



ASIA CEMENT CORPORATION
Handbook For
The 2018 Regular Shareholders' Meeting

Meeting Time: 9:00 A.M., June 26, 2018

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

Table of Contents

I MEETING AGENDA	1
II REPORTING EVENTS	2
REPORT 1: 2017 BUSINESS REPORT	2
REPORT 2: 2017 FINANCIAL STATEMENTS	14
REPORT 3: AUDIT COMMITTEE’S REVIEW REPORT ON THE 2017 FINANCIAL STATEMENTS	39
REPORT 4: REPORT ON THE 2017 EMPLOYEES’ COMPENSATION AND DIRECTORS’ REMUNERATION.....	40
II RECOGNIZING EVENTS	41
PROPOSAL 1: ACCEPTANCE OF THE 2017 BUSINESS REPORT AND FINANCIAL STATEMENTS.....	41
PROPOSAL 2: ACCEPTANCE OF THE PROPOSAL FOR DISTRIBUTION OF 2017 PROFITS	42
III DISCUSSING EVENTS	44
PROPOSAL 1: AMENDMENT TO “ARTICLES OF INCORPORATION OF ASIA CEMENT CORPORATION”	44
V QUESTIONS AND MOTIONS	46
RULES AND BYLAWS	47
1. ARTICLES OF INCORPORATION OF ASIA CEMENT CORPORATION	47
2. MEETING RULES OF SHAREHOLDERS FOR ASIA CEMENT CORPORATION	55
APPENDIX	59
1. SHAREHOLDING OF DIRECTORS	59
2. EFFECTS ON BUSINESS PERFORMANCE AND EPS RESULTING FROM 2017 STOCK DIVIDEND DISTRIBUTION ..	60

I Meeting Agenda

Asia Cement Corporation

**Meeting Agenda of
The 2018 Regular Shareholders' Meeting**

Call the Meeting to Order

Chairperson Takes Chair

Chairperson Remarks

Guest Remarks

Reporting Events

Recognizing Events

Discussing Events

Questions and Motions

Adjournment

II Reporting Events

Report 1: 2017 Business Report

Explanation:

The 2017 business report is attached as the following pages.

2017 Business Report

1. Review of the Year 2017

Review of the International Economic Situation in 2017

2017 was a turbulent year. Many countries experienced natural disasters, political riots and geopolitical tensions. On the other hand, advanced economies such as the United States, Europe, and Japan took the lead in economic recovery, rid themselves of growth stagnation, and drive the economic growth momentum substantially via global investment, trading, and industrial production. Enterprises and consumers also regained confidence from the recovery in global trade, the gradual stabilization of raw material prices, and the booming financial market. Meanwhile, emerging and developing economies also maintain the strong economic growth momentum. Overall, the growth in the global economy was better than expected. According to the analysis of the IMF, in 2017, which is the tenth year after the outbreak of the financial crisis, macroeconomic indicators such as economic growth, unemployment, and inflation showed that the global economy was in growth simultaneously. And more than 75% of the countries were experiencing accelerated economic growth. The major international economic forecasting agencies estimated that the annual economic growth rate was about 3.7%, which had reached the highest level since 2011.

Review of the Domestic Economic Situation in 2017

In 2017, Taiwan experienced the restructuring of the cabinet of the Executive Yuan 2 times and amendment of the Labor Standards Act for the 2nd time. In addition, as the government put forward the annuity reform and the prospective infrastructure projects, many discussions, conflicts and waves of events arose in the society. Meanwhile, as the power outage in Taiwan on August 15th was even the worst blackout during the past 18 years, it even caused the public to demand the government face the issue of energy transition.

Although the government on the road to reform appears to be advance on the bumpy road, as the international economic situation gradually recovers, the international raw material prices gradually rise, and the number of electronic product shipments increases to drive exports and boost the performance of domestic economic growth. The domestic stock market maintains above 10,000 points for the longest in history. So far from the past year, we have been pleased to see that the government has actively promoted the prospective infrastructure projects, 5+2 industry innovations, new south-forward policies, and determination and actions taken by the government to solve the problem of 5 shortages faced by companies in Taiwan. According to the statistics of the Directorate General of Budget, Accounting and Statistics under the Executive Yuan, the annual economic growth rate was 2.86%, which was better than 1.41% in 2016.

According to the 2017 Annual Report on IMD World Competitiveness from the Institute for Management Development in Lausanne of Switzerland, Taiwan ranked 14 out of the 63 countries assessed, and the ranking was the same as that in the previous year. Taiwan ranked 3rd in the Asia Pacific region, and the ranking was better than that of the mainland China, Japan and South Korea, although it still fell behind rankings of Hong Kong and Singapore. Among the four assessment items, government efficiency of Taiwan was the best as it ranked 10th in the world. And the economic performance and corporate effectiveness in Taiwan have also progressed. However, according to the “World Talent Report” which is also from the Institute for Management Development in Lausanne of Switzerland, Taiwan ranked 23rd, indicating that although Taiwan’s overall performance in 2017 was good, in the long run, the talent exodus and the lack of advantages in attracting foreign capital will surely make the problem of talent imbalance increasingly serious.

According to the 2017 Annual Report on IMD World Competitiveness from the Institute for Management Development in Lausanne of Switzerland, Taiwan ranked 14 out of the 63 countries assessed, and the ranking was the same as that in the previous year. Taiwan ranked 3rd in the Asia Pacific region, and the ranking was better than that of the mainland China, Japan and South Korea, although it still fell behind rankings of Hong Kong and Singapore. Among the four assessment items, government efficiency of Taiwan was the best as it ranked 10th in the world. And the economic performance and corporate effectiveness in Taiwan have also progressed. However, according to the “World Talent Report” which is also from the Institute for Management Development in Lausanne of Switzerland, Taiwan ranked 23rd, indicating that although Taiwan’s overall performance in 2017 was good, in the long run, the talent exodus and the lack of advantages in attracting foreign capital will surely make the problem of talent imbalance increasingly serious.

The Company's business performance in 2017

A. In 2017, the overall cement consumption in China amounted to about 2.316 billion MT, decreasing 0.20% compared with 2016. In the same period, the clinker production volume of the Company in China is 24.17 million MT, decreasing 0.50% compared with 2016. The total sales of cement, clinker and slag powder are 30.20 million MT, decreasing 2.17% compared with 2016.

In 2017, the net income of Asia Cement (China) Holdings Corp. is NT\$ 2,711,936 thousand. The Company and its subsidiaries recognized a total investment profit of NT \$1,952,594 thousand.

B. For domestic cement industry, according to a statistics conducted by the Taiwan Cement Manufacturers’ Association, the 2017 total cement production volume in Taiwan was 10,876,396 MT, decreasing 10.31% compared with 2016. Among them, the domestic

cement sales was 8,300,274 MT, and exported cement was 2,553,641 MT. Compared with those in 2016, domestic sales decreased by 5.80%, exports decreased by 20.99%. In 2017, the domestic real estate economy was stable, showing a slight increase in volume and decrease in price compared with 2016. The cement consumption decreased slightly to 10,173,998 MT, decreased by 0.70%. The 2017 per capita average cement consumption is about 432 kg, decreased 0.69% from 435kg in 2016. As a result, the cement market in Taiwan is still showing oversupply.

- C. The 2017 consolidated operating revenue of the Company is NT \$64,899,248 thousand, increased 6.49% from 2016. The consolidated profit from operations was NT \$7,436,716 thousand, increased 19.31% from 2016. From the Company's affiliates, Far Eastern New Century Corp., and U-Ming Marine Transport Corp., the Company recognized NT \$2,522,090 thousand investment income from equity method. The consolidated net profit after tax reached NT \$6,665,541 thousand. The net profit rate after tax was 10.27%. Consolidated net profit attributable to the Company is 5,469,007 thousand. The 4th meeting of the 26th Board of Directors proposed to distribute cash dividend NT \$1.2 per share.

2. Operating Performance of 2017

A. Production:

Unit: 1000 MT

Item Region	Cement	Difference Compared to 2016	%	Clinker	Difference Compared to 2016	%
ACC (Taiwan)	3,560	(482)	(11.92)	3,335	(497)	(12.97)

*key performance indicator:

Actual aggregate cement output amounted to 3,560 thousand MT. Compared to estimated output 3,945 thousand MT, the achievement rate is 90.24%.

Actual aggregate clinker output amounted to 3,335 thousand MT. Compared to estimated output 3,800 thousand MT, the achievement rate is 87.76%.

Unit: 1000 MT

Item Region	Cement	Difference Compared to 2016	%	Clinker	Difference Compared to 2016	%
ACC (China)	28,421	(1,080)	(3.66)	24,166	(121)	(0.50)

*key performance indicator:

Actual aggregate cement output amounted to 28,421 thousand MT. Compared to estimated

output 31,074 thousand MT, the achievement rate is 91.46%.

Actual aggregate clinker output amounted to 24,166 thousand MT. Compared to estimated output 24,433 thousand MT, the achievement rate is 98.91%.

B. Sales

i. Taiwan area:

Unit: 1000 MT; NT\$1,000

Volume & Value Product	2017				Difference Compared to 2016			
	Domestic Sales		Export Sales					
	Volume	Value	Volume	Value	Volume	%	Value	%
Cement & Clinker	2,491	5,548,571	1,108	1,702,846	(554)	(13.34)	(1,407,462)	(16.25)

* Key Performance Indicator:

Actual aggregate sales of cement and clinker produced by ACC amounted to 3,599 thousand MT. Compared to the estimated sales 3,943 thousand MT, the achievement rate is 91.28%.

ii. China area:

Unit: 1000 MT; NT\$1,000

Volume & Value Product	2017				Difference Compared to 2016			
	Domestic Sales		Export Sales					
	Volume	Value	Volume	Value	Volume	%	Value	%
Cement & Clinker	30,028	33,264,756	151	162,895	(701)	(2.27)	6,002,321	21.89

* Key Performance Indicator:

Actual aggregate sales of cement and clinker produced by ACC (China) amounted to 30,179 thousand MT. Compared to the estimated sales 31,655 thousand MT, the achievement rate is 95.34%.

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, Yangzhou and Shanghai areas. The overall operating strategies are deployed through Jiangxi Yadong Cement (Southeast China), Sichuan Yadong Cement (Southwest China), Hubei Yadong Cement (Middle China), and Yangzhou Yadong Cement (East China) as core production bases. In addition to Sichuan Lanfeng Cement Corp., Huanggang Yadong Cement, and Wuhan Yaxin Cement, there are two grinding factories, six cement products companies, 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 six kilns with annual output of clinker 11 million MT of clinker, 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 output of clinker 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 output of clinker 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. International and Domestic Economic Situations in 2018

A. Prospects of the International Economic Situation in 2018

Looking ahead to the year of 2018, the global economic climate will clearly continue

the economic recovery momentum from the past. Global trade will be in steady growth, and the global economy will also expand at the same time. The IMF predicts that the global economic growth rate in 2018 will be 3.9%, which is stronger than that in 2017. But the global economy still faces potential risks from changes in the economic and trade policies of the United States. the return of major countries to the normalized monetary policy, the anti-system trend in Europe, geopolitical conflicts and terrorist attacks, etc. Among the potential risks, the United States' trade protection policy may cause global trade conflicts and geopolitical variables concerning Northeast Asia, Europe, and the Middle East may trigger fluctuations in the prices of raw materials and financial markets, which in turn will have a negative impact on the global economy.

B. Prospects of the Domestic Economic Situation in 2018

Looking ahead to 2018, in the part of exports, Taiwan will benefit from the global economic recovery, and continue and maintain the export momentum as expected. In terms of the domestic demand, according to the report of the National Development Council, semiconductor companies have expanded their investment in advanced processes, and the government has actively attempted to remove investment barriers, promote the prospective infrastructure projects, and implement the industrial innovation and development plans. Thus, the overall investment strength will be significantly expanded and improved. In addition, corporate profits will improve as the economy improves, which may stimulate private consumption as expected. According to the estimates of the Directorate General of Budget, Accounting and Statistics under the Executive Yuan, the domestic economy will grow by 2.42% in 2018.

6. Business Outlook of the Cement Industry on both sides of the Taiwan Straits

A. Cement industry in China

In 2018, China's economy will shift from high-speed growth to high-quality development, and its economic growth rate will remain steady in the range between 6.5% and 6.7%. The demand for cement is expected to decline slightly by 1% to 2% compared with the demand of 2.316 billion MT in 2017, and fluctuate around 2.29 billion MT.

In addition to facing the expected downward trend in coal prices and upward trend in oil prices in 2018, the cement industry in mainland China may also face the business outlook described as follows:

- i. The environmental protection standards will be increasingly stringent:

As environmental protection standards continue to improve, the law enforcement

efforts are increasingly strengthened, and the “Environmental Protection Tax Law” is fully implemented, corporate environmental protection expenditures will increase, thereby further increasing the production costs of enterprises. The production lines based on the small-scale new-type dry method cement clinker mills and grinding stations will be gradually phased out, which will benefit large-scale cement enterprise groups.

ii. Effectively controlling the supply of cement:

- a. The approval of new production capacity will be placed under strict control: In 2018, the "Implementation Measures for Capacity Replacement in the Cement Industry" is implemented to strictly control new production capacity and completely shut down the gates of new production lines. It is expected that the new production capacity of the clinker over the year will be further reduced to about 10 million tons. The new production capacity is coming to an end.
- b. Accelerate the elimination of backward production capacity: Orderly eliminate surplus production capacity, take measures such as merger and reorganization, debt restructuring or bankruptcy and liquidation, and actively dispose of “zombie enterprises.” The China Cement Association will comply with the requirements of the State Council to renounce the 32.5 Composite Silicate Cement Standard and strive to complete it by the end of June in 2018. The top 50 companies in the industry must stop production of the 32.5 cement in the third quarter of 2018.
- c. Production restriction and kiln slow-down will become the new norm: In the north, the full-scale staggered production in winter will be implemented, and production restriction, kiln slow-down and staggered production will become the new norm in the industry. One of the key tasks of the China Cement Association in 2018 is to continue to expand the scale of staggered production, strengthen effective supervision and management, promote the coordinated management of regional markets, and ensure the stability of cement prices and economic returns. For example, the cement industry of Sichuan Province in 2018 demands that the time for seasonal staggered production across the cement production lines shall not be less than 100 days around the year, while Hubei Province require that it shall not be less than 90 days.

iii. Overseas deployment will be accelerated and overcapacity will be mitigated:

Due to the overcapacity of the entire cement industry, the government in mainland China has shifted surplus production capacity overseas through policy support. Major cement companies have accelerated the expansion of overseas markets and effectively

relieved pressure from new capacity in mainland China.

iv. Policy support has ushered in the golden era of hazardous waste treatment:

The 13th 5-Year Hazardous Waste Management Project will be included in local municipal infrastructure planning, and will further strengthen the responsibility and motivation to manage local hazardous waste. With the improvement of the hazardous waste management and control system and the further standardization of the payment mechanism, for the cement industry in China, treatment of hazardous waste as a service, just like treatment of domestic waste, is not only about fulfillment of the corporate social responsibility, but also a source of considerable operating income.

v. Infrastructure investment will boost the demand for cement:

- a. Infrastructure investment is still an important support for cement demand. It is expected that investment in infrastructure will maintain a growth rate of about 15% in 2018, and the central and western regions will maintain rapid growth. The renovation of the shanty towns will continue. From 2018 to 2020, China will reconstruct 15 million sets of shanty towns in various types. It is expected that the real estate investment will maintain a source of steady pull (demand) for cement. It is expected that by the end of 2018, the investment in the railway will amount to 732 billion RMBs (same below), investment in the highway and water transport will amount to 1.8 trillion RMBs, and investment in water conservancy projects will amount to 1 trillion RMBs.
- b. To further push the “One Belt, One Road” initiative, the Beijing-Tianjin-Hebei integration, the Yangtze River Economic Belt, major free trade areas, and sponge cities into enter the substantive advancement, these constructive investments will significantly increase the demand for cement and other building materials.

vi. There will be more opportunities for mergers and consolidations to increase the market concentration:

- a. The government in mainland China has promulgated policies that clearly support the merger and reorganization of large-scale enterprises. At the same time, with the stricter environmental protection regulations, the government’s increasing efforts in law enforcement and overcapacity, it has been difficult for the small and medium-sized cement companies to survive. As there are more opportunities for

large-scale cement plants to acquire small and medium-sized cement companies, the concentration of the cement industry is expected to rise and improve effectively.

b. Investment in other companies in the form of shareholdings will become the mainstream way for mergers and acquisitions in the future.

vii. Industry associations will continue to strengthen inter-regional market coordination:

In 2018, the cement industry may come up with four major consensus: Under the background of mergers and reorganizations, the space for enterprises that operate grinding stations to survive will be reduced. Enterprises are expected to strengthen cooperation on the basis of competition, and clinker sales company will be established to continue the implementation of the "staggered production" policy. The awareness of win-win cooperation among large enterprises has increased, and the phenomenon of vicious and low-cost dumping will further decrease as expected. It is expected that the overall price of the cement market in 2018 will show a trend of steady increase, and the industrial profitability will continue to improve as expected.

B. Cement industry in Taiwan

In 2018, the budget for the public construction project included in the total budget of the Central Government plus the special budget for the river basin comprehensive treatment plan, the special budget for the prospective infrastructure project, and the project-type public works funds based on the operating and non-operating special revenue will amount to NT\$ 374.9 billion. Compared with 2017, the same budget has increased by NT\$ 43.3 billion (approximately 13.1%).

According to the overall economic forecast of the Taiwan Institute of Economic Research (TIER), non-governmental investment will continue to expand in 2018, and as the government promotes the prospective infrastructure project, the public spending on construction and investment in the public sector will increase, which is expected to make the overall economic momentum increase by 1.75% compared with that in 2017.

In terms of real estate, in 2017, 260,000 buildings were sold in the housing market, which increased by 8% compared with the 240,000 buildings sold in 2016. However, as price perception between buyers and sellers, and the housing market has not shown significant signs of going upward, further observation is still required on a continuous basis. It is expected that the cement market demand in 2018 will increase slightly compared to last year.

7. Business Outlook of the Company in 2018

Now the cement industry on both sides of the Taiwan Straits is in an environment of oversupply and fierce competition, the Company will continue its coherent production and marketing strategies and consistently adhere to the policy of “high quality, high efficiency, high environmental protection and low cost” as a response.

The Company has set the following goals for 2018. The estimated production volume in Taiwan is 3,455 thousand MT clinker and 3,640 thousand MT cement. The estimated sales volume in Taiwan is 3,690 thousand MT clinker and cement. The estimated production volume in China is 22,945 thousand MT clinker and 28,611 thousand MT cement. The estimated sales volume in China is 29,239 thousand MT clinker and cement.

8. The Company's Operating Status in the First Quarter of 2018

In the first quarter of 2018, due to continued implementation of staggered production in the cement market of mainland China to curbing supply and stabilize the selling prices, the Asia Cement (China) Holdings Corporation's profitability has significantly improved compared to the same period last year. In the first quarter of 2018, the consolidated operating income of the Company is NT \$ 16,573,882 thousand, increasing 32% from NT \$ 12,512,699 thousand in the same period of 2017. The consolidated net profit is NT \$ 2,415,347 thousand, increased 1557 % from NT \$ 145,793 thousand in the same period of 2017. Net profit attributable to owners of the Company is NT\$ 1,897,056 thousand.

Report 2: 2017 Financial Statements

Explanation:

The 2017 financial statements are attached as the following pages.

1. Consolidated Balance Sheets (December 31, 2017)
2. Consolidated Statements of Comprehensive Income (Years Ended December 31, 2017)
3. Consolidated Statements of Changes in Equity (Years Ended December 31, 2017)
4. Consolidated Statements of Cash Flows (Years Ended December 31, 2017)
5. Balance Sheets (December 31, 2017)
6. Statements of Comprehensive Income (Years Ended December 31, 2017)
7. Statements of Changes in Equity (Years Ended December 31, 2017)
8. Statements of Cash Flows (Years Ended December 31, 2017)

Independent auditor's report by Li Wen Kuo and Yu Wei Fan of Deloitte & Touche is attached.

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

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 37)	\$ 7,739,492	3	\$ 7,450,006	3
Financial assets at fair value through profit or loss - current (Note 7)	322,080	-	327,875	-
Available-for-sale financial assets - current (Notes 8 and 39)	7,805,406	3	6,346,839	3
Debt investments with no active market - current (Notes 6, 10, 37 and 39)	4,380,928	2	2,507,290	1
Notes receivable				
Third parties	8,328,652	3	4,155,701	2
Related parties (Note 37)	-	-	24,029	-
Trade receivables				
Third parties (Notes 11 and 12)	9,348,386	4	9,812,374	4
Related parties (Notes 11 and 37)	589,265	-	532,754	-
Other receivables (Notes 13 and 37)	3,042,831	1	2,740,861	1
Current tax assets (Note 33)	23,145	-	25,222	-
Inventories (Note 14)	6,572,982	3	6,920,598	3
Prepayments (Note 21)	1,675,449	1	841,858	1
Other current assets (Note 23)	434,086	-	463,161	-
Total current assets	50,262,702	20	42,148,568	18
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 16 and 39)	64,859,378	26	65,435,100	27
Available-for-sale financial assets - non-current (Notes 8 and 39)	18,072,678	7	13,800,282	6
Financial assets measured at cost - non-current (Note 9)	1,300,668	1	1,310,918	-
Debt investments with no active market - non-current (Notes 6, 10, 37 and 39)	150,549	-	151,846	-
Property, plant and equipment (Notes 17 and 39)	53,738,838	22	58,832,486	25
Investment properties (Notes 18, 30 and 39)	35,745,411	14	35,281,745	15
Intangible assets (Notes 19 and 20)	4,552,561	2	4,866,642	2
Deferred tax assets (Note 33)	564,185	-	861,406	-
Long-term notes receivables and other receivables (Notes 12 and 22)	9,566,585	4	10,191,188	4
Long-term prepayments for leases (Note 21)	3,814,315	2	4,024,572	2
Other non-current assets (Notes 23, 29 and 37)	4,436,478	2	1,566,032	1
Total non-current assets	196,801,646	80	196,322,217	82
TOTAL	\$ 247,064,348	100	\$ 238,470,785	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 24 and 37)	\$ 18,410,863	7	\$ 18,900,622	8
Short-term bills payable (Note 25)	16,124,918	7	12,032,043	5
Accounts payable and accrued expenses				
Third parties	7,386,877	3	7,074,962	3
Related parties (Note 37)	272,360	-	253,303	-
Dividends and bonuses payable	205,046	-	208,063	-
Other payable - other (Note 26)	330,729	-	337,635	-
Current tax liabilities (Note 33)	1,155,972	1	429,732	-
Provisions - current (Note 28)	47,646	-	9,655	-
Customers' deposits and advances (Note 28)	816,299	-	785,952	-
Current portion of long-term liabilities (Notes 27 and 37)	9,197,457	4	825,563	1
Total current liabilities	53,948,167	22	40,857,530	17
NON-CURRENT LIABILITIES				
Bonds payable (Note 27)	10,000,000	4	14,094,681	6
Long-term borrowings (Notes 27 and 37)	27,277,821	11	32,842,810	14
Provisions - non-current (Notes 28 and 40)	451,056	-	327,662	-
Deferred tax liabilities (Note 33)	8,100,162	3	8,137,817	4
Net defined benefit liabilities - non-current (Note 29)	193,291	-	167,129	-
Deferred revenue - non-current (Note 28)	858,838	1	926,923	-
Other non-current liabilities	438,649	-	453,012	-
Total non-current liabilities	47,319,817	19	56,950,034	24
Total liabilities	101,267,984	41	97,807,564	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 30 and 33)				
Share capital	33,614,472	14	33,614,472	14
Capital surplus	1,168,692	1	1,167,881	1
Retained earnings				
Legal reserve	15,068,480	6	14,673,903	6
Special reserve	63,001,957	25	62,119,922	26
Unappropriated earnings	16,125,837	7	14,805,588	6
Total retained earnings	94,196,274	38	91,599,413	38
Other equity	(1,543,873)	(1)	(3,718,689)	(2)
Total equity attributable to owners of the Corporation	127,435,565	52	122,663,077	51
NON-CONTROLLING INTERESTS (Note 30)	18,360,799	7	18,000,144	8
Total equity	145,796,364	59	140,663,221	59
TOTAL	\$ 247,064,348	100	\$ 238,470,785	100

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

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 31 and 37)	\$ 64,899,248	100	\$ 60,946,190	100
OPERATING COSTS (Notes 14, 31, 32 and 37)	<u>54,728,230</u>	<u>85</u>	<u>52,358,957</u>	<u>86</u>
GROSS PROFIT	10,171,018	15	8,587,233	14
UNREALIZED GROSS PROFIT ON SALE TO ASSOCIATES	(540)	-	-	-
REALIZED GROSS PROFIT ON SALE TO ASSOCIATES	<u>-</u>	<u>-</u>	<u>1,041</u>	<u>-</u>
REALIZED GROSS PROFIT	10,170,478	15	8,588,274	14
OPERATING EXPENSES (Notes 32 and 37)	<u>2,733,762</u>	<u>4</u>	<u>2,355,226</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>7,436,716</u>	<u>11</u>	<u>6,233,048</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 32)	1,040,658	2	1,058,684	2
Other gains and losses (Note 32)	(728,230)	(1)	(526,644)	(1)
Finance costs (Note 32)	(1,772,075)	(3)	(1,638,218)	(2)
Share of profit or loss of associates and joint ventures	<u>2,522,090</u>	<u>4</u>	<u>1,349,719</u>	<u>2</u>
Total non-operating income and expenses	<u>1,062,443</u>	<u>2</u>	<u>243,541</u>	<u>1</u>
INCOME BEFORE INCOME TAX	8,499,159	13	6,476,589	11
INCOME TAX EXPENSE (Note 33)	<u>1,833,618</u>	<u>3</u>	<u>1,793,292</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>6,665,541</u>	<u>10</u>	<u>4,683,297</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	127,020	-	(59,867)	-
Share of the other comprehensive income (loss) of associates and joint ventures	<u>124,241</u>	<u>-</u>	<u>(140,079)</u>	<u>-</u>
	<u>251,261</u>	<u>-</u>	<u>(199,946)</u>	<u>-</u>

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (1,017,135)	(1)	\$ (4,016,914)	(7)
Unrealized gain (loss) on available-for-sale financial assets	4,092,288	6	(7,989,160)	(13)
Share of other comprehensive loss of associates and joint ventures	<u>(1,206,875)</u>	<u>(2)</u>	<u>(2,482,376)</u>	<u>(4)</u>
	<u>1,868,278</u>	<u>3</u>	<u>(14,488,450)</u>	<u>(24)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>2,119,539</u>	<u>3</u>	<u>(14,688,396)</u>	<u>(24)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 8,785,080</u>	<u>13</u>	<u>\$ (10,005,099)</u>	<u>(16)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 5,469,007	8	\$ 3,945,769	7
Non-controlling interests	<u>1,196,534</u>	<u>2</u>	<u>737,528</u>	<u>1</u>
	<u>\$ 6,665,541</u>	<u>10</u>	<u>\$ 4,683,297</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 7,895,746	12	\$ (9,550,011)	(15)
Non-controlling interests	<u>889,334</u>	<u>1</u>	<u>(455,088)</u>	<u>(1)</u>
	<u>\$ 8,785,080</u>	<u>13</u>	<u>\$ (10,005,099)</u>	<u>(16)</u>
EARNINGS PER SHARE (Note 34)				
Basic	<u>\$1.74</u>		<u>\$1.26</u>	
Diluted	<u>\$1.74</u>		<u>\$1.24</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, 2017 AND 2016
(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, 2016	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 and joint ventures accounted for 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 using equity method	-	-	-	-	(1,326)	895	-	-	-	-	-	(431)	(9)	(440)
Special reserve reversed	-	-	-	-	(150,904)	150,904	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	3,361,447	33,614,472	1,167,881	14,673,903	62,119,922	14,805,588	(44,313)	(4,023,554)	307,728	41,450	(3,718,689)	122,663,077	18,000,144	140,663,221
Appropriation of 2016 earnings														
Legal reserve	-	-	-	394,577	-	(394,577)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	881,019	(881,019)	-	-	-	-	-	-	-	-
Cash dividends - \$0.9 per share	-	-	-	-	-	(3,025,302)	-	-	-	-	-	(3,025,302)	-	(3,025,302)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(528,712)	(528,712)
Change in capital surplus from investments in associates and joint ventures accounted for using equity method	-	-	811	-	-	-	-	-	-	-	-	811	-	811
Net profit for the year ended December 31, 2017	-	-	-	-	-	5,469,007	-	-	-	-	-	5,469,007	1,196,534	6,665,541
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	251,923	(2,593,840)	4,751,621	-	17,035	2,174,816	2,426,739	(307,200)	2,119,539
Other change in equity from investments in associates accounted for using equity method	-	-	-	-	1,016	(99,783)	-	-	-	-	-	(98,767)	33	(98,734)
BALANCE, DECEMBER 31, 2017	<u>3,361,447</u>	<u>\$ 33,614,472</u>	<u>\$ 1,168,692</u>	<u>\$ 15,068,480</u>	<u>\$ 63,001,957</u>	<u>\$ 16,125,837</u>	<u>\$ (2,638,153)</u>	<u>\$ 728,067</u>	<u>\$ 307,728</u>	<u>\$ 58,485</u>	<u>\$ (1,543,873)</u>	<u>\$ 127,435,565</u>	<u>\$ 18,360,799</u>	<u>\$ 145,796,364</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,499,159	\$ 6,476,589
Adjustments for:		
Depreciation expenses	4,839,940	5,241,445
Share of profit of associates and joint ventures	(2,522,090)	(1,349,719)
Finance cost	1,772,075	1,638,218
Dividend income	(616,680)	(787,459)
Unrealized foreign exchange loss	419,217	2,620
Gain on disposal of investments	(393,588)	(198,564)
Amortization expenses	337,651	202,093
Gain on change in fair value of investment properties	(216,580)	(647,946)
Interest income	(179,840)	(207,661)
Impairment loss recognized on trade receivables	159,402	77,457
Impairment loss recognized on financial assets	122,619	109,055
Loss (gain) on disposal of property, plant and equipment	103,818	(8,422)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(31,422)	174,920
Effect of changes in exchange rate of bonds payable	(7,470)	(159,295)
Reversal of impairment loss on inventory	(4,401)	(47,745)
Loss on disposal of intangible assets	1,030	-
Gain on disposal of associates	(76)	-
Loss on redemption of bonds payable	-	298,893
Impairment loss on property, plant and equipment	-	104,772
Other items	4,949	3,368
Changes in operating assets and liabilities:		
Financial assets held for trading	37,397	(28,212)
Notes receivable	(4,188,102)	1,738,330
Trade receivables	596,114	559,433
Other receivables	(365,498)	(33,852)
Inventories	278,234	135,714
Prepayments	(810,951)	224,401
Other current assets	12,784	24,357
Accounts payable and accrued expenses	496,543	(1,040,880)
Provisions	153,618	751
Customers' deposits and advances	41,831	139,454
Net defined benefit liabilities	(1,661)	(22,939)
Deferred revenue	(68,085)	(68,085)
Cash generated from operations	8,469,937	12,551,091
Interests received	191,079	216,152
Dividends received	2,298,195	2,808,990
Interests paid	(1,731,570)	(1,508,280)
Income tax expenses paid	(1,088,593)	(1,250,522)
Net cash generated from operating activities	<u>8,139,048</u>	<u>12,817,431</u>

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	\$ (6,799,317)	\$ (3,252,940)
Proceeds from sale of available-for-sale financial assets	5,689,530	2,904,802
(Increase) decrease in debt investments with no active market	(2,037,434)	2,885,375
Increase in long-term prepayments for investment	(1,954,754)	-
Acquisition of property, plant and equipment	(1,157,324)	(1,250,087)
(Increase) decrease in refundable deposits	(711,225)	1,085,701
Proceeds from disposal of property, plant and equipment	150,935	90,775
Cash receipt of capital reduction from investments accounted for using equity method	115,631	-
Acquisition of investment properties	(48,967)	(8,214)
Increase in prepayments for lease	(27,997)	(577,914)
Cash receipt of capital reduction from available-for-sale financial assets	16,880	-
Acquisition of associates and joint ventures	(16,024)	(32,581)
Acquisition of intangible assets	(13,608)	(63,358)
Cash receipt of capital reduction from financial assets measured at cost	5,841	-
Decrease (increase) in other non-current assets	2,950	(6,308)
Net cash inflow on disposal of associate	86	-
Proceeds from sale of derivative instruments not held for trading	<u>-</u>	<u>555,733</u>
Net cash (used in) generated from investing activities	<u>(6,784,797)</u>	<u>2,330,984</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	(34,878,734)	(41,250,977)
Proceeds from long-term borrowings	33,917,158	35,487,417
Increase (decrease) in short-term bills payable	4,094,700	(1,414,200)
Dividends paid	(3,025,272)	(3,697,567)
Change of non-controlling interests	(528,712)	(500,078)
(Decrease) increase in short-term borrowings	(300,971)	972,525
Decrease in other non-current liabilities	(63,285)	(30,825)
Increase in guarantee deposits received	5,561	2,516
Repayments of bonds	-	(13,894,347)
Proceeds from issue of bonds	<u>-</u>	<u>6,000,000</u>
Net cash used in financing activities	<u>(779,555)</u>	<u>(18,325,536)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(285,210)</u>	<u>(396,962)</u>

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 289,486	\$ (3,574,083)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,450,006</u>	<u>11,024,089</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,739,492</u>	<u>\$ 7,450,006</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 consolidated financial statements of Asia Cement Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, 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, 2017 and 2016, 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, 2017. 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, 2017 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 appraiser, 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 appraiser 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 appraiser's independence might be impaired and the scope of the appraiser'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, 2017, the trading of CSCGL's securities was still suspended and there was no quoted price in active markets. The Group engaged third party qualified appraisers 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 appraiser 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 appraiser's independence might be impaired and the scope of the appraiser'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 obtained an understanding of management's relevant financial 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, 2017 and 2016, 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, including the audit committee, 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, 2017 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
Republic of China

March 23, 2018

Notice to Readers

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

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

ASIA CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 30)	\$ 815,926	1	\$ 2,119,151	1
Financial assets at fair value through profit or loss - current (Note 7)	171,500	-	160,600	-
Available-for-sale financial assets - current (Notes 8 and 32)	3,063,312	2	3,175,297	2
Debt investments with no active market - current (Notes 6, 10 and 30)	2,596,386	1	798,602	1
Notes receivable				
Third parties	102,303	-	111,084	-
Related parties (Note 30)	-	-	24,029	-
Trade receivables				
Third parties (Note 11)	365,037	-	361,852	-
Related parties (Notes 11 and 30)	399,481	-	382,855	-
Other receivables (Note 30)	33,114	-	20,279	-
Current tax assets (Note 26)	5,664	-	3,397	-
Inventories (Note 12)	1,303,587	1	1,278,584	1
Prepayments (Note 17)	105,239	-	116,830	-
Other current assets	8,327	-	8,104	-
Total current assets	8,969,876	5	8,560,664	5
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 13 and 32)	109,772,422	61	106,904,196	63
Available-for-sale financial assets - non-current (Note 8)	9,044,215	5	6,341,274	4
Financial assets measured at cost - non-current (Note 9)	128,793	-	133,202	-
Property, plant and equipment (Notes 14 and 32)	4,665,393	3	5,142,099	3
Investment properties (Notes 15, 30 and 32)	42,019,637	23	41,557,622	24
Intangible assets (Note 16)	8,948	-	10,287	-
Deferred tax assets (Note 26)	168,986	-	368,164	-
Long-term prepayments for leases (Note 17)	259,142	-	299,887	-
Other non-current assets (Notes 18, 22 and 30)	4,808,286	3	2,025,511	1
Total non-current assets	170,875,822	95	162,782,242	95
TOTAL	\$ 179,845,698	100	\$ 171,342,906	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Note 19)	\$ 9,128,405	5	\$ 6,139,093	3
Accounts payable and accrued expenses				
Third parties	1,342,662	1	1,303,039	1
Related parties (Note 30)	172,116	-	238,549	-
Dividends and bonuses payable	201,986	-	201,956	-
Current tax liabilities (Note 26)	-	-	3,879	-
Customers' deposits and advances (Note 21)	117,786	-	129,932	-
Current portion of long-term liabilities (Note 20)	4,088,612	2	-	-
Total current liabilities	15,051,567	8	8,016,448	4
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	10,000,000	6	14,094,681	8
Long-term borrowings (Note 20)	18,574,083	10	17,681,007	10
Deferred income tax liabilities (Note 26)	7,894,060	4	7,928,785	5
Deferred revenue - non-current (Note 21)	858,838	1	926,923	1
Other non-current liabilities	31,585	-	31,985	-
Total non-current liabilities	37,358,566	21	40,663,381	24
Total liabilities	52,410,133	29	48,679,829	28
EQUITY (Notes 23 and 26)				
Ordinary shares	33,614,472	19	33,614,472	20
Capital surplus	1,168,692	1	1,167,881	1
Retained earnings				
Legal reserve	15,068,480	8	14,673,903	8
Special reserve	63,001,957	35	62,119,922	36
Unappropriated earnings	16,125,837	9	14,805,588	9
Total retained earnings	94,196,274	52	91,599,413	53
Other equity	(1,543,873)	(1)	(3,718,689)	(2)
Total equity	127,435,565	71	122,663,077	72
TOTAL	\$ 179,845,698	100	\$ 171,342,906	100

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

ASIA CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 30)	\$ 8,186,867	100	\$ 9,917,334	100
OPERATING COSTS (Notes 12, 24, 25 and 30)	<u>7,525,121</u>	<u>92</u>	<u>8,626,794</u>	<u>87</u>
GROSS PROFIT	661,746	8	1,290,540	13
UNREALIZED GROSS PROFIT ON SALE TO SUBSIDIARIES AND ASSOCIATES	-	-	(1,545)	-
REALIZED GROSS PROFIT ON SALE TO SUBSIDIARIES AND ASSOCIATES	<u>9,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	670,927	8	1,288,995	13
OPERATING EXPENSES (Notes 25 and 30)	<u>522,645</u>	<u>6</u>	<u>530,080</u>	<u>5</u>
OPERATING INCOME	<u>148,282</u>	<u>2</u>	<u>758,915</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	439,018	5	680,961	7
Other gains and losses (Note 25)	(85,962)	(1)	216,108	2
Finance costs (Note 25)	(331,552)	(4)	(368,940)	(4)
Share of the profit or loss of subsidiaries and associates	<u>5,231,593</u>	<u>64</u>	<u>3,263,937</u>	<u>33</u>
Total non-operating income and expenses	<u>5,253,097</u>	<u>64</u>	<u>3,792,066</u>	<u>38</u>
INCOME BEFORE INCOME TAX	5,401,379	66	4,550,981	46
INCOME TAX (BENEFIT) EXPENSE (Note 26)	<u>(67,628)</u>	<u>(1)</u>	<u>605,212</u>	<u>6</u>
NET INCOME FOR THE YEAR	<u>5,469,007</u>	<u>67</u>	<u>3,945,769</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	148,032	2	(62,582)	(1)
Share of the other comprehensive income (loss) of subsidiaries and associates	<u>103,891</u>	<u>1</u>	<u>(138,082)</u>	<u>(1)</u>
	<u>251,923</u>	<u>3</u>	<u>(200,664)</u>	<u>(2)</u>

(Continued)

ASIA CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on available-for-sale financial assets	\$ 1,745,213	21	\$ (2,914,758)	(29)
Share of the other comprehensive income (loss) of subsidiaries and associates	<u>429,603</u>	<u>5</u>	<u>(10,380,358)</u>	<u>(105)</u>
	<u>2,174,816</u>	<u>26</u>	<u>(13,295,116)</u>	<u>(134)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>2,426,739</u>	<u>29</u>	<u>(13,495,780)</u>	<u>(136)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 7,895,746</u>	<u>96</u>	<u>\$ (9,550,011)</u>	<u>(96)</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 1.74</u>		<u>\$ 1.26</u>	
Diluted	<u>\$ 1.74</u>		<u>\$ 1.24</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Capital Stock Issued		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other Equity		Total	Total Equity	
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain on Revaluation	Cash Flow			
										Hedge			Total
BALANCE AT JANUARY 1, 2016	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 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 using equity method	-	-	-	-	(1,326)	895	-	-	-	-	-	(431)	
Special reserve reversed	-	-	-	-	(150,904)	150,904	-	-	-	-	-	-	
BALANCE AT DECEMBER 31, 2016	3,361,447	33,614,472	1,167,881	14,673,903	62,119,922	14,805,588	(44,313)	(4,023,554)	307,728	41,450	(3,718,689)	122,663,077	
Appropriation of 2016 earnings													
Legal reserve	-	-	-	394,577	-	(394,577)	-	-	-	-	-	-	
Special reserve	-	-	-	-	881,019	(881,019)	-	-	-	-	-	-	
Cash dividends - \$0.9 per share	-	-	-	-	-	(3,025,302)	-	-	-	-	-	(3,025,302)	
Change in capital surplus from investments in subsidiaries and associates accounted for using equity method	-	-	811	-	-	-	-	-	-	-	-	811	
Net income in 2017	-	-	-	-	-	5,469,007	-	-	-	-	-	5,469,007	
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	251,923	(2,593,840)	4,751,621	-	17,035	2,174,816	2,426,739	
Other change in equity from investments in subsidiaries and associates accounted for using equity method	-	-	-	-	1,016	(99,783)	-	-	-	-	-	(98,767)	
BALANCE AT DECEMBER 31, 2017	<u>3,361,447</u>	<u>\$ 33,614,472</u>	<u>\$ 1,168,692</u>	<u>\$ 15,068,480</u>	<u>\$ 63,001,957</u>	<u>\$ 16,125,837</u>	<u>\$ (2,638,153)</u>	<u>\$ 728,067</u>	<u>\$ 307,728</u>	<u>\$ 58,485</u>	<u>\$ (1,543,873)</u>	<u>\$ 127,435,565</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,401,379	\$ 4,550,981
Adjustments for:		
Share of profit of subsidiaries and associates	(5,231,593)	(3,263,937)
Depreciation expenses	641,963	636,521
Gain on change in fair value of investment properties	(380,386)	(899,748)
Finance cost	331,552	368,940
Dividend income	(297,566)	(362,946)
Unrealized foreign exchange loss	257,339	177,432
Interest income	(57,841)	(57,613)
Gain on disposal of available-for-sale financial assets	(34,961)	-
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(10,900)	188,997
(Realized) unrealized gross profit on sale to subsidiaries and associates	(9,181)	1,545
Effect of changes in exchange rate of bonds payable	(7,470)	(159,295)
Amortization expenses	3,438	3,786
Reversal of impairment loss on trade receivables	(254)	(465)
Loss on disposal of property, plant and equipment	79	32
Loss on redemption of bonds payable	-	298,893
Impairment loss recognized on financial assets	-	39,515
Other items	4,409	4,409
Changes in operating assets and liabilities:		
Notes receivable	32,810	11,504
Trade receivables	(28,858)	13,285
Other receivables	(12,540)	10,568
Inventories	(25,003)	285,517
Prepayments	52,336	102,678
Other current assets	(223)	866
Net defined benefit assets	(20,774)	(49,247)
Accounts payable and accrued expenses	(53,426)	(196,395)
Customers' deposits and advances	(12,146)	(4,083)
Deferred revenue	(68,085)	(68,085)
Cash generated from operations	474,098	1,633,655
Interest received	57,546	56,366
Interest paid	(325,003)	(257,163)
Dividend received	3,105,652	3,102,857
Income tax paid	(2,267)	(170,836)
Net cash generated from operating activities	<u>3,310,026</u>	<u>4,364,879</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long-term prepayment for investment	(1,911,179)	-
(Increase) decrease in debt investments with no active market	(1,872,833)	927,183
Acquisition of available-for-sale financial assets	(899,109)	-

(Continued)

ASIA CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
(Increase) decrease in refundable deposits	\$ (720,804)	\$ 1,128,727
Proceeds from disposal of available-for-sale financial assets	286,209	-
Acquisition of property, plant and equipment	(172,142)	(557,953)
Acquisition of investment properties	(48,967)	(44,241)
Acquisition of intangible assets	(2,099)	(5,434)
Proceeds from sale of derivative instruments not held for trading	-	489,200
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>8,435</u>
Net cash (used in) generated from investing activities	<u>(5,340,924)</u>	<u>1,945,917</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	18,588,000	17,700,000
Repayments of long-term borrowings	(17,700,000)	(13,437,000)
Dividends paid	(3,025,272)	(3,697,567)
Increase (decrease) in short-term bills payable	2,990,000	(1,613,000)
(Decrease) increase in guarantee deposits received	(400)	2,600
Repayments of bonds	-	(13,894,347)
Proceeds from issue of bonds	-	6,000,000
Decrease in short-term borrowings	<u>-</u>	<u>(50,000)</u>
Net cash generated from (used in) financing activities	<u>852,328</u>	<u>(8,989,314)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(124,655)</u>	<u>(78,477)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,303,225)	(2,756,995)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,119,151</u>	<u>4,876,146</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 815,926</u></u>	<u><u>\$ 2,119,151</u></u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Asia Cement Corporation

Opinion

We have audited the accompanying financial statements of Asia Cement Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2017 and 2016, 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, 2017 and 2016, 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, 2017. 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, 2017 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 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 Corporation's and its subsidiaries' investment properties are subsequently measured using the fair value model and valued by independent qualified professional appraiser, a member of the ROC certified real estate appraisers. Please refer to Notes 5 and 15. 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 appraiser 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 appraiser's independence might be impaired and the scope of the appraiser'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, 2017, the trading of CSCGL's securities was still suspended and there was no quoted price in active markets. The Corporation engaged third party qualified appraisers 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 appraiser 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 appraiser's independence might be impaired and the scope of the appraiser'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 obtained an understanding of management's relevant financial 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, including the audit committee, 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, 2017 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
Republic of China

March 23, 2018

Notice to Readers

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

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

Report 3: Audit Committee's Review Report on the 2017 Financial Statements

To: The 2018 Regular Shareholders' Meeting

The Board of Directors has prepared the Company's 2017 Business Report, the Proposal for Profit Distribution, and the Financial Statements certified by CPA Ms. Li Wen Kuo and Mr. Yu Wei Fan of the Deloitte & Touche. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Asia Cement Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Chairman of the Audit Committee: Ta-Chou Huang

May 8, 2018

Report 4: Report on the 2017 Employees' Compensation and Directors' Remuneration

Explanation:

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

The 2017 directors' remuneration is NT\$130,120,000 (2.291%). The 2017 employees' compensation is NT\$ 147,850,000 (2.603%). The aforesaid items will be paid in cash.

The 4th meeting of 26th Board of Directors approved the 2017 employees' compensation and directors' remuneration.

II Recognizing Events

Proposed by the Board

Proposal 1: Acceptance of the 2017 Business Report and Financial Statements

Explanation:

The 2017 business report and financial statements of Asia Cement Corporation, attached as page 3-38, were audited and approved by Audit Committee.

The Audit Committee's review report on the 2017 financial statements is attached as page 39.

Resolution:

Proposed by the Board

Proposal 2: Acceptance of the Proposal for Distribution of 2017 Profits

Explanation:

1. The Board of Directors has approved the following proposal for distribution of 2017 profits in accordance with the article 26 of the articles of incorporation of Asia Cement Corporation.

1. Opening unappropriated retained earnings	\$ 10,504,689,979
Plus: Adjustment with initial adoption of TIFRS	0
Plus: Effect of retrospective application and retrospective restatement	0
Less: Special reserve recognized with initial adoption of TIFRS	0
Less: Special reserve under Rule No. 1030006415 issued by the FSC	0
Opening unappropriated retained earnings-Adjusted	<u>10,504,689,979</u>
Plus: Special reserve reversed under Rule No. 1010012865 issued by the FSC	0
Plus: Special reserve reversed under Rule No. 1030006415 issued by the FSC	0
Plus: Reissuance of treasury shares/cancelation of treasury shares	0
Plus: Effect of changes in percentage of ownership of investee	(99,783,459)
Plus: Remeasurement of defined benefit plans	251,923,930
Plus: Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	0
Unappropriated retained earnings-Adjusted	<u>\$ 10,656,830,450</u>
Net income of 2017	\$ 5,469,007,104
Less: Legal reserve appropriation	546,900,710
Less: Special reserve appropriation	943,187,859
Subtotal	<u>\$ 3,978,918,535</u>
Plus: Unappropriated retained earnings-Adjusted	10,656,830,450
Retained earnings available for distribution	<u>14,635,748,985</u>
Retained earnings to be distributed in 2017	4,033,736,638
Closing unappropriated retained earnings	<u>\$ 10,602,012,347</u>
2. Appropriation items:	
Shareholder bonus	<u>4,033,736,638</u>
Total	<u>\$ 4,033,736,638</u>
3. Appropriation:	
Cash dividends: NT \$1.2 per share	\$ 4,033,736,638
Total	<u>\$ 4,033,736,638</u>

2. 2017 net profit will be distributed with priority.

3. The proposed cash dividend is distributed on the distribution record date after the approval of 2018 Annual Shareholders' Meeting. However, in the event that, before the distribution record date, in accordance with the article 28-2 of the Security Exchange Act, the proposed profit distribution is affected by a buyback of shares for transferring or a write off, it is proposed that the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Resolution:

III Discussing Events

Proposed by the Board

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

Explanation:

In accordance with the actual operation situation and to stipulate the company’s dividend policy, the Board of Directors proposed to amend “the Articles of Incorporation of Asia Cement Corporation”. Please refer to following comparison table for details.

Resolution:

Comparison Table For

“Articles of Incorporation of Asia Cement Corporation”

After the Amendment	Before the Amendment
<p>Article 26</p> <p>Apart from paying all its income taxes in the case where there are net incomes at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years in proportion to the number of the shares held by each shareholder as shareholders’ dividend. However in the case of increase in the Company's share capital, the shareholders' dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.</p>	<p>Article 26</p> <p>Apart from paying all its income taxes in the case where there are net incomes at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years in proportion to the number of the shares held by each shareholder as shareholders’ dividend. However in the case of increase in the Company's share capital, the shareholders' dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.</p>

After the Amendment	Before the Amendment
<p>The distribution of shareholders' dividend 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. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, <u>the dividend payout ratio each fiscal year shall be no less than fifty percent (50%) of the final surplus which is the sum of after-tax profit of the fiscal year to withhold previous loss, if any, legal reserve and special reserve as required by law;</u> the cash dividend shall not be less than 10% of the shareholders' dividend distributed in the same year.</p>	<p>The distribution of shareholders' dividend 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. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the cash dividend shall not be less than 10% of the shareholders' dividend distributed in the same year.</p>
<p>Article 31</p> <p>These articles of incorporation were drafted on January 27, 1957, and came into effect following its approval by the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.</p> <p>--</p> <p>Fifty-second Amendment on June 27, 2017. <u>Fifty-third Amendment on June 26, 2018.</u></p>	<p>Article 31</p> <p>These articles of incorporation were drafted on January 27, 1957, and came into effect following its approval by the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.</p> <p>--</p> <p>Fifty-second Amendment on June 27, 2017.</p>

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

V Questions and Motions

Rules and Bylaws

1. Articles of Incorporation of Asia Cement Corporation

Chapter I – General Provisions

- Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called “Asia Cement Corporation.”
- Article 2 The Company's businesses are as follows:
C901030 Cement manufacturing
C901040 Ready-mixed concrete manufacturing
B601010 Quarrying
C901050 Cement and ready-mixed concrete products
C901990 Non-metallic mineral products
F111090 Whole sale of building materials
F211010 Retail sale of building materials
F401010 International trade
IZ06010 Tally and packing
. A201010 Afforestation business
. H701010 Developing, leasing, and selling residential and business buildings
. H701020 Developing, leasing, and selling industrial factories
. H703100 Real estate rental & leasing
. H703090 Real estate sale & purchase
. JE01010 Rental and leasing
. G202010 Parking-lot business
. G801010 Warehousing
. I103060 Business management consultation services
. J101040 Waste treatment
Except where permits are required, to run operations not forbidden or limited by laws and regulations.
- Article 3 The Company may provide guarantee according to the Procedures for Endorsement & Guarantee of Asia Cement Corporation.
- Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability, its total investment may exceed 40% of its paid-in capital as stipulated under Article 13 of the Company Act, subject to approval of the Board of Directors.
- Article 5 The Company shall have its principal business office in Taipei City,

Taiwan and have its manufactories in Dadu Village, Hengshan Township, Hsinchu County and Sincheng Village, Sincheng Township, Hualian County. The Company may, depending on the circumstances of production and business, set up domestic and foreign branch offices and branch factories.

Chapter II– Shares

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

Out of the above total capital amount, One Hundred Million New Taiwan Dollars (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.

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

The Company can issue preferred shares.

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

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

Article 9 Registration of share transfer shall be closed within 60 days prior to the general shareholders' meeting, or within 30 days prior to an extraordinary shareholders' meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter III - Shareholders' Meeting

Article 10 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings:

1. General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year.
2. Extraordinary Shareholders' Meeting shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 11 Notices of general shareholders' meeting shall be in writing and delivered to the shareholders along with a public notice 30 days prior to the general shareholders' meeting and 15 days prior to the extraordinary shareholders' meeting. The said notices shall specify the date, place and

reasons for calling the shareholders' meeting.

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

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

Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholders' Meeting of Public Companies".

Article 14 Unless otherwise provided for in the Company Act and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's regulations for shareholders' meeting.

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

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be made by means of electronic transmission.

Chapter IV – Directors and Managerial Officers

Article 16 There shall be 13~19 directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the directors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".

The term of office of directors is for a period of 3 years. They may be reappointed following their re-election.

Independent directors shall not be less than three in number and shall not be less than one-fifth of the total number of directors.

Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of independent and non-Independent directors should be held together while elected quotas should be calculated separately.

Article16-1 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of independent directors, and it is responsible of executing powers relegated to Supervisors by the Company Act, Securities and Exchange Act and other laws and regulations.

The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.

Article 17 The Board of Directors of the Company shall comprise the directors to exercise the Director's power and authority. A Chairman, who represents the Company, and a Vice Chairman shall be elected from and among the Directors. Where the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the Vice Chairman shall act on his/her behalf. Where the Vice Chairman is also on leave or absent or cannot exercise his/her power and authority, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from and among themselves an acting chairperson of the Board of Directors.

Article 18 Meetings of the Board of Directors shall be quarterly convened by the Chairman. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the Directors. The Chairperson may where necessary convene extraordinary meetings of the Board at any time.

When a Director is unable to attend the meeting of the Board of Directors in person, he/she may be represented by another Director in accordance with laws.

The meeting notice of the Board of Directors could be made in hard

- copy, e-mail, or fax.
- Article 19 (deleted)
- Article 20 The salaries of executive directors might be paid as employees with reference to the standard of listed companies in cement industry. And the amount of such salaries shall be determined by the Board of Directors.
- Article 21 The Company shall have a President, Vice Presidents, Chief Auditor, General Plant Manager, Chief Engineer, Assistant Vice Presidents, Deputy Chief Auditor, Managers, and Plant Managers. The appointment and dismissal of the above staffs shall be approved by the resolutions of the Board of Directors and adopted by a majority of the Directors at a meeting attended by a majority of the Directors.
- Article 22 The Chairman, Vice Chairman and President shall handle the daily affairs of the Company in compliance with the resolutions of the Board of Directors.
- Chapter V – Accounting**
- Article 23 The Company's fiscal year shall commence on January 1st of each year, and ends on December 31st of the same year. The final accounts are settled at the end of the Company's fiscal year.
- Article 24 The Board of Directors shall in accordance with law furnish various documents and statements and submit for approval at the General Shareholders' Meeting.
- The appointment, dismissal and remuneration of the accountants, who audit and review the above documents and statements, shall be resolved at the meeting of the Board of Directors.
- Article 25 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered.
- The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as Employees' compensation; and a report of such distribution shall be submitted to the shareholders' meeting.
- The actual ratio and amount of the profit distributable as directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.
- Article 26 Apart from paying all its income taxes in the case where there are net

incomes at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years in proportion to the number of the shares held by each shareholder as shareholders' dividend. However in the case of increase in the Company's share capital, the shareholders' dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.

The distribution of shareholders' dividend 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. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the cash dividend shall not be less than 10% of the shareholders' dividend distributed in the same year.

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

Chapter VI – Supplementary Provisions

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

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

Article 30 At the close of each fiscal year, all the statements and records of accounts prepared by the Board of Directors shall be submitted to each shareholder after the ratification by the general shareholders' meeting in accordance with Paragraph 1, Article 230 of the Company Act.

Article 31 These Articles of Incorporation were drafted on January 27, 1957, and came into effect following its approval by the competent authorities. Amendments shall take effect following their approval at the shareholders' meetings.

First amendment on March 5, 1958;

Second amendment on February 5, 1960;

Third amendment on October 20, 1961;

Fourth amendment on April 11, 1962;
Fifth amendment on March 24, 1963;
Sixth amendment on October 22, 1963;
Seventh amendment on July 28, 1964;
Eighth amendment on October 22, 1965;
Ninth amendment on April 23, 1966;
Tenth amendment on April 15, 1967;
Eleventh amendment on April 22, 1968;
Twelfth amendment on April 30, 1969;
Thirteenth amendment on April 25, 1970;
Fourteenth amendment on July 8, 1970;
Fifteenth amendment on April 28, 1971;
Sixteenth amendment on April 27, 1973;
Seventeenth amendment on May 3, 1974;
Eighteenth amendment on April 28, 1975;
Nineteenth amendment on April 8, 1976;
Twentieth amendment on September 24, 1976;
Twenty-first amendment on April 15, 1977;
Twenty-second amendment on April 21, 1978;
Twenty-third amendment on April 26, 1979;
Twenty-fourth amendment on April 21, 1980;
Twenty-fifth amendment on April 24, 1981;
Twenty-sixth amendment on April 28, 1982;
Twenty-seventh amendment on April 28, 1983;
Twenty-eighth amendment on April 25, 1984;
Twenty-ninth amendment on April 29, 1985;
Thirtieth amendment on April 23, 1986;
Thirty-first amendment on April 16, 1987;
Thirty-second amendment on April 12, 1988;
Thirty-third amendment on April 12, 1990;
Thirty-fourth amendment on April 12, 1991;
Thirty-fifth amendment on May 7, 1992;
Thirty-sixth amendment on May 7, 1993;
Thirty-seventh amendment on May 6, 1994;
Thirty-eighth amendment on April 28, 1995;
Thirty-ninth amendment on May 17, 1996;
Fortieth amendment on May 14, 1997;
Forty-first amendment on May 13, 1998;
Forty-second amendment on May 14, 1999;

Forty-third amendment on May 12, 2000;

Forty-fourth amendment on May 16, 2001;

Forty-fifth amendment on June 7, 2002;

Forty-sixth amendment on June 9, 2005;

Forty-seventh amendment on June 7, 2006;

Forty-eighth amendment on June 17, 2008.

Forty-ninth amendment on June 22, 2011.

Fiftieth amendment on June 21, 2013.

Fifty-first Amendment on June 21, 2016.

Fifty-second Amendment on June 27, 2017.

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

2. Meeting Rules of Shareholders for Asia Cement Corporation

Take effect on March 24, 1963

First amended on May 23, 1997

Second amended on May 13, 1998

Third amended on June 7, 2002

Last amended on June 21, 2013

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

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

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

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

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

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

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

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

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

among themselves.

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

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

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

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

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

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

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

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

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

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

- Article 6 Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the shareholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other shareholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.
- Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairperson's permission.
- The chairperson may restrain shareholders (or proxies) from speaking if that shareholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a shareholder (or proxy) is speaking, other shareholder (or proxy) shall not interrupt without consent of the chairperson and the speaking shareholder (or proxy). Anyone disobedient to the preceding rule shall be prohibited by the chairperson.
- Article 14 of this meeting rule shall apply if anyone disobedient to the preceding rule and do not follow the chairperson's instructions.
- Article 8 For the same proposal, each person shall not speak more than 2 times.
- Where a juristic person is authorized to attend a Shareholders' Meeting, such juristic person shall appoint only one representative to attend the meeting.
- Where a juristic person appoints more than two representatives to the meeting, only one representative is allowed to speak.
- Article 9 After speaking by the attending shareholder (or proxy), the chairperson may reply in person or assign relevant officer to reply.
- Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- Article 10 For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.
- No discussion or voting shall proceed for matters unrelated to the proposals.
- The poll-watchers and tally clerks shall be appointed by the chairperson with the consent of the shareholders (or proxies). The poll-watchers shall be limited to shareholders of the Company.
- Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting.
- The proposal for a resolution shall be deemed approved if no objection expressed by shareholders casting their votes via electronic casting, and if the chairperson inquires and receives no objection from shareholders in attendance in person. The

validity of such approval has the same effect as if the resolution has been put to vote.

If any objection of a proposal being expressed, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.

The results of voting shall be reported on the spot and kept for records.

Article 12 During the meeting, the chairperson may at his/her discretion declare time for break.

Article 13 The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

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

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

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

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

Appendix

1. Shareholding of Directors

Title	Name	Representative	Shareholdings	Ratio of Shareholding
Chairman	Douglas Tong Hsu	-	23,278,334	0.69%
Independent Director	Ta-Chou Huang	-	0	0.00%
	Chi Schive	-	0	0.00%
	Gordon S. Chen	-	0	0.00%
Director	Far Eastern New Century Corporation	T.H. Chang Johnny Shih C.V. Chen	750,511,324	22.33%
	Bai-Yang Investment Holdings Corporation	Chin-Der Ou	3,849,468	0.11%
	U-Ding Corporation	K.Y. Lee	1,895,136	0.06%
	Far Eastern Y.Z. Hsu Science And Technology Memorial Foundation	Peter Hsu C.K. Chang	6,218,800	0.19%
	Ta Chu Chemical Fiber Co.,Ltd	Ruey Long Chen	1,560,068	0.05%
	Huey Kang Investment Corporation	Connie Hsu	4,837,436	0.14%
	Far Eastern Medical Foundation	Champion Lee	181,566,797	5.40%
	U-Ming Corporation	K.T. Li	1,505,585	0.04%
Shareholding of All Directors			975,222,948	29.01%

Note 1: The ratios above are calculated based on total issued shares (3,361,447,198 shares) on book closure date (April 28, 2018).

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

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

2. Effects on Business Performance and EPS Resulting From 2017 Stock Dividend Distribution

Item		Year	2018 (Estimated)
Paid-In Capital (Beginning of The Year)			NT \$33,614,471,980
Stock & Cash Dividend Distribution	Cash Dividend Per Share		NT\$1.2
	Stock Dividend From Retained Earnings Per Share		0.00 Share
	Stock Dividend From Capital Surplus Per Share		0.00 Share
Variance In Business Performance	Operating Income		Not Applicable
	% Change In Operating Income		"
	Net Income		"
	% Change In Net Income		"
	Earnings Per Share		"
	% Change In EPS		"
	Average Return on Investment (%) (Reciprocal of Average P/E Ratio)		"
Pro Forma EPS & P/E Ratio	If Retained Earnings Distributed In Cash Dividend	Pro Forma Earnings Per Share	"
		Pro Forma Average Yearly Return on Investment	"
	If Capital Surplus Not Distributed In Stock Dividend	Pro Forma Earnings Per Share	"
		Pro Forma Average Yearly Return on Investment	"
	If Retained Earnings & Capital Surplus Distributed In Cash Dividend Rather Than Stock Dividend	Pro Forma Earnings Per Share	"
		Pro Forma Average Yearly Return on Investment	"

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



ASIA CEMENT CORPORATION