,000	Power plant
FU DA TRANSPORTATION CO., LTD. Address: 23F., No.16-1, Xinzhan Rd., Banqiao Dist., New Taipei City	Feb. 1989	279,279	Transportation
PERFECT INDUSTRIAL HOLDINGS PTE. LTD. Address: CITCO Building, Wickhams Cay,P.O.Box 662,Road Town ,Tortola, British Virgin Islands	May. 1997	USD 9,379	Investment
ORIENTAL CONCRETE PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	Oct. 1980	SGD 17,000	Ready-mixed concrete, Leasing

<b>Company Name</b>	<b>Establishing Date</b>	<b>Paid-in Capital</b>	<b>Main business or Production Item</b>
FU SHAN MINERAL STONE CO., LTD. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County	Dec. 1970	13,000	Mining excavation, mineral processing and sales
KOWLOON CEMENT CORP. LTD. Address: 11/F Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	Sept. 1986	HKD 23,000	Cement
AC MEGA INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	Nov. 2010	USD 19,600	Investment
AC LEAP INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	Nov. 2010	USD 19,600	Investment
AC MEGA II INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	June. 2011	USD 10,000	Investment
AC MEGA III INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	June. 2011	USD 10,000	Investment
AC MEGA IV INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	June. 2011	USD 19,400	Investment
YA LI PRECAST CONCRETE INDIA PVT. LTD. Address: 7/241, 2nd Floor, Sunder Vihar, Paschim Vihar, New Delhi-110087	June. 2007	INR 16,000	Cement products
ASIA ORIENTAL (GUAM) L.L.C Address: 136 Adrian Sanchez Street Tamuning, GU 96913	Aug. 2010	USD 8,000	Investment
YATUNG VIETNAM CO. LTD. Address: Supporting industry zone, Ky Phuong Commune, Ky Anh District, Ha Tinh Province	Feb. 2010	VND 141,348,502	Ready-mixed concrete
YA SING READY-MIXED CONCRETE CORP. Address: No.350, Niupu S. Rd., Xiangshan Dist., Hsinchu City	Apr. 2000	100,000	Ready-mixed concrete
ASIA CEMENT EXPLORER INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	Aug. 2008	USD 11,415	Investment
ASIA CEMENT PIONEER INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	Aug. 2008	USD 66,550	Investment
ASIA CEMENT PIONEER II INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	June. 2011	USD 18,500	Investment
ASIA CEMENT PIONEER III INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	June. 2011	USD 10,000	Investment
ASIA CEMENT PIONEER IV INVESTMENT. LTD. Address: Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands	June. 2011	USD 9,510	Investment



<b>Company Name</b>	<b>Establishing Date</b>	<b>Paid-in Capital</b>	<b>Main business or Production Item</b>
ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	Apr. 1995	USD 288,847	Investment
ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	May. 1994	USD 763,962	Investment
KOWLOON CONCRETE CORP. LTD. Address: 11/F Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	Mar. 1992	HKD 10	Ready-mixed concrete, Barges
JOIN FORTUNE TRADING LTD Address: 263 MAIN STREET, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Jul. 2012	USD 2,980	Investment
PEREZ-AOG, L.L.C. Address: 136 Adrian Sanchez Street Tamuning, GU 96913	Mar. 2011	USD 9,600	Ready-mixed concrete, Cement products
JIANGXI YADONG CEMENT CO., LTD. Address: No.6, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China	Oct. 1997	USD 356,104	Cement, Clinker, Blast-Furnace Slag, Cement products
HUANGGANG YADONG CEMENT CO., LTD. Address: 5 Tiyu Avenue, Huangzhou Zone, Huanggang City, Hubei Province, China	Aug. 2006	USD 86,170	Cement, Clinker, Blast-Furnace Slag, Cement products
WUHAN YADONG CEMENT CO., LTD. Address: Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu, Wuhan, China	Nov. 1999	USD 36,140	Cement Grinding, Blast-Furnace Slag
ORIENTAL HOLDINGS CO., LTD. Address: Room 305A, No 2875, South Yanggao Rd, Pudong New Area, Shanghai	July. 2003	USD 130,407	Investment
CHENGDU YALI CEMENT PRODUCTS CO., LTD. Address: No.68 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China	Dec. 2004	USD 4,100	Ready-mixed concrete, Cement products
SHANGHAI YAFU CEMENT PRODUCTS CO., LTD. Address: No.3000 Longwu Road Minhang Shanghai China	Jan. 2003	USD 2,540	Ready-mixed concrete, Cement products
SHANGHAI YALI CEMENT PRODUCTS CO., LTD. Address: No.3000 Longwu Road Minhang Shanghai China	Nov. 1995	USD 15,000	Ready-mixed concrete, Cement products
SICHUAN YALI CONCRETE PRODUCE CO., LTD. Address: No.268, Three Passage, Wenquan Road Wenjiang District, Chendu City, Sichuan, China	Nov. 2005	USD 3,300	Ready-mixed concrete, Cement products
SICHUAN YALI TRANSPORT CO., LTD. Address: No.68 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China	May. 2006	USD 3,500	Transportation
YANGZHOU YADONG CEMENT CO., LTD. Address: No.7 Gudu Road BaliTown, Yangzhou Economic Development Zone Yangzhou City Jiangsu Province China	July. 2006	USD 35,530	Cement Grinding, Blast-Furnace Slag, Ready-mixed concrete, Cement products
SICHUAN YADONG CEMENT CO., LTD. Address: No.66 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China	Nov. 2004	USD 368,340	Cement, Clinker, Blast-Furnace Slag, Cement products
HUBEI YADONG CEMENT CO., LTD. Address: No.66 Ya Dong Avenue, Pingjiang West Road, Yangluo Economic Development Zone, Wuhan City, Hubei Province, China	June. 2005	USD 154,800	Cement, Clinker, Blast-Furnace Slag, Cement products

<b>Company Name</b>	<b>Establishing Date</b>	<b>Paid-in Capital</b>	<b>Main business or Production Item</b>
NANCHANG YALI CONCRETE PRODUCE LTD. Address: Melin AVE Bashuihu Industries Zone Nanchang ETDZ Jiangxi Province	Dec. 2003	RMB 60,000	Ready-mixed concrete, Cement products
JIANGXI YALI TRANSPORT CO., LTD. Address: No.8, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China	May. 2000	RMB 12,500	Transportation
NANCHANG YADONG CEMENT CO., LTD. Address: Industrial 2nd Rd, Changdong Industrial Park, Nanchang Jiangxi, China	Jan. 2004	RMB 90,000	Cement Grinding, Blast-Furnace Slag
WUHAN YALI CEMENT PRODUCTS CO., LTD. Address: No.66 Ya Dong Avenue, Pingjiang Went Road, Yangluo Economic Development Zone, Wuhan City, Hubei Province, China	Dec. 2007	RMB 60,000	Ready-mixed concrete, Cement products
TAIZHOU YADONG BUILDING MATERIAL CO., LTD. Address: Central Village of Yong anzhou Town, Gaogang District, Taizhou, Jiangsu Province, China	Sep. 2013	USD 16,000	Cement warehousing and wholesale
SICHUAN LANFENG BUILDING MATERIALS CO., LTD. Address: Middle, Qinggui Road, Guihua Town, Pengzhou, Chengdu City, Sichuan, China	Nov. 2010	RMB 20,000	Cement products, Construction
SICHUAN LANFENG CEMENT CO., LTD. Address: Middle, Qinggui Road, Guihua Town, Pengzhou, Chengdu City, Sichuan, China	Sep. 2008	RMB 600,000	Cement, Clinker, Blast-Furnace Slag, Cement products
HUBEI YALI TRANSPORT CO., LTD. Address: Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu, Wuhan, Hubei Province, China	Oct. 2006	RMB 13,000	Transportation
WUHAN YAXIN CEMENT CO., LTD. Address: Jiangjun mountain, Jiangxia District, Wuhan, Hubei Province, China	Aug. 2003	RMB 90,000	Cement, Clinker, Blast-Furnace Slag, Cement products

### 8.3 Main Business of Affiliated Companies

Please Refer to Above List.

## 8.4 Information of the Directors, Supervisors, and Presidents of Affiliated Companies

As of December 31, 2016

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
FU MING TRANSPORTATION CO., LTD.	Chairman	Johnny Shih (ACC Representative)	29,517,188	99.82
	Director / President	W.T. Hsu (ACC Representative)	29,517,188	99.82
	Director	K. Y. Lee (ACC Representative)	29,517,188	99.82
	Director	Y.F. Chang (ACC Representative)	29,517,188	99.82
	Director	C.M. Chen (ACC Representative)	29,517,188	99.82
	Director	M.T. Chen (ACC Representative)	29,517,188	99.82
	Director	R.K. Tsai (ACC Representative)	29,517,188	99.82
	Supervisor	T.L. Yu (Asia Investment Corp. Representative)	5,000	0.02
	Supervisor	Humphrey Cheng (Asia Investment Corp. Representative)	5,000	0.02
YUAN LONG STAINLESS STEEL CORP.	Chairman	K. Y. Lee (ACC Representative)	200,000,000	100.00
	Director / President	B.R. Cheng (ACC Representative)	200,000,000	100.00
	Director	Peter Hsu (ACC Representative)	200,000,000	100.00
	Director	C.F. Cheng (ACC Representative)	200,000,000	100.00
	Director	C.M. Chen (ACC Representative)	200,000,000	100.00
	Supervisor	Doris Wu (ACC Representative)	200,000,000	100.00
	Supervisor	T.M. Chen (ACC Representative)	200,000,000	100.00
SUNRISE INDUSTRIAL HOLDINGS LTD.	Director	Douglas Tong Hsu (ACC Representative)	90,000	100.00
	Director	Peter Hsu (ACC Representative)	90,000	100.00
	Director	K. Y. Lee (ACC Representative)	90,000	100.00
	Director	R.H. Shao (ACC Representative)	90,000	100.00
	Director	Doris Wu (ACC Representative)	90,000	100.00
NAN HWA CEMENT CORP.	Chairman	K. Y. Lee (ACC Representative)	26,128,171	99.94
	President	M.T. Chen	0	0.00
	Director	Douglas Tong Hsu	1,548	0.00
	Director	Peter Hsu	1,548	0.00
	Director	Y.F. Chang (ACC Representative)	26,128,171	99.94
	Director	C.M. Chen (ACC Representative)	26,128,171	99.94
	Director	Doris Wu (ACC Representative)	26,128,171	99.94
	Director	C.H. Chen (ACC Representative)	26,128,171	99.94
	Director	C.H. Chiu (ACC Representative)	26,128,171	99.94
	Director	K.M. Fu (ACC Representative)	26,128,171	99.94
	Director	C.M. Chen (ACC Representative)	26,128,171	99.94
	Supervisor	W.H. Yeh (Asia Investment Corp. Representative)	5,000	0.02
ASIA ENGINEERING ENTERPRISE CORP.	Chairman	Y.F. Chang (ACC Representative)	7,970,703	98.23
	Director / President	Z.P. Chang (ACC Representative)	7,970,703	98.23
	Director	Peter Hsu	6,817	0.08
	Director	K. Y. Lee (ACC Representative)	7,970,703	98.23
	Director	C.H. Chen (ACC Representative)	7,970,703	98.23
	Supervisor	H. Y. Kao (Asia Investment Corp. Representative)	6,000	0.07
ASIA CEMENT (CHINA) HOLDINGS CO.	Chairman / Non-Executive Director	Douglas Tong Hsu	3,000,000	0.19
	Vice Chairman / Executive Director	Peter Hsu	200,000	0.01
	Executive Director	T.H. Chang	1,422,000	0.09
	Executive Director	Doris Wu	20,000	0.00
	Executive Director	Z.L. Wu	481,500	0.03
	Executive Director	C.K. Chang	430,000	0.03

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Executive Director	S.J. Lin	400,000	0.03
	Independent Non - Executive Director	D.L. Zhan	0	0.00
	Independent Non - Executive Director	K.C. Lee	0	0.00
	Independent Non - Executive Director	K.M. Wang	0	0.00
	Independent Non - Executive Director	Wei Wang	0	0.00
ASIA CEMENT (SINGAPORE) PTE. LTD.	Chairman / Managing Director	Douglas Tong Hsu	2	0.00
	Vice Managing Director	J.H. Lin (ACC Representative)	10,495,495	99.96
	Director	Peter Hsu (ACC Representative)	10,495,495	99.96
	Director	K.Y. Lee (ACC Representative)	10,495,495	99.96
	Director	Y.F. Chang (ACC Representative)	10,495,495	99.96
	Director	R.H. Shao (ACC Representative)	10,495,495	99.96
	Director	Doris Wu (ACC Representative)	10,495,495	99.96
	Director	C.P. Sue (ACC Representative)	10,495,495	99.96
DER CHING INVESTMENT CORP.	Chairman	K.Y. Lee (ACC Representative)	595,576,603	99.99
	Director	Peter Hsu	6,639	0.00
	Director	Y.F. Chang (ACC Representative)	595,576,603	99.99
	Director	W.K. Chou (ACC Representative)	595,576,603	99.99
	Director	C.M. Chen (ACC Representative)	595,576,603	99.99
	Director	Doris Wu (ACC Representative)	595,576,603	99.99
	Director	H.Y. Kao (ACC Representative)	595,576,603	99.99
	Supervisor	H.T. Peng (Asia Investment Corp. Representative)	5,401	0.00
	Supervisor	Karen Yang (Asia Investment Corp. Representative)	5,401	0.00
YA LI TRANSPORTATION CORP.	Chairman	K.Y. Lee (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	Peter Hsu (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	Y.F. Chang (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	Z.P. Chang (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	M.T. Chen (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	H.Z. He (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	W.T. Hsu (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Supervisor	Dana Lee (ACC Representative)	5,100,000	51.00
YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP.	Chairman	K.Y. Lee (ACC Representative)	16,241,083	83.81
	President	L.C. Lee	0	0.00
	Director	Douglas Tong Hsu (ACC Representative)	16,241,083	83.81
	Director	Peter Hsu (ACC Representative)	16,241,083	83.81
	Director	Y.F. Chang (ACC Representative)	16,241,083	83.81
	Director	C.H. Chiu (ACC Representative)	16,241,083	83.81
	Director	C.H. Chung (ACC Representative)	16,241,083	83.81
	Director	C.F. Cheng (ACC Representative)	16,241,083	83.81
	Supervisor	Lin Kuo (FEGC Representative)	3,105,647	16.03
	Supervisor	T.L. Yu (FEGC Representative)	3,105,647	16.03
YA TUNG READY-MIXED	Chairman	K.Y. Lee (ACC Representative)	149,993,192	99.99
	President	C.P. Chen	0	0.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
CONCRETE CORP.	Director	Peter Hsu	148	0.00
	Director	Y.F. Chang (ACC Representative)	149,993,192	99.99
	Director	W.K. Chou (ACC Representative)	149,993,192	99.99
	Director	C.M. Chen (ACC Representative)	149,993,192	99.99
	Supervisor	Doris Wu (Asia Investment Corp. Representative)	5,453	0.00
	Supervisor	H.Y. Kao (Asia Investment Corp. Representative)	5,453	0.00
ASIA INVESTMENT CORP.	Chairman	K.Y. Lee (ACC Representative)	197,618,848	100.00
	Director	Y.F. Chang (ACC Representative)	197,618,848	100.00
	Director	Doris Wu (ACC Representative)	197,618,848	100.00
	Supervisor	H.Y. Kao (ACC Representative)	197,618,848	100.00
CHIAHUI POWER CORP.	Chairman	Douglas Tong Hsu (ACC Representative)	280,093,521	59.59
	President	C.L. Chen	0	0.00
	Director	Peter Hsu (ACC Representative)	280,093,521	59.59
	Director	K.Y. Lee (ACC Representative)	280,093,521	59.59
	Director	Ko Suenaja (J-Power Investment Netherlands B.V. Representative)	187,854,807	39.97
	Director	Takashi Yohka (J-Power Investment Netherlands B.V. Representative)	187,854,807	39.97
	Supervisor	Doris Wu (Asia Investment Corp. Representative)	37,574	0.01
	Supervisor	W.H. Yeh (Asia Investment Corp. Representative)	37,574	0.01
FU DA TRANSPORTATION CO., LTD.	Chairman	Johnny Shih (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director / President	W.T. Hsu (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	K.Y. Lee (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	Y.F. Chang (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	Y.X. Wu (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	Humphrey Cheng (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Supervisor	R.K. Tsai (Asia Investment Corp. Representative)	7,145	0.03
	Supervisor	C.M. Shi (Asia Investment Corp. Representative)	7,145	0.03
PERFECT INDUSTRIAL HOLDINGS PTE. LTD.	Director	Douglas Tong Hsu	0	0.00
	Director	Doris Wu	0	0.00
ORIENTAL CONCRETE PTE. LTD.	Chairman	Douglas Tong Hsu (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
	Director / Managing Director	J.H. Lin (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	Peter Hsu (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
	Director	K.Y. Lee (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
	Director	C.P. Sue (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
FU SHAN MINERAL STONE CO., LTD.	Chairman	Y.F. Chang (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director / President	Z.P. Chang (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director	Peter Hsu (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director	C.M. Chen (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director	Manfred Wang (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Supervisor	W.H. Yeh (Asia Investment Corp. Representative)	5,000	0.38
KOWLOON CEMENT CORP. LTD.	Chairman	Douglas Tong Hsu	0	0.00
	Director	Johnny Shih	0	0.00
	Director	K.Y. Lee	0	0.00
	Director	Y.F. Chang	0	0.00
	Director	R.H. Shao	0	0.00
	Director	C.P. Sue	0	0.00
AC MEGA INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	19,600,000	100.00
AC LEAP INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	19,600,000	100.00
AC MEGA II INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	10,000,000	100.00
AC MEGA III INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	10,000,000	100.00
AC MEGA IV INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	19,400,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	19,400,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	19,400,000	100.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
YA LI PRECAST CONCRETE INDIA PVT. LTD.	Chairman	L.C. Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	X.M. He (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	W.H. Yeh (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	H. Y. Kao (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	Gary Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	H.C. Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
ASIA ORIENTAL (GUAM) L.L.C	Manager	C.P. Chen	0	0.00
	Manager	Gary Lee	0	0.00
YATUNG VIETNAM CO. LTD.	Manager	S.Y. Huang	0	0.00
YA SING READY-MIXED CONCRETE CORP.	Chairman	K. Y. Lee (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director / President	Z.G. He (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	M.T. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	Z.P. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	S.Y. Huang (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	W.S. Tsai (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	J.F. Tsai (Nan Kung Enterprise Corp.Ltd. Representative)	1,000,000	10.00
	Director	J.B. Zhuo (Lien Fang Enterprise Corp.Ltd. Representative)	500,000	5.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	C.T. Tsai (Chu Chiang Enterprise Corp.Ltd. Representative)	1,000,000	10.00
	Supervisor	F.C. Wu (Ho Hwei Enterprise Corp.Ltd. Representative)	500,000	5.00
	Supervisor	W.K. Chou (Asia Investment Corp. Representative)	5,000	0.05
	Supervisor	C.W. Chiang (Asia Investment Corp. Representative)	5,000	0.05
ASIA CEMENT EXPLORER INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	11,415,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	11,415,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	11,415,000	100.00
ASIA CEMENT PIONEER INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	66,550,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	66,550,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	66,550,000	100.00
ASIA CEMENT PIONEER II INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	18,500,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	18,500,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	18,500,000	100.00
ASIA CEMENT PIONEER III INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	10,000,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	10,000,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	10,000,000	100.00
ASIA CEMENT PIONEER IV INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	9,510,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	9,510,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	9,510,000	100.00



Company Name	Title	Name or Representative	Shareholding	
			Shares	%
ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD.	Chairman	Douglas Tong Hsu	0	0.00
	Director	Peter Hsu	0	0.00
	Director	K.Y. Lee	0	0.00
	Director	Doris Wu	0	0.00
	Director	Shing Wei	0	0.00
ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD.	Chairman	Douglas Tong Hsu	4,000	0.00
	Director	Peter Hsu	0	0.00
	Director	R.H. Shao	1,000	0.00
	Director	Doris Wu	0	0.00
	Director	Shing Wei	0	0.00
KOWLOON CONCRETE CORP. LTD.	Chairman	Douglas Tong Hsu	0	0.00
	Director	K.Y. Lee	0	0.00
	Director	L.H. Fang	0	0.00
	Director	Doris Wu	0	0.00
	Director	C.P. Sue	0	0.00
JOIN FORTUNE TRADING LTD	Manager	C.P. Sue	0	0.00
	Manager	Gary Lee	0	0.00
PEREZ-AOG, L.L.C.	Manager	Z.P. Chen	0	0.00
JIANGXI YADONG CEMENT CO., LTD.	Chairman	Z.L. Wu (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director / President	C.K. Chang (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	S.J. Lin (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	L.H. Fang (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	J.B. Yu (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	L. Tian (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	T.M. Chen (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	Dana Lee (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 35,610	10.00
	Director	Karen Yang (Oriental Holdings Co., Ltd. Representative)	*USD 35,610	10.00
	Director	D.M. Yao (Jiangxi Provincial Investment Group Corp. Representative)	*USD 17,805	5.00
	Supervisor	T.Z. Wu (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
HUANGGANG YADONG CEMENT CO., LTD.	Chairman	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director / President	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director	W.Y. Liu (Oriental Holdings Co., Ltd. Representative)	*USD 8,617	10.00
	Supervisor	B.H. Lu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
WUHAN YADONG CEMENT CO., LTD.	Chairman	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	President	L. Tian	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	Director	M. Wang (Oriental Holdings Co., Ltd. Representative)	*USD 3,614	10.00
	Supervisor	W.F. Hsu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
ORIENTAL HOLDINGS CO., LTD.	Chairman/ President	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	Peter Chiang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Supervisor	Michael Ting (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
CHENGDU YALI CEMENT PRODUCTS CO., LTD.	Chairman	J.Q. Chen (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,100	51.22
	President	J.B. Yu	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,100	51.22
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,100	51.22
	Director	S.J. Lin (Oriental Holdings Co., Ltd. Representative)	*USD 2,000	48.78
	Director	Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 2,000	48.78
	Supervisor	C.H. He (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,100	51.22
	SHANGHAI YAFU CEMENT PRODUCTS CO., LTD	Chairman	H.M. Chen (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 1,270
President		C.H. Chiang	*USD 0	0.00
Director		Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 1,270	50.00
Director		C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 1,270	50.00
Director		S.J. Lin (Shanghai Yali Cement Products Co., Ltd. Representative)	*USD 889	35.00
Director		Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 381	15.00
Supervisor		Y.Y. Lai (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 1,270	50.00
SHANGHAI YALI CEMENT PRODUCTS CO., LTD.	Chairman	W.K. Chou (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 13,500	90.00
	President	C.H. Chiang	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 13,500	90.00
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 13,500	90.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 13,500	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 13,500	90.00
	Supervisor	Rodney Chen (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 13,500	90.00
SICHUAN YALI CONCRETE PRODUCE CO., LTD.	Chairman	Z.X. Yang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,970	90.00
	President	J.B. Yu	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,970	90.00
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,970	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,970	90.00
	Director	Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 330	10.00
	Supervisor	P.P. Yu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,970	90.00
SICHUAN YALI TRANSPORT CO., LTD.	Chairman	S.Y. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 3,150	90.00
	President	L.H. Fang	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 3,150	90.00
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 3,150	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 3,150	90.00
	Director	Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 350	10.00
	Supervisor	W.T. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 3,150	90.00
YANGZHOU YADONG CEMENT CO., LTD.	Chairman	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 31,977	90.00
	President	T.S. Yang	*USD 0	0.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 31,977	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 31,977	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 31,977	90.00
	Director	Z.S. Lee (Oriental Holdings Co., Ltd. Representative)	*USD 3,553	10.00
	Supervisor	C.H. Chen (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 31,977	90.00
SICHUAN YADONG CEMENT CO., LTD.	Chairman	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	President	L.H. Fang	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	X.M. Guo (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	J.H. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	C.H. Cheng (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	W.T. Hsu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	Director	Gary Lee (Oriental Holdings Co., Ltd. Representative)	*USD 36,834	10.00
	Supervisor	C.W. Chiang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 331,506	90.00
	HUBEI YADONG CEMENT CO., LTD.	Chairman	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320
Director / President		S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
Director		Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
	Director	A.K. Fu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
	Director	H.R. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
	Director	T.S. Yang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
	Director	Jason Tai (Oriental Holdings Co., Ltd. Representative)	*USD 15,480	10.00
	Director	M.C. Yang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
	Supervisor	J.X. Shen (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 139,320	90.00
NANCHANG YALI CONCRETE PRODUCE LTD.	Chairman	Humphrty Cheng (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	President	S.M. Chang	*RMB 0	0.00
	Director	Z.L. Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Director	C.K. Chang (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Director	S.J. Lin (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Director	Doris Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Supervisor	H.W. Chen (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
JIANGXI YALI TRANSPORT CO., LTD.	Chairman	W.T. Hsu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 6,499	51.99
	President	T.S. Yang	*RMB 0	0.00
	Director	Z.L. Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 6,499	51.99
	Director	C.K. Chang (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 6,499	51.99
	Director	S.J. Lin (Oriental Holdings Co., Ltd. Representative)	*RMB 6,000	48.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	Doris Wu	*RMB 0	0.00
	Supervisor	L.C. Lian (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 6,499	51.99
NANCHANG YADONG CEMENT CO., LTD.	Chairman	S.J. Lin (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	President	A.K. Fu	*RMB 0	0.00
	Director	Z.L. Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	Director	C.K. Chang (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	Director	Doris Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	Director	D.H. Lin (Oriental Holdings Co., Ltd. Representative)	*RMB 22,500	25.00
	Director	Y.T. Wang (Oriental Holdings Co., Ltd. Representative)	*RMB 22,500	25.00
	Director	X.L. Chang (Fangda Special Steel Technology Co., Ltd. Representative)	*RMB 22,500	25.00
	Director	M.H. Li (Fangda Special Steel Technology Co., Ltd. Representative)	*RMB 22,500	25.00
	Supervisor	J.F. Jiang (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	WUHAN YALI CEMENT PRODUCTS CO., LTD.	Chairman	L.C. Chen (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000
President		R.X. Ciou	*RMB 0	0.00
Director		Z.L. Wu (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
Director		C.K. Chang (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
Director		S.J. Lin (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
Director		Doris Wu (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
Supervisor		S.M. Chang (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
TAIZHOU YADONG BUILDING MATERIAL CO., LTD.	Chairman	S.J. Lin (Oriental Holdings Co., Ltd. Representative)	*USD 16,000	100.00
	President	T.S. Yang	*USD 0	0.00
	Director	Z.L. Wu (Oriental Holdings Co., Ltd. Representative)	*USD 16,000	100.00
	Director	C.K. Chang (Oriental Holdings Co., Ltd. Representative)	*USD 16,000	100.00
	Director	Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 16,000	100.00
	Supervisor	Z. Y. Chang (Oriental Holdings Co., Ltd. Representative)	*USD 16,000	100.00
SICHUAN LANFENG BUILDING MATERIALS CO., LTD.	Chairman	Doris Wu (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director / President	J.B. Yu (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director	Peter Hsu (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director	Z.L. Wu (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director	C.K. Chang (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director	S.J. Lin (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director	L.H. Fang (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Director	T.L. Yu (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
	Supervisor	J.H. Wu (Sichuan Lanfeng Cement Co., Ltd. Representative)	*RMB 20,000	100.00
SICHUAN LANFENG CEMENT CO., LTD.	Chairman	Doris Wu (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Director / President	J.B. Yu (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Director	Peter Hsu (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Director	Z.L. Wu (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00



Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	C.K. Chang (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Director	S.J. Lin (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Director	L.H. Fang (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Director	T.L. Yu (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
	Supervisor	J.H. Wu (Sichuan Yadong Cement Co., Ltd. Representative)	*RMB 600,000	100.00
HUBEI YALI TRANSPORT CO., LTD.	Chairman	J.J. Jiang (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 13,000	100.00
	Director	Z.L. Wu (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 13,000	100.00
	Director	C.K. Chang (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 13,000	100.00
	Director	S.J. Lin (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 13,000	100.00
	Director	Doris Wu (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 13,000	100.00
	Supervisor	Y.H. Lu (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 13,000	100.00
WUHAN YAXIN CEMENT CO., LTD.	Chairman	Doris Wu (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 81,000	90.00
	President	L. Tian	*RMB 0	0.00
	Director	Z.L. Wu (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 81,000	90.00
	Director	C.K. Chang (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 81,000	90.00
	Director	S.J. Lin (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 81,000	90.00
	Director	R.T. Sie (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 81,000	90.00
	Director	C.C. Cheng	*RMB 9,000	10.00
	Supervisor	J.M. Chang (Hubei Yadong Cement Co., Ltd. Representative)	*RMB 81,000	90.00

\*The above companies marked with the “\*” sign are not incorporated companies. Therefore the shareholding are shown in capital (Unit: INR, USD, VND and RMB \$1,000) instead of shown in numbers of shares.

## 8.5 Operating Condition of Affiliated Companies

Unit:NT\$1,000

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Net Sales	Operating Income (Loss)	Income (Loss) After Income Tax	Earnings (Loss) per Share (After Income Tax)
FU MING TRANSPORTATION CO., LTD.	295,695	1,708,507	369,596	1,338,911	800,798	58,283	175,646	5.94
YUAN LONG STAINLESS STEEL CORP.	2,000,000	4,706,453	3,119,169	1,587,284	5,122,150	235,737	212,866	1.06
SUNRISE INDUSTRIAL HOLDINGS LTD.	2,909	132,767	82,153	50,614	0	(87)	639	7.10
NAN HWA CEMENT CORP.	261,440	944,157	642,973	301,184	317,007	1,204	(10,228)	(0.39)
ASIA ENGINEERING ENTERPRISE CORP.	81,144	265,256	191,450	73,806	71,566	24,093	1,485	0.18
ASIA CEMENT (CHINA) HOLDINGS CO.	634,911	59,750,820	16,329,550	43,421,270	0	(258,365)	647,579	0.41
ASIA CEMENT (SINGAPORE) PTE. LTD.	250,425	4,025,901	856,639	3,169,262	765,396	1,947	25,219	2.4
DER CHING INVESTMENT CORP.	5,956,218	14,805,214	3,834,190	10,971,024	357,858	345,152	577,763	0.97
YA LI TRANSPORTATION CORP.	100,000	473,704	22,544	451,160	242,240	22,180	18,819	1.88
YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP.	193,776	482,322	363,245	119,077	300,673	1,796	(16,673)	(0.86)
YA TUNG READY-MIXED CONCRETE CORP.	1,500,000	3,521,682	1,886,914	1,634,768	6,773,368	128,976	90,366	0.60
ASIA INVESTMENT CORP.	1,976,188	6,491,737	6,290,246	201,491	211,769	210,861	123,687	0.63
CHIAHUI POWER CORP.	4,700,000	12,598,927	3,329,477	9,269,450	6,003,844	1,490,114	1,203,401	2.56
FU DA TRANSPORTATION CO., LTD.	279,279	951,282	324,360	626,922	706,642	95,570	93,838	3.36
ASIA ENGINEERING ENTERPRISES PTE. LTD. (Note 4)	0	0	0	0	0	(225)	(1,527)	(30.54)
PERFECT INDUSTRIAL HOLDINGS PTE. LTD.	302,014	57,026,548	149,039	56,877,509	0	(2,298)	1,651,602	176.09
ORIENTAL CONCRETE PTE. LTD.	377,400	248,929	1,041	247,888	17,061	1,300	834	0.05
FU SHAN MINERAL STONE CO.,LTD.	13,000	110,664	78,251	32,413	42,957	952	259	0.20
KOWLOON CEMENT CORP. LTD.	93,150	980,563	25,323	955,240	366,395	40,103	5,953	2.59
AC MEGA INVESTMENT LTD.	579,926	249,986	0	249,986	0	(94)	(1,039)	(0.05)
AC LEAP INVESTMENT LTD.	579,439	261,905	0	261,905	0	(99)	(390)	(0.02)
AC MEGA II INVESTMENT LTD.	289,050	132,518	0	132,518	0	(85)	(324)	(0.03)

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Net Sales	Operating Income (Loss)	Income (Loss) After Income Tax	Earnings (Loss) per Share (After Income Tax)
AC MEGA III INVESTMENT LTD.	289,050	151,485	0	151,485	0	(85)	(350)	(0.04)
AC MEGA IV INVESTMENT LTD.	575,055	350,300	0	350,300	0	(85)	(2,139)	(0.11)
YA LI PRECAST CONCRETE INDIA PVT. LTD.	8,338	28,347	24,075	4,272	492	(1,467)	(1,897)	Note 1
ASIA ORIENTAL (GUAM) L.L.C	242,046	130,643	59	130,584	1,007	(984)	(38,758)	Note 1
YATUNG VIETNAM CO., LTD.	201,823	257,635	46,102	211,533	273,293	27,754	30,321	Note 1
YA SING READY-MIXED CONCRETE CORP.	100,000	183,875	100,646	83,229	492,925	(7,978)	(9,360)	(0.94)
ASIA CEMENT EXPLORER INVESTMENT LTD.	334,065	94,170	0	94,170	0	(94)	(1,037)	(0.09)
ASIA CEMENT PIONEER INVESTMENT LTD.	2,039,879	1,082,705	61,234	1,021,471	0	(105)	(5,148)	(0.08)
ASIA CEMENT PIONEER II INVESTMENT LTD.	544,135	266,945	0	266,945	0	(85)	(387)	(0.02)
ASIA CEMENT PIONEER III INVESTMENT LTD.	289,050	122,469	0	122,469	0	(85)	(341)	(0.03)
ASIA CEMENT PIONEER IV INVESTMENT LTD.	286,263	133,550	0	133,550	0	(85)	(214)	(0.02)
ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD.	9,300,870	17,030,178	111	17,030,067	0	(201)	1,212,829	3.66
ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD.	24,609,257	39,817,315	142	39,817,173	0	(334)	417,975	0.53
KOWLOON CONCRETE CORP. LTD.	41	127,668	678	126,990	2,992	(9,667)	4,384	438.39
JOIN FORTUNE TRADING LTD.	95,522	55,068	595	54,473	0	(153)	(40,881)	(13.72)
PEREZ-AOG, L.L.C.	309,120	266,854	138,860	127,994	367,025	(58,810)	(62,022)	Note 1
JIANGXI YADONG CEMENT CO., LTD.	11,466,549	25,828,934	5,818,901	20,010,033	12,517,815	1,812,415	1,438,791	Note 1
HUANGGANG YADONG CEMENT CO., LTD.	2,774,674	5,110,571	576,802	4,533,769	2,194,511	313,745	265,279	Note 1
WUHAN YADONG CEMENT CO., LTD.	1,163,708	2,980,569	225,557	2,755,012	1,848,477	39,759	121,581	Note 1
ORIENTAL HOLDINGS CO., LTD.	4,199,105	7,455,037	8,546	7,446,491	0	(2,659)	181,231	Note 1
CHENGDU YA LI CEMENT PRODUCTS CO., LTD.	132,020	248,302	30,920	217,382	120,106	(22,635)	(23,791)	Note 1
SHANGHAI YAFU CEMENT PRODUCTS CO., LTD.	81,788	98,554	254	98,300	0	(4,962)	2,514	Note 1
SHANGHAI YALI CEMENT PRODUCTS CO., LTD.	483,000	778,681	488,201	290,480	502,834	28,544	10,094	Note 1
SICHUAN YALI CONCRETE PRODUCE CO., LTD.	106,260	471,954	366,135	105,819	321,325	(43,807)	(45,733)	Note 1

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Net Sales	Operating Income (Loss)	Income (Loss) After Income Tax	Earnings (Loss) per Share (After Income Tax)
SICHUAN YALI TRANSPORT CO., LTD.	112,700	321,844	137,946	183,898	532,846	11,272	6,560	Note 1
YANGZHOU YADONG CEMENT CO., LTD.	1,144,066	2,397,998	905,640	1,492,358	2,311,759	(64,834)	(123,771)	Note 1
SICHUAN YADONG CEMENT CO., LTD.	11,860,548	21,500,815	5,072,064	16,428,751	5,240,383	298,958	(87,314)	Note 1
HUBEI YADONG CEMENT CO., LTD.	4,984,560	11,532,223	1,563,513	9,968,710	4,682,116	251,244	201,283	Note 1
NANCHANG YALI CONCRETE PRODUCE LTD.	278,507	836,048	67,780	768,268	467,216	57,252	45,069	Note 1
JIANGXI YALI TRANSPORT CO., LTD.	58,022	178,752	31,044	147,708	317,834	23,173	20,064	Note 1
NANCHANG YADONG CEMENT CO., LTD.	417,761	782,234	67,459	714,775	750,689	53,030	44,811	Note 1
WUHAN YALI CEMENT PRODUCTS CO., LTD.	278,507	735,859	375,379	360,480	652,713	57,332	33,909	Note 1
TAIZHOU YADONG BUILDING MATERIAL CO., LTD.	515,200	1,012,369	630,066	382,303	481,737	(18,862)	(35,249)	Note 1
SICHUAN LANFENG BUILDING MATERIALS CO., LTD.	92,836	50,781	141,737	(90,956)	0	(7,239)	(118,372)	Note 1
SICHUAN LANFENG CEMENT CO., LTD.	2,785,075	7,187,503	4,412,566	2,774,937	3,085,678	132,732	(134,017)	Note 1
HUBEI YALI TRANSPORT CO., LTD.	60,343	131,464	37,884	93,580	256,567	717	714	Note 1
WUHAN YAXIN CEMENT CORP. LTD.	417,761	1,810,948	519,725	1,291,223	1,163,204	(693)	16,720	Note 1

Note 1: The subsidiaries in China or overseas are not limited liability companies; therefore it's not able to count earnings per share.

Note 2: The data in Balance Sheet are converted according to the exchange rate at the end of 2016 (USD : 32.2 : SGD : 22.2 : RMB : 4.641791 : HKD : 4.128 : INR : 0.4771 : VND : 0.00104); the data in Income Statement are converted according to the 2016 average exchange rate(USD : 32.263 : SGD : 23.365 : RMB : 4.849452 : HKD : 4.1558 : INR : 0.4795 : VND : 0.001334).

Note 3: The operating income of investees is calculated according to the sum of gain/loss from selling shares and stock dividends.

Note 4: The ASIA ENGINEERING ENTERPRISES PTE. Ltd. was liquidated on August 15, 2016.

◎**Consolidated Financial Reports:** Please read section 6.4 for details.

◎**Relationship Report:** Not applicable.

◎**Private placement:** None.

◎**The shares held or disposed by subsidiaries in the most recent fiscal year and the current fiscal year up to the date of printing of the annual report:** None.

◎**In the most recent fiscal year and the current fiscal year up to the date of printing of the annual report, any event which has a material impact on shareholders' equity or securities prices:** About the information of the Company's investment in China Shanshui Cement Group Ltd., please refer to the Note 8 AVAILABLE-FOR-SALE FINANCIAL ASSETS in consolidated financial report.

◎**Any other matters listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the company's securities, occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report:** None.



**ASIA CEMENT CORPORATION**