



ASIA CEMENT CORPORATION

2017 Annual Report

Notice to readers

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

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Table of Contents

I REPORT TO SHAREHOLDERS	1
II COMPANY PROFILE.....	10
2.1 DATE OF INCORPORATION:	10
2.2 COMPANY HISTORY	10
III CORPORATE GOVERNANCE REPORT	14
3.1 ORGANIZATION.....	14
3.1.1 Organization Chart.....	14
3.1.2 Major Corporate Functions	15
3.2 DIRECTORS, SUPERVISORS AND MANAGEMENT TEAM	16
3.2.1 Directors and Supervisors.....	16
3.2.2 Major Shareholders of the Institutional Shareholders	19
3.2.3 Major Shareholders of the Major Shareholders That Are Juridical Persons.....	20
3.2.4 Professional Qualifications and Independence Analysis of Directors.....	23
3.2.5 Management Team.....	24
3.2.6 Remuneration of Directors, Supervisors, President, and Vice Presidents.....	26
3.2.7 Employees Remuneration to Management Team	31
3.2.8 Name and Title of the Top 10 Employees Who Were Distributed Employees Remuneration	32
3.3 IMPLEMENTATION OF CORPORATE GOVERNANCE	33
3.3.1 Board of Directors	33
3.3.2 Other mentionable items:	34
3.3.3 Attendance of Supervisors for Board Meeting.....	34
3.3.4 Attendance of Audit committee.....	35
3.3.5 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies”	38
3.3.6 The Composition, Duty, and Implementation Status of the Remuneration Committee	49
3.3.7 Corporate Social Responsibility	51
3.3.8 Implementation Status of Ethical Management	58
3.3.9 The Training for Directors.....	65
3.3.10 The Training for Managers.....	66
3.3.11 the Execution Status of Internal Control System.....	68
3.3.12 Major Resolutions of Shareholders’ Meeting and Board Meetings	69
3.3.13 Resignation or dismissal of the chairman, president, accounting manager, finance manager, auditing manager, and R&D manager of the Company	70
3.4 INFORMATION OF CPA SERVICE FEE	71
3.5 RELEVANT LICENSES AND CERTIFICATES OBTAINED ABOUT TRANSPARENT FINANCIAL INFORMATION	71
3.6 CHANGES IN SHAREHOLDINGS AND PLEDGE OF DIRECTORS, SUPERVISORS, MANAGERS, AND SHAREHOLDERS WITH MORE THAN 10% SHAREHOLDING	72
3.7 INFORMATION DISCLOSING THE RELATIONSHIP BETWEEN ANY OF THE COMPANY’S TOP 10 SHAREHOLDERS.....	74
3.8 SHAREHOLDING PROPORTION OF ACC TO INVESTEES	80
IV CAPITAL FORMATION	81
4.1 CAPITAL AND SHARES.....	81
4.1.1 Capital Increase in the Past Five Years.....	81
4.1.2 Capital.....	81
4.1.3 Shelf Registration : None	81
4.1.4 Shareholder Structure	81
4.1.5 Shareholding Distribution Status	82
4.1.6 List of Major Shareholders	82
4.1.7 Market Price, Net Value, Earnings and Dividends per Share	83
4.1.8 Dividend Policy & Implementation Status	83
4.1.9 Effects on Business Performance and EPS Resulting From Stock Dividend Distribution	84
4.1.10 Employees’ Compensation and Directors’ and Supervisors’ Remuneration.....	85
4.2 SUMMARY OF CORPORATE BONDS	86

4.2.1 Issued Corporate Bonds	86
4.3 SUMMARY OF ISSUED GDR	89
4.4 STATUS ON EXECUTION OF CAPITAL UTILIZATION PLANS	89
V OVERVIEW OF BUSINESS OPERATION	90
5.1 BUSINESS INTRODUCTION	90
5.1.1 Business Scope	90
5.1.2 Industry Overview	90
5.1.3 Technology and Research Development	91
5.1.4 Short-term Business Plan	92
5.1.5 Long-term Business Plan	92
5.2 GENERAL INFORMATION OF MARKET & PRODUCTION	92
5.2.1. Markets Analysis	92
5.2.2 Application of Major Cement Products	94
5.2.3 Supply Condition of Main Raw Materials.....	94
5.2.4 Major Suppliers Information for the Last Two Years	95
5.2.5 Major Clients Information for the Last Two Years	95
5.2.6 Output of Main Products 2016-2017	96
5.2.7 Sales of Main Products 2016-2017	96
5.3 HUMAN RESOURCES	97
5.4 EXPENDITURES ON ENVIRONMENTAL PROTECTION	97
5.4.1 ISO-14001 Environmental Management Systems (EMS)	97
5.4.2 Air Pollution Prevention	97
5.4.3 Greening and Beautification for Quarry Restoration	98
5.4.4 Major Environmental Protection Work in the Future.....	99
5.4.5 Fulfill Social Responsibilities.....	99
5.5 LABOR RELATIONS	99
5.6 MAJOR CONTRACTS	103
VI FINANCIAL INFORMATION.....	104
6.1 FINANCIAL REPORTS & AUDIT RESULTS (2013~2017)	104
6.1.1 Consolidated Balance Sheets	104
6.2 FINANCIAL ANALYSIS	108
6.2.1 Consolidated Financial Statements	108
6.2.2 Separate Financial Statements.....	109
6.3 AUDIT COMMITTEE'S REVIEW REPORT ON THE 2017 FINANCIAL STATEMENTS	111
6.4 FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT	112
VII ANALYSIS OF FINANCIAL STATUS, OPERATING RESULT, AND RISK MANAGEMENT	134
7.1 ANALYSIS OF FINANCIAL STATUS	134
7.3 ANALYSIS OF CASH FLOW	136
7.4 IMPACTS OF MAJOR CAPITAL EXPENDITURES ON FINANCE AND OPERATION	136
7.5 INVESTMENT STRATEGIES IN THE MOST RECENT YEAR, THE MAJOR REASONS FOR ITS GAIN OR LOSS AND IMPROVEMENT PLAN AND INVESTMENT PLANS FOR NEXT YEAR.....	137
7.6 ANALYSIS AND EVALUATION OF RISK MANAGEMENT.....	137
7.6.1 The Impact of Fluctuation of Foreign Exchange, Interest Rates, and Inflation on the Company's Profit and Loss and Its Countermeasures.....	137
7.6.2 The Impact of Highly Risky Investments, Highly Leveraged Transaction, Loaning to Others, Endorsement and Guarantee for Others, and Derivatives	139
7.6.3 The Prevention of Legal Risks.....	139
7.7 OTHER MENTIONABLE ISSUES.....	140
VIII SPECIAL DISCLOSURE	141
8.1 ORGANIZATIONAL CHART OF AFFILIATED COMPANIES	141
8.2 BASIC INFORMATION OF AFFILIATED COMPANIES	142
8.3 MAIN BUSINESS OF AFFILIATED COMPANIES.....	145
8.4 INFORMATION OF THE DIRECTORS, SUPERVISORS, AND PRESIDENTS OF AFFILIATED COMPANIES	146
8.5 OPERATING CONDITION OF AFFILIATED COMPANIES	161

I Report to Shareholders

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.

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.

II Company Profile

2.1 Date of Incorporation: March 21, 1957.

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

Scope of Business:

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

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

2.2 Company History

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

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

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

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

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

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

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

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

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

Feb. 2015	The Company received “Golden Vessel Awards” in honor of our contribution in environment protection, Taiwan International Ports Corporation.
Apr. 2015	The Company received A++ ranking award in the 12 th “Information Transparency and Disclosure Ranking System”, Securities and Futures Institute.
May 2015	The Company was ranked top 5% in “the 1 st Corporate Governance Evaluation” by the TWSE.
June 2015	The Company is listed in “TWSE Corporate Governance 100 Index”
Aug. 2015	The Company is ranked 39 th in CommonWealth Magazine's Corporate Citizenship Awards.
Nov. 2015	The Hualien Plant was awarded “2015 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA.
Nov. 2015	The Company’s CSR Report was awarded “Top 50 Corporate Sustainability Report-Gold Award”, TCSA.
Jan. 2016	The Company received 2015 GHG reduction award, EPA.
Apr. 2016	The Company was ranked top 6%~20% in “the 2 nd Corporate Governance Evaluation” by the TWSE.
Apr. 2016	Sichuan Yadong Cement Co., Ltd completed second conveyor belt transporting the limestone from quarry directly to the plant on April 2016.
Apr. 2016	Jiangxi Yadong Cement Co. was awarded the "Energy Management System Certification".
Jun. 2016	Huanggang Yadong Cement Co. was awarded the honorary certification of "Hubei Famous Brand".
Sep. 2016	Sichuan Lanfeng Cement Co. was awarded 2016 "Chengdu manufacturing top hundred" and "Chengdu private enterprises top hundred".
Nov. 2016	The Hualien Plant was awarded “2016 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA.
Dec. 2016	Jiangxi Yadong was awarded the "3 rd Mayor Quality Award" certification, in recognition of the company's outstanding contribution to the quality of the city's construction.
Dec. 2016	The Hualien plant obtained ISO 50001: 2011 energy management system certification in which Hsinchenshan Mine is also the first quarry in Taiwan obtained this certification.
Mar. 2017	The Hsinchenshan mining right of the Hualien plant of the Company is allowed to extent for 20 years to November 22, 2037.
Mar. 2017	Ccement.com announced the 2016 top 10 ranking of cement and clinker production capacity in China. ACC (China) ranked the 10th and won a top ten trophy.
Apr. 2017	The Company was ranked top 6%~20% in “the 3 rd Corporate Governance Evaluation” by the TWSE.
Jun. 2017	The Hualien plant obtained ISO 14001:2015, the latest version of the environmental management system certification.
Jun. 2017	The Hualien plant obtained ISO 9001:2015, the latest version of the quality management system certification

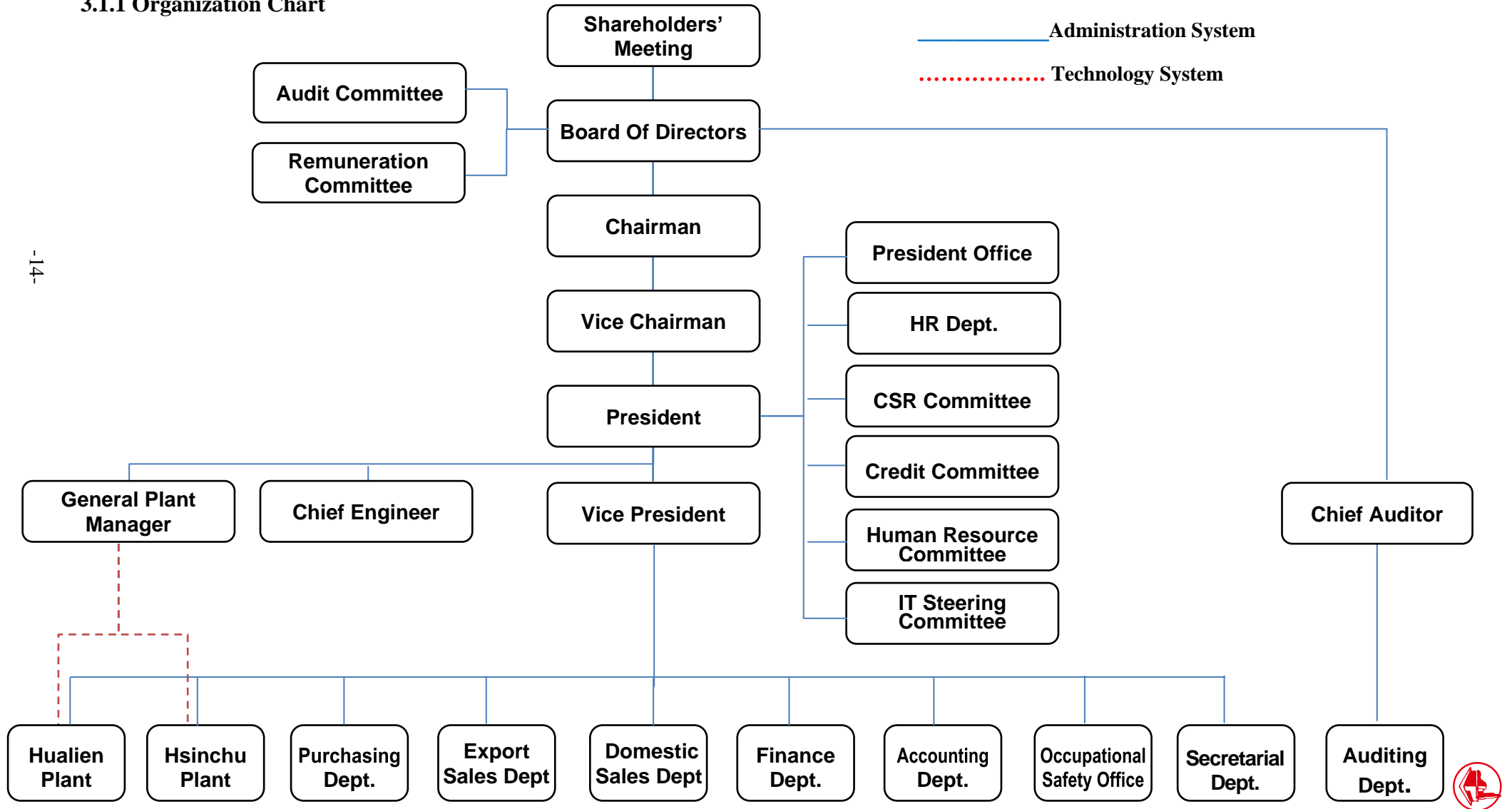
Oct. 2017	Huanggang Yadong was awarded the “National Excellent Quality Unit for Cement Quality Inspection in 2017” by the National Cement Quality Supervision and Inspection Center.
Nov. 2017	The Hualien Plant was awarded “2017 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA.
Apr. 2018	Jiangxi Yadong was awarded “Advanced Unit for Safe Production Goal Management in 2017 in Jiujiang”.

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

III Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Company Organization with Functions of Risk Management

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

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

Title Name	Elected Date	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman Douglas Tong Hsu	2017.06.27	3	1975.04.28	23,278,334	0.69%	23,278,334	0.69%	6,352,467	0.19%	Master of Economics, Columbia University Honorary Doctor, Chiao Tung University	Chairman, Far Eastern New Century Corp. Chairman, Far Eastone Telecommunications Co., Ltd Chairman, Far Eastern Department Stores Ltd.	Director Director Director	Connie Hsu Peter Hsu Johnny Shih	Sibling Sibling relatives by marriage
Director Tsai Hsiung Chang	2017.06.27	3	1981.04.24	459,350 *750,511,324	0.01% *22.33%	459,350 *750,511,324	0.01% *22.33%	110,877	0.00%	Mechanical Technology Section, National Central Industrial College (Chongqing)	Senior Advisor, Asia Cement (China) Holdings Corp. Director, U-Ming Marine Transport Corp. Director, Yuan Ze Uni.	- - -	- - -	- - -
Director Johnny Shih	2017.06.27	3	1984.04.25	453,745 *750,511,324	0.01% *22.33%	453,745 *750,511,324	0.01% *22.33%	7,225,993	0.21%	Master of Computer, Columbia University	Vice Chairman, Far Eastern New Century Corp. Vice Chairman, Oriental Union Chemical Corp.	Chairman Director Director	Douglas Tong Hsu Connie Hsu Peter Hsu	relatives by marriage relatives by marriage relatives by marriage
Director C.V. Chen	2017.06.27	3	1987.04.16	338,429 *750,511,324	0.01% *22.33%	338,429 *750,511,324	0.01% *22.33%	0	0%	S.J.D., Harvard University	Chairman and Managing Partner, Lee and Li Attorneys-At-Law Chairman, Taipei European School	- -	- -	- -
Director Chin-Der Ou	2017.06.27	3	2005.06.09	0 *3,849,468	0% *0.11%	0 *3,849,468	0% *0.11%	0	0%	Ph.D., Case Western Reserve University	Director, Taiwan Construction Research Institute	-	-	-
Director Kun Yen Lee	2017.06.27	3	2005.06.09	2,361,557 *1,895,136	0.07% *0.06%	2,361,557 *1,895,136	0.07% *0.06%	0	0%	Yi-Lan Elementary School	President, Asia Cement Corp. Director, U-Ming Marine Transport Corp.	-	-	-
Director Peter Hsu	2017.06.27	3	2002.06.07	13,454,981 *4,819,800	0.40% *0.14%	13,454,981 *6,218,800	0.40% *0.19%	0	0%	Master of Operations Research, Stanford University	Vice Chairman, Far Eastern New Century Corp. Director, Far Eastone Telecommunications	Chairman Director Director	Douglas Tong Hsu Connie Hsu Johnny Shih	Sibling Sibling relatives by marriage

										Master of Information Science, UCLA	Co., Ltd			
Director Chen Kun Chang	2017.06.27	3	2011.06.22	29,745 *4,819,800	0.00% *0.14%	29,745 * 6,218,800	0.00% *0.19%	5,358	0.00%	Mechanical Section, National Taipei Institute of Technology	Vice CEO, Asia Cement (China) Holdings Corp. President, Jiangxi Yadong Cement Corp.	-	-	-
Director Connie Hsu	2017.06.27	3	1990.04.12	14,264,734 *4,837,436	0.42% *0.14%	5,264,734 *4,837,436	0.16% *0.14%	0	0%	Bachelor of Biology, California State University	Director, Oriental Institute of Technology Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Chairman Director Director	Douglas Tong Hsu Peter Hsu Johnny Shih	Sibling Sibling relatives by marriage
Director Ruey Long Chen	2017.06.27	3	2011.06.22	0 *1,560,068	0% 0.05%	0 *1,560,068	0% 0.05%	0	0%	Bachelor of Economics, National Chung Hsing University	Chairman, Sinocon Industrial Standards Foundation Chairman, Powerchip Technology Corp. Secretary General, Cross-Strait Entrepreneur Summit	-	-	-
Director Champion Lee	2017.06.27	3	2002.06.07	0 *181,566,797	0% 5.40%	0 *181,566,797	0% 5.40%	0	0%	Master of Business Administration, Texas A&I University	Supervisor, Far Eastern New Century Corp. Director, U-Ming Marine Transport Corp.	-	-	-
Director Kwan-Tao Li	2017.06.27	3	2002.06.07	642,963 *1,505,585	0.02% 0.04%	642,963 *1,505,585	0.02% 0.04%	0	0%	Master, New York University	Chief Counselor, Lee and Li Attorneys-At-Law Director, Far Eastern New Century Corp. Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation:	-	-	-
Independent Director Ta-Chou Huang	2017.06.27	3	2014.06.16	0	0%	0	0%	0	0%	PhD. in Agriculture, Cornell University Former Taipei City Mayor	Honorary Professor, National Taiwan University Chairman, The Association of Parks And Open Space	-	-	-
Independent Director Chi Schive	2017.06.27	3	2014.06.16	0	0%	0	0%	0	0%	PhD. in Economics, Case Western Reserve University Former Chairman, Taiwan Stock Exchange	Chair Professor, Shih Hsin University Chair Professor, Soochou University	-	-	-

Independent Director Gordon S. Chen	2017.06.27	3	2014.06.16									PhD. in Business Administration, National Taiwan University Former Chairman, Financial Supervisory Commission	Chairman, Central Investment Corp.	-	-	-
				0	0%	0	0%	0	0%							

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

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

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

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

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

Note 5: All Directors are Taiwanese Citizens. Director Connie Hsu is female while other Directors are male.

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

Title	Name of the Institutional Investors	First Date Elected	Most Recent Date Elected
Directors	Far Eastern New Century Corp	1987.04.16	2017.06.27
	Bai-Yang Investment Holdings Corp.	2001.05.16	2017.06.27
	Yue Ding Industry Co., Ltd.	2005.06.09	2017.06.27
	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	2005.06.09	2017.06.27
	Huey Kang Investment Corp.	2008.06.17	2017.06.27
	Ta Chu Chemical Fiber Co., Ltd.	2011.06.22	2017.06.27
	Far Eastern Medical Foundation	1987.04.16	2017.06.27
	U-Ming Corp.	1993.05.07	2017.06.27

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

3.2.2 Major Shareholders of the Institutional Shareholders

Name of Institutional Shareholder	Major Shareholder of the Institutional Shareholders	%
Far Eastern New Century Corporation	Asia Cement Corporation	23.77
	Oriental Institute of Technology	4.81
	Far Eastern Medical Foundation	3.61
	Far Eastern Memory Foundation	3.42
	Yuan-Ze University	2.74
	Fubon Life Insurance Co., Ltd.	2.50
	Cathay Life Insurance Co., Ltd.	2.43
	Douglas Tong Hsu	1.71
	Nan Shan Life Insurance Co. , Ltd.	1.67
	China Life Insurance Co., Ltd.	1.55
Ta Chu Chemical Fiber Co.,Ltd.	Yuan Ding Investment Company	41.86
	Yue Ding Industry Co., Ltd.	38.76
	Yue-Lee Investment Company	19.38
Yue Ding Industry Co.,Ltd.	Fu Da Transportation Co., Ltd.	26.95
	Yue-Tung Investment Corp.	25.36
	An Ho Garment Co., Ltd.	15.66
	Ding Yuan International Investment Corp.	13.20
	Ton Fu Investment Corp.	4.61
	Ta Chu Chemical Fiber Co., Ltd.	3.89
	Ya Li Precast Prestressed Concrete Industries Corp.	3.89
	Yuan Ding Co., Ltd.	2.59
	Bai Ding Investment Co., Ltd.	2.31
	Yu Ming Co., Ltd.	1.53
Huey Kang Investment Corp.	Connie Hsu	50.58
	H.G.Yang	24.71
	H.M.Yang	24.71
Bai Yang Investment Corp.	Far Eastern Department Stores Co., Ltd.	100.0
U-Ming Corp.	Far Eastern Department Stores Co., Ltd.	100.0

3.2.3 Major Shareholders of the Major Shareholders That Are Juridical Persons

Name of Juridical Persons	Major Shareholder of the Juridical Persons	%
Asia Cement Corporation	Far Eastern New Century Corporation	22.33
	Fubon Life Insurance Co., Ltd.	6.31
	Far Eastern Medical Foundation	5.40
	China Life Insurance Co., Ltd.	1.52
	Labor Pension Fund Committee of Far Eastern New Century Corporation	1.51
	Shin Kong Life Insurance Co., Ltd.	1.50
	Far Eastern Department Stores Co., Ltd.	1.49
	Yuan-Ze University	1.41
	Far Eastern Memory Foundation	1.31
	Yu Yuan Investment Co., Ltd	1.29
	Cathay Life Insurance Co. , Ltd.	Cathay Financial Holding Co., Ltd.
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.0
Nan Shan Life Insurance Co. , Ltd.	First Commercial Bank Trustee Account For Representative of Ruen Chen Investment Holding Co., Ltd.	75.14
	Ruen Chen Investment Holding Co., Ltd.	15.48
	Y. T. Du	3.25
	Ruen Hua Dyeing & Weaving Co., Ltd.	0.28
	Ruentex Leasing Co., Ltd.	0.15
	Chi-Pin Investment Company	0.11
	Boon-Teik Koay	0.11
	Pou Chi Investments Co.,Ltd.	0.05
	Pou Yih Investments Co.,Ltd.	0.05
	Pou Huei Investments Co.,Ltd.	0.05
	Pou Hwang Investments Co.,Ltd.	0.05
China Life Insurance Co., Ltd.	China Development Financial Holding Corp.	25.33
	KGI Securities Co., Ltd	9.63
	Videoland Inc.	2.35
	Funds of Saudi Arabia Central Bank at the discretionary account of Morgan Stanley Asset Management, in custody of JP Morgan Chase Bank	1.67
	Labor Pension Fund	1.63
	Citi as Trustee For The Government Of Singapore Investment Corp.	1.53
	Cathay Life Insurance Co. , Ltd.	1.31
	Linglang Zhan	1.27
	Citibank Taiwan in its Capacity as Master Custodian for Investment account of the Central Bank of Norway	1.19

Name of Juridical Persons	Major Shareholder of the Juridical Persons	%
	JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund Investor Shares	1.13
Yuan Ding Investment Company	Far Eastern New Century Corporation	99.40
	An Ho Garment Co.,Ltd.	0.30
	Ta Chu Chemical Fiber Co.,Ltd.	0.30
Yue Ding Industry Co.,Ltd.	Fu Da Transportation Co., Ltd.	26.95
	Yue-Tung Investment Corp.	25.36
	An Ho Garment Co., Ltd.	15.66
	Ding Yuan International Investment Corp.	13.20
	Ton Fu Investment Corp.	4.61
	Ta Chu Chemical Fiber Co., Ltd.	3.89
	Ya Li Precast Prestressed Concrete Industries Corp.	3.89
	Yuan Ding Co., Ltd.	2.59
	Bai Ding Investment Co., Ltd.	2.31
Yu Ming Co., Ltd.	1.53	
Yue-Lee Investment Company	U-Ming Marine Transport Corp.	68.18
	U-Ming Marine Transport (Singapore) Private Ltd.	31.82
Fu Da Transportation Co., Ltd.	Fu Ming Transportation Co., Ltd.	99.87
	Asia Investment Corp.	0.03
Yue-Tung Investment Corp.	U-Ming Marine Transport Corp.	73.54
	U-Ming Marine Transport (Singapore) Private Ltd.	26.46
An Ho Garment Co., Ltd.	Far Eastern New Century Corporation	100.0
Ding Yuan International Investment Corp.	Far Eastern New Century Corporation	100.0
Ton Fu Investment Corp.	Oriental Union Chemical Corp.	100.0
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Company	41.86
	Yue Ding Industry Co., Ltd.	38.76
	Yue-Lee Investment Company	19.38
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corporation	83.81
	Far-Eastern Construction Engineering Co.,Ltd.	16.03
Yuan Ding Co.,Ltd.	Far Eastern New Century Corporation	37.13
	Asia Cement Corporation	35.50
	Der Ching Investment Corp.	14.50
	Yuan Ding Investment Company	12.86
	Yu Ming Trading Corp.	0.002
	Far Eastern Department Stores Co., Ltd.	0.001
Bai Ding Investment Corp.	Far Eastern Department Stores Co., Ltd.	66.66
	Bai Yang Investment Corp.	33.34
Yu Ming Trading Corp.	Bai Ding Investment Co., Ltd	47.00

Name of Juridical Persons	Major Shareholder of the Juridical Persons	%
	Yuan Ding Investment Company	45.50
	Yue Ding Industry Co., Ltd.	5.00
	Yuan Ding Co., Ltd.	1.00
	Ding & Ding Management Consultants Co., Ltd	1.00
	Yuan Ding Leasing Corp.	0.50
Far Eastern Department Stores Co.,Ltd.	Far Eastern New Century Corporation	17.06
	Asia Cement Corporation	5.65
	Yuan-Ze University	4.75
	Yuan Tong Investment Co., Ltd	2.80
	Yu Yuan Investment Co., Ltd	2.06
	Special Account for Investment of the Central Bank of Norway in custody of Citibank(Taiwan)	1.98
	The committee of Employee Pension Fund of Far Eastern Department Stores Co., Ltd.	1.97
	Far Eastern Memory Foundation	1.71
	Yuan Ding Investment Company	1.61
	Tranquil Enterprise Ltd.	1.50

3.2.4 Professional Qualifications and Independence Analysis of Directors

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

Note:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three

subparagraphs.

5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Act.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

*** The Company elected 3 independent directors, Ta-Chou Huang, Chi Schive, and Gordon S. Chen on the Shareholders' Meeting on June 27, 2017.**

3.2.5 Management Team

As of Apr. 30, 2018

Title	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Experience(Education)	Other Title
				Shares	%	Shares	%		
President	Kun Yen Lee	Male	2000.08.01	2,361,557	0.0703	0	0	Chairman of Ya Tung Ready-Mixed Concrete Co., LTD	Director, U-Ming Marine Transport Corp.
Chief Executive Vice President	Y.F. Chang	Male	2000.08.01	811	0.0000	0	0	Bachelor degree in Chemical, Tunghai University	Director, China Hi-Ment Corporation
Executive Vice President	Doris Wu	Female	2007.07.25	0	0	0	0	Bachelor degree in Accounting, California State University	Supervisor, Oriental Union Chemical Corp.
Vice President	C.M. Chen	Male	2007.07.01	39,801	0.0012	68,596	0.0020	Bachelor degree in International Trade, Tamkang University	Director, Nan Hwa Cement Corp.
Vice President	W.K. Chou	Male	2007.07.01	4,962	0.0001	0	0	Bachelor degree in Law, Soochow University	Supervisor, Pan Asia Corporation
General Plant Manager	Z.P. Chang	Male	2009.07.01	33,999	0.0010	53,588	0.0016	Bachelor degree in Electrical Engineering, National Taiwan University	Supervisor, U-Ming Marine Transport Corp
Manager of the Hsinchu Plant	Z.H. Qiu	Male	2013.11.16	0	0	0	0	Bachelor degree in Chemical Engineering, Tamkang University	Director, Nan Hwa Cement Corp.

Title	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Experience(Education)	Other Title
				Shares	%	Shares	%		
Assistant Vice President	C.P. Sue	Male	2008.11.01	63	0.0000	0	0	Bachelor degree in Marine Engineering, National Taiwan Ocean University	Director, Asia Cement (Singapore) Pte. Ltd.
Senior Assistant Vice President	T.L. Yu	Male	2009.09.01	122,202	0.0036	98	0.0000	Bachelor degree in Business Administration, University of the Philippines	Director, Yu Yuan Investment Co., Ltd
Deputy Chief Auditor	W.H. Yeh	Male	2013.10.16	0	0	0	0	Bachelor degree in Accounting, Soochow University	Supervisor, Nan Hwa Cement Corp.
Special Assistant of President Office	T.M. Chen	Male	2011.01.01	147,268	0.0044	0	0	Bachelor degree in sociology, National Taiwan University	Director, Yu Yuan Investment Co., Ltd
Manager of Secretarial Dept.	Manfred Wang	Male	2012.10.01	0	0	0	0	Bachelor degree in Law, Soochow University	Director, Fu Shan Mineral Stone Co., Ltd.
Manager of Accounting Dept	Nancy Kao	Female	2013.10.16	832	0.0000	467	0	Bachelor degree in Accounting, Soochow University	Supervisor, Asia Investment Co., Ltd

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

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

* All managers are Taiwanese citizens.

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

1. Remuneration of Directors

Title	Name	Remuneration of Directors								Total Amount (A+B+C+D)/Net Income		Remuneration paid as the status of employee						Total Amount (A+B+C+D+E +F+G)/Net Income		Other remuneration from investment business except subsidiary
		Compensation (A)		Pensions(B)		Directors Remuneration(C)		Operating Allowance (D)				Salary, Reward, and Allowance etc.(E)		Pensions(F)		Employees Compensation (G)				
		ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies *	ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	
Chairman	Douglas Tong Hsu	7,558	8,154	0	0	14,000	14,020	120	1,632			0	0	0	0	0	0			111,155
Director	Far Eastern New Century Corp.	0	0	0	0	15,800	15,800	0	0			0	0	0	0	0	0			0
Director	Far Eastern New Century Corp. Representatives: Tsai Hsiung Chang																			
Director	Johnny Shih																			
Director	C.V. Chen																			
Director	X.Z.Ying-Chai Memorial Foundation Representative: Sui-Cheong Ying (retired)																			
Director	Yue Ding Industry Co., Ltd. Representative: Kun Yen Lee																			
Director	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation Representatives: Peter Hsu	2,868	5,203	0	0	83,998	102,222	1,244	4,832	2.296%	2.488%	7,209	9,269	216	216	2,208	2,353	2.473%	2.704%	72,446
Director	Chen Kun Chang																			
Director	Ta Chu Chemical Fiber Co.,Ltd Representative: Ruey Long Chen																			
Director	Huey Kang Investment Corp. Representative: Connie Hsu																			
Director	Far Eastern Medical Foundation (New) Representative: Champion Lee (New)																			

	Champion Lee U-Ming Corp. Kwan-Tao Li Bai-Yang Investment Holdings Corp :Ou,Chin-Der		Champion Lee U-Ming Corp. Kwan-Tao Li Bai-Yang Investment Holdings Corp.: Chin-Der Ou	
NT\$2,000,000~NT\$5,000,000	-	Y.Z.Hsu Science and Technology Memorial Foundation: Chen Kun Chang	-	Y.Z.Hsu Science and Technology Memorial Foundation: Chen Kun Chang Far Eastern Medical Foundation: Champion Lee
NT\$5,000,000~NT\$10,000,000	Far Eastern New Century Corp.: Tsai Hsiung Chang, Yue Ding Industry Co., Ltd.: Kun Yen Lee, Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu Far Eastern New Century Corp.: Johnny Shih	Far Eastern New Century Corp.: Tsai Hsiung Chang Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu	Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu Far Eastern New Century Corp.: Johnny Shih	
NT\$10,000,000~NT\$15,000,000		Far Eastern New Century Corp.: Johnny Shih , Yue Ding Industry Co., Ltd.: Kun Yen Lee,	Far Eastern New Century Corp.: Tsai Hsiung Chang , Yue Ding Industry Co., Ltd.: Kun Yen Lee,	Far Eastern New Century Corp.: Tsai Hsiung Chang ,
NT\$15,000,000~NT\$30,000,000	Douglas Tong Hsu	Douglas Tong Hsu	Douglas Tong Hsu	Yue Ding Industry Co., Ltd.: Kun Yen Lee
NT\$30,000,000~NT\$50,000,000	-	-	-	Far Eastern New Century Corp.: Johnny Shih
NT\$50,000,000~NT\$100,000,000	-	-	-	Y.Z.Hsu Science and Technology Memorial Foundation: Peter Hsu
Over NT\$100,000,000	-	-	-	Douglas Tong Hsu
Total	16	16	16	16

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

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

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

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

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

2. Remuneration of Supervisors

Unit: NT \$ 1,000

Title	Name	Remuneration of Supervisors						Total Amount (A+B+C)/Net Income		Other remuneration from investment business except subsidiary
		Compensation (A)		Supervisors Remuneration from Distributable Earnings(B)		Operating Allowance (C)		ACC	All companies*	
		ACC	All companies*	ACC	All companies*	ACC	All companies*			
Supervisor	Far Eastern Medical Foundation Representative (Retired): Shaw Yi Wang (Retired) and Champion Lee (Retired)	0	242	16,322	16,322	204	204	0.3022%	0.3066%	26,535
Supervisor	Bai-Yang Investment Holdings Corp. (Retired) Representative: Ting Yu Tung (Retired) Representative: Chin-Der Ou (Retired)									
Supervisor	U-Ming Corp (Retired) Representative: Kwan-Tao Li (Retired)									

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

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

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

* In the year of 2017, the directors and supervisors were re-elected. Since the Company established the Audit Committee, all the supervisors have retired. In addition, Champion Lee, Chin-Der Ou, and Kwan-Tao Li are newly appointed directors as retired supervisors, and information on their remuneration has been respectively revealed in that two parts.

Unit: NT \$ 1,000

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

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

3. Remuneration of President and Vice Presidents

Unit: NT \$ 1000

Title	Name	Salary(A)		Pensions(B)		Reward and Allowance etc. (C)		Employees bonus from Distributable Earnings (D)		Total Amount (A+B+C+D)/Net Income		Other remuneration from investment business except subsidiary
		ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	ACC	All companies*	
								Cash Bonus	Cash Bonus			
President	Kun Yen Lee	16,049	16,805	648	648	5,440	5,458	6,720	6,720	0.528%	0.542%	1,722
Chief Executive Vice President	Y.F. Chang											
Executive Vice President	Doris Wu											
Vice President	C.M. Chen											
Vice President	W.K. Chou											
General Plant Manager	Z.P. Chang											

- * Please refer to Consolidated Operational Report for the list of All Companies.
- * Pensions funded according to applicable law.
- * No stock bonus, warrant, or restricted stock awards for employees have been distributed from ACC and all companies listed in consolidated operational report.

- * The chief executive vice president of the Company, Y.F. Chang is assigned one vehicle. The monthly rental is NT \$ 44,300.
- * Within recent two fiscal years, total remuneration of the President and Vice Presidents accounted for 0.860% and 0.528% of ACC net income. Total amount of President and Vice Presidents' remuneration paid by all companies listed in consolidated operational report accounted for 0.887% 及 0.542% of net income received from those companies.

Classification of Remuneration Paid to ACC President and Vice Presidents	Name of President and Vice Presidents	
	ACC	All companies listed in Consolidated Operational Report
NT\$2,000,000~NT\$5,000,000	Doris Wu, C.M. Chen, W.K. Chou, Z.P. Chang	-
NT\$5,000,000~NT\$8,000,000	Kun Yen Lee, Y.F. Chang,	Kun Yen Lee, Y.F. Chang, Doris Wu, C.M. Chen, W.K. Chou, Z.P. Chang
NT\$8,000,000~NT\$10,000,000	-	-
Total	6	6

- * The remuneration of President and Vice Presidents is divided into two parts:
 1. Monthly salary based on fixed salary rank.
 2. Based on ACC's bonus system, bonus and compensation are distributed mainly in consideration of the Company's operating performance and individual annual performance.
- * The Remuneration Committee has approved current remuneration system for the President and Vice Presidents.

3.2.7 Employees Remuneration to Management Team

	Title	Name	Stock Bonus	Cash Bonus	Total Amount	Total Amount/Net Income
Executive Officers	President	Kun Yen Lee	0	10,244	10,244	0.187%
	Chief Executive Vice President	Y.F. Chang				
	Executive Vice President	Doris Wu				
	Vice President	C.M. Chen				
	Vice President	W.K. Chou				
	General Plant Manager	Z.P. Chang				
	Manager of the Hsinchu Plant	Z.H. Qiu				
	Assistant Vice President	C.P. Sue				
	Senior Assistant Vice President	T.L. Yu				
	Deputy Chief Auditor	W.H. Yeh				
	Manager of Domestic Sales Dept.	M.C. Chen				
	Special Assistant of President Office	T.M. Chen				
	Manager of Secretarial Dept.	Manfred Wang				
Manager of Accounting Dept.	Nancy Kao					

- * The proposed amounts of 2017 managers' remunerations need to be approved by the 2018 regular shareholders' meeting.
- * Manager of Domestic Sales Dept., M.C. Chen, retired on Nov. 2017.

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

Unit: NT \$ 1000

Rank	Title	Name	Stock Bonus	Cash Bonus	Total Amount
1	President	Kun Yen Lee	0	9,345	9,345
2	Chief Executive Vice President	Y.F. Chang			
3	Executive Vice President	Doris Wu			
4	Vice President	C.M. Chen			
5	General Plant Manager	Z.P. Chang			
6	Vice President	W.K. Chou			
7	Deputy Chief Auditor	W.H. Yeh			
8	Manager of Domestic Sales Dept.	M.C. Cheng			
9	Manager of Accounting Dept.	Nancy Kao			
10	Special Assistant of President Office	T.M. Chen			

* The employees remuneration comes from the profits of 2017.

* Associate C.P. Sue and T.L. Yu have retired and transferred to contract employee. and therefore does not participate in the remuneration distribution of employees. Manager of Domestic Sales Dept., M.C. Chen, retired on Nov 2017.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

There are 9 meetings of the Board of Directors held in the period from January 1, 2017 to May 11, 2018. Directors' attendance condition was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate	Notes	
Chairman	Douglas Tong Hsu	9	0	100%	Reappointment Jun.27, 2017	
Director	Representatives of Far Eastern New Century Corp.	Tsai Hsiung Chang	9	0	100%	Reappointment Jun.27, 2017
		Johnny Shih	7	2	78%	Reappointment Jun.27, 2017
		C.V. Chen	7	2	78%	Reappointment Jun.27, 2017
Director	Representative of X.Z. Ying-Chai Memorial Foundation	Sui-Cheong Ying	4	0	100%	Retired
Director	Representative of Yue Ding Industry Co., Ltd.	Kun Yen Lee	9	0	100%	Reappointment Jun.27, 2017
Director	Representatives of Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Peter Hsu	9	0	100%	Reappointment Jun.27, 2017
		Chen Kun Chang	9	0	100%	Reappointment Jun.27, 2017
Director	Representative of Ta Chu Chemical Fiber Co.,Ltd	Ruey Long Chen	5	4	56%	Reappointment Jun.27, 2017
Director	Representative of Huey Kang Investment Corp.	Connie Hsu	7	2	78%	Reappointment Jun.27, 2017
Director	Far Eastern Medical Foundation	Champion Lee	5	0	100%	Newly-elected Jun.27, 2017
Director	Bai-Yang Investment Holdings Corp.	Chin-Der Ou	3	2	60%	Newly-elected Jun.27, 2017
Director	U-Ming Corp.	Kwan-Tao Li	4	1	80%	Newly-elected Jun.27, 2017
Independent Director	Ta-Chou Huang		8	1	89%	Reappointment Jun.27, 2017
	Chi Schive		7	2	78%	Reappointment Jun.27, 2017
	Gordon S. Chen		6	3	67%	Reappointment Jun.27, 2017

* Each Board of Directors Meeting has at least one independent director who attended the meeting in person, which meets the requirements of Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies

3.3.2 Other mentionable items:

1. Board of Directors

A. Items listed in the Article 14-3 of the Securities Exchange Act: Please refer to 3.3.12 Major Resolutions of Shareholders' Meeting and Board Meetings

B. Except for the above matters, the three independent directors of the Company gave us valuable opinions with no objections or reservations on all discussed matters. The directors' statements were all set out in the minutes of the board meeting.

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

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

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

Goals:

To enhance corporate governance and the function of the Board by enacting "the Procedures for Evaluating the Board of Directors' Performance"

Implementation Status and Assessment:

A. The Board enacted "the Procedures for Evaluating the Board of Directors' Performance" on May 13, 2015 and disclosed on the Company's website.

B. Secretarial Department reviewed the Self-Assessment Questionnaire of the Board and calculated a weighted average score, and reported to the Board on May 10, 2016 and May 11, 2017.

C. The score of 2017 evaluation falls between 3.33~3.73, compared to 4 points as full score indicating good performance.

D. In the past three years, the score of evaluation has increased year by year, which is due to the fact that members of the board of directors attach importance to assessment indicators and assessment standards and cooperate with implementation. It is helpful to further implement the Company's corporate governance and enhance the board's functions.

E. The Secretarial Department faithfully plays the role of reminding directors to follow regulations and is respected by the directors.

3.3.3 Attendance of Supervisors for Board Meeting

There are 4 meetings of the 25th Board of Directors held in the period from January 1, 2017 to May 11, 2017. Supervisors' Attendance Condition was as follows:

Title	Name		Attendance in Person	Attendance rate	Notes
Supervisor	Representatives of Far Eastern Medical Foundation	Shaw Yi Wang	4	100%	Appointment due Jun.26, 2017
		Champion Lee	4	100%	Appointment due Jun.26, 2017
Supervisor	Representatives of Bai-Yang Investment Holdings Corp.	Chin-Der Ou	1	25%	Appointment due Jun.26, 2017
		Ting Yu Tung	2	50%	Appointment due Jun.26, 2017
Supervisor	Representative of	Kwan-Tao Li	3	75%	Appointment due

	U-Ming Corp.				Jun.27, 2017
<p>Other mentionable items:</p> <p>1.Organization and Responsibilities of Supervisors:</p> <p>A. Communications with employees and shareholders: In ACC, the labor relation is harmonious, information is open, and communication channels among different functions and levels are unblocked. Therefore, there is no affair with which employees and shareholders should communicate.</p> <p>B. Communications with internal audit manager and CPA: (1) Internal audit manager reports the plans and execution of audit works to Supervisors every half year. Internal auditors discovering any material violation or any likelihood of material damage to the company shall promptly notify the Supervisors. (2) CPA and accounting manager report financial and operation business to Supervisors every year.</p> <p>2. If supervisors make any statement in BOD meetings, the following information should be disclosed- the date of BOD, the term of BOD, the contents and resolutions of motions, and the follow-up of supervisors' statements: In the recent fiscal year, Supervisors attended BOD meeting and occasionally participated in discussion. No opposition has been made by Supervisors to any motions and company policies.</p>					

3.3.4 Attendance of Audit committee

There are 4 meetings of the Audit committee held in the period from January 1, 2017 to May 18, 2018. Independent directors' Attendance Condition was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate	Notes
Convener	Ta-Chou Huang	4	0	100.00%	-
Member	Chi Schive	4	0	100.00%	-
Member	Gordon S. Chen	4	0	100.00%	-

Other mentionable items:

1. Items listed in Article 14-5 of the Securities Exchange Act:

Meeting date	Items	Items listed in Article 14-5 of the Securities Exchange Act:	The resolution of the audit committee's and the Company's handling
2017/08/07	Audit report of 2017 second quarter.	V	All members present at the meeting agreed to pass the items and submitted it to the board of directors in which all attended directors the approved without objection.
	Acquisition and disposal of fixed assets	V	
	Report of endorsements / guarantees with affiliates	V	
	Report of acquisition or disposition of securities	V	
	Consolidated financial report of 2017 second quarter	V	
Revision of the Company's "Internal Control System" and "Internal Audit System and Implementation Rules"	V		
2017/11/06	Audit report of 2017 third quarter.		
	Acquisition and disposal of fixed assets	V	
	Report of endorsements / guarantees with affiliates	V	

	In order to raise working capital, the Company applied for credit from financial institutions.	V	
	2018 audit plan	V	
	Revision of the Company's "Internal Control System" and "Internal Audit System and Implementation Rules"	V	
2018/03/19	Audit report of 2017 fourth quarter.	V	
	Assessment the impact of International Financial Reporting Standards No. 16 "Leases" on the Company	V	
	Acquisition and disposal of fixed assets	V	
	Report of endorsements / guarantees with affiliates	V	
	In order to raise working capital, the Company applied for credit from financial institutions.	V	
	2017 consolidated financial report and individual financial report	V	
	2017 dividend distribution	V	
	Appointment of accountants auditing the financial statements for 2018	V	
	Approval to 2017 "Internal Control System Statement"	V	
	To amend the 2018 audit plan	V	
	To issue non-guaranteed overseas convertible bond up to USD 500 million.	V	
	To issue Cross Currency Swap for USD 500 million.	V	
2018/05/08	Audit report of 2018 first quarter.	V	
	Acquisition and disposal of fixed assets	V	
	Report of endorsements / guarantees with affiliates	V	
	In order to raise working capital, the Company applied for credit from financial institutions.	V	
	Report the company's 2017 annual business report	V	

There are no other matters that did not pass the audit committee and agreed by more than two-thirds of all directors.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:
None.

3. Communications with internal audit manager and CPA:

(1) Internal audit manager reports the plans and execution of audit works to Independent Directors every quarter and implement the instructions and follow-up of each independent director.

(2) CPA and accounting manager report financial and operation business to Independent Directors every quarter

Meeting date	Items
2017/08/07	Audit report of 2017 second quarter.
	Revision of the Company's "Internal Control System" and "Internal Audit System and Implementation Rules"
2017/11/06	Audit report of 2017 third quarter.

Meeting date	Items
	2018 audit plan
	Revision of the Company's "Internal Control System" and "Internal Audit System and Implementation Rules"
2018/03/19	Audit report of 2017 fourth quarter.
	Approval to 2017 "Internal Control System Statement"
	To amend the 2018 audit plan
2018/05/08	Audit report of 2018 first quarter.

The three independent directors of the Company gave us valuable opinions with no objections or reservations on all discussed matters. The directors' statements were all set out in the minutes of the Audit Committee meeting.

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

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

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>The Board members considered its member diversification and approved “strengthening the function of the Board” Section of “the Corporate Governance Codes”. The Company adopts candidate nomination system for the election of directors. In addition to the assessment of each candidate's education and experience, opinion of the stakeholder and full compliance with “the election rules for directors ” and “Corporate Governance Codes” are also considered.</p> <p>In the members of the 26th Board of Directors, except for one female member, there are members who have abilities of leadership, operation analysis, management, crisis management, industry knowledge and international view, such as Douglas Tong Hsu, Tsai Hsiung Chang, Johnny Shih, Peter Hsu, Kun Yen Lee, and Chen Kun Chang. Members who represent public welfare is Connie Hsu. C.V. Chen and Kwan-Tao Li specialize in legal matters. Ruey Long Chen served as Minister of Economy. Chin-Der Ou served as vice mayor of Taipei City. As for independent directors, Ta-Chou Huang Chi Schive, and Gordon S. Chen, they are expert in administrative management and financial matters. It is also</p>	None

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

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

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(4) Does the company regularly assess the independence of accountants?			<p>average score, and report to the Board of Directors.</p> <p>4. Implementation: At the beginning of each year, Secretarial Department will remind every Board’s member about items in the Self-Assessment Questionnaire and other issues, such as “recognition and discussion issues of the Board in accordance with law, "Quarterly meeting requirement of the Board", "rules regarding to conflicts of interests of Directors", "the minimum annual training hour of directors", and “to enhance attendance rate of board of directors and shareholders meeting”.</p> <p>Secretarial Department reviewed the Self-Assessment Questionnaire of the Board and calculated a weighted average score, and reported to the Board on May 23, 2017. The Procedures for Evaluating the Board of Directors’ Performance has been disclosed on the Company’s website.</p> <p>The Company appointed Li Wen Kuo and Yu Wei Fan of Deloitte & Touche to audit 2017 financial statements. The independence assessment of these two CPAs was based on Article 47 of the Accountants Law and related regulations. The result has been approved on</p>	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			March 19, 2018 and Marh 23, 2018 by the Audit Committee and Board of Directors. The Audit Committee and the Board of Directors meeting will regularly in March each year to assess the independence of CPAs.	
4. Does the company establish specialized units or dedicated members and personnel responsible for corporate governance affairs, as well as carrying out key actions and reporting statuses (e.g. : including but not limited to provide the information that board directors and supervisors request to perform their duties, ensuring the general affairs of board meetings and shareholders’ meetings are held in accordance with regulations, applying and changing of company registration, and taking meeting minutes for board meetings and shareholders’ meetings.)	V		<p>1. The secretarial Dept. serves as the secretary of the board of directors to promote corporate governance. Each member of the Secretarial Dept. has more than 20 years' working experience in the management of legal affairs and board affairs, and is supervised by the vice president.</p> <p>2. The main responsibilities are as follows:</p> <ul style="list-style-type: none"> ※ Develop company and organizational structure to promote the independence of the board of directors, transparency, corporate governance, and internal control. ※ Plan to convene the board of directors and its agenda at least prior 7 days before the meeting with sufficient meeting information to facilitate the directors to understand the contents of the relevant issues and conflict of interests in advance. ※ To registry the date of the shareholders' meeting every year, and to issue the meeting notice, annual report and handbook in both English and Chinese. The relevant documents shall be approved by the vice president and president. 	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			※ To survey the board’s performance evaluation and report to the board of directors annually.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company provides “Stakeholder Area” section of the Company’s website for the communication channel with shareholders and stakeholders with respect to any CSR issues. http://www.acc.com.tw/	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates stock agency, Oriental Security Corporation, to deal with shareholder affairs.	None
7. Information Disclosure				None
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company has set up a Chinese/English website (www.acc.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status.	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has assigned a spokesman or his deputy to handle information collection and disclosure. The Company will also convene the institutional investors’ conference upon request and post relevant information on MOPS and ACC website. Please refer to Section 3.3.5 8(2) Investor Relations of this Annual Report.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(1) Status of employee rights and employee wellness: Please refer to the “Section 5.5 Labor Relation” of this Annual Report.</p> <p>(2) Investor Relations: For the efficient communication between investors and the Company, in addition to the spokesman or his deputy, the Company specifies its Finance Department to serve as investor relation contact. Moreover, the Company will attend or hold investor conference if necessary. In order to ensure the information symmetry of disclosure, the Company will post relevant information and materials to MOPS and the Company's website.</p> <p>(3) Supplier relations: The Company regards our suppliers as partners. Except requiring good service, high quality, and reasonable prices to our suppliers, the Company also brings our construction contractors into its safety management system, and set up safety regulations for contractors, such as access control and issuing construction permission, and holds training courses to help contractors fulfill safety requirements.</p> <p>(4) Stakeholders’ Rights: For the transparency and timely disclosure of the Company, the information of</p>	None

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			<p>finance, business, and corporate governance could be accessed on the Company’s website and MOPS in both Chinese and English.</p> <p>(5) The training for directors: Please refer to section 3.3.8 for detail.</p> <p>(6) Risk managements and assessments: Based on the principles of “protecting assets, promote interests, reducing damages and ensuring sustainable development” of the Company, the Company forms its company organization with functions of risk management. Please refer to section 3.1.2 for detail. Besides of routine business goals, each departments of the Company would timely adjust to rapidly-changing world for risk management.</p> <p>(7) Customer policy: The Company serves its customers with the principles of “good service, high quality, and reasonable prices, and customer-oriented”. The Company will also meet all customers’ need by stringent quality control.</p> <p>(8) Responsibility insurance purchase for directors and supervisors: None. However, since some listed companies of the Far Eastern Group have purchased responsibility insurance for directors and</p>

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			supervisors, the Company will report this matter to the Board for decision-making.	
9. Base on the result of ”Corporate governance Evaluation” announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven’t been improved :	V		The Company was ranked 6%~20% in “the 2017 Corporate Governance Evaluation” by the TWSE. This year will focus on improving non-scoring items: Director's Liability Insurance and explicit dividend policy. The Company will hereby amend the Incorporation Article of the Company in 2018.	None

3.3.6 The Composition, Duty, and Implementation Status of the Remuneration Committee

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

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

*The term of the Remuneration Committee started on June 27, 2017.

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

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

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

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

2. Implementation Status of the Remuneration Committee

There are 4 members of the Remuneration Committee. Their terms of office start from June 27, 2017 to June 26, 2020. Totally, 2 meetings of the Remuneration Committee were held in the latest year. Members' attendance condition was as follows:

Position	Name	Attendance in Person	Attendance in Proxy	Attendance rate	Notes
Convener	Chi Schive	2	0	100	Incumbent
Member	L.Z. Dong	2	0	100	Incumbent
Member	S.Y. Su	2	0	100	Incumbent
Member	M.X. Lin	2	0	100	Incumbent
<p>Other mentionable items:</p> <ol style="list-style-type: none"> 1. If the board of directors declined to adopt, or modified a recommendation of the Remuneration Committee, please specify the date, term, content, resolution, and the Company's processing situations for Remuneration Committee's resolution: None. 2. If any objections or reservations expressed by any committee member in record or in written to Remuneration Committee's resolution, please specify the date, term, content, and the committee's processing situations for objections or reservations: None. 					

3.3.7 Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>1. Corporate Governance Implementation</p> <p>(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?</p>	V		<p>The Company enacted “Corporate Social Responsibility Policy” on Nov. 11, 2014 and published first CSR report on Dec. 2014. These have been disclosed on the Company’s website.</p> <p>The CSR Committee (operated by the Secretarial Department) will report to the Board on May and November about the implement status and review of the CSR policy. The Company also briefed to the shareholders' meeting held on June 27, 2017 on the CSR implement plans and its results which is disclosed in the Company's website and CSR Report .</p> <p>The performance and awards for the CSR report lists as following:</p> <ol style="list-style-type: none"> The Company is listed in “TWSE Corporate Governance 100 Index”. Grade B for Carbon Disclosure Project. The Company’s CSR Report was awarded “Top 50 Corporate Sustainability Report-Gold Award”, TCSA. The Company was awarded “Top 50 Corporate Sustainability Award - Comprehensive Performance”, TCSA. The Company is recognized as a constituent of the FTSE4Good TIP Taiwan ESG Index by Taiwan Index Company and FTSE Russell. Greening area of the quarry increased 2.8 hectares to 61.3 hectares totally with planting 4,337 trees. The Quarry's Green Sustainable Action Plan was awarded the “Asia Responsible Enterprise Awards” by the Enterprise Asia. Greenhouse gas reductions reached 18,601 MT of CO₂e. The Company was award “Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions” by the Industrial Development Bureau, MOEA. 	None

<p>(2) Does the company provide educational training on corporate social responsibility on a regular basis?</p>	<p>V</p>	<p>i. The Hsinchu and Hualien plant process water recovery rate exceeds 85%. j. Visitors for our Butterfly Garden the Ecological Park: 7,010 people. k. Promote after-school classes for Indigenous students and volunteers' reading program via video conferences. l. The Company provides household electricity subsidy and professional engineering teams for home improvement services adjacent to the quarry. m. The Company is rated as "Taiwan Top Salary 100 Index", TWSE. n. The Company conducted an employee satisfaction survey for the first time. The top three most satisfied items were: working environment and safety, team work, and working hours and benefits.</p> <p>Human Development Center of the Far Eastern Group regularly provides training for directors, supervisors, managers and staff about CSR topics * On July 13, 2017 and December 26, 2017, the Far East Enterprise Group Manpower Development Center held the "Directors' and Supervisors' Corporate Governance Workshop." * In April 2016, the E-learning course was promoted: CSR workplace ethics. * On April 26, 2017, Dr. Li Cuiping of the Department of Politics of Nation Chung Cheng University was invited to lecture "Corporate Social Responsibility in the environmental protection perspective." HR Department of the Company also irregularly provides CSR-related seminars. * New colleagues are asked to accept E-learning courses: CSR workplace ethics</p>	<p>None</p>
<p>(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?</p>	<p>V</p>	<p>CSR Committee established on Nov. 11, 2014 and is responsible for investigating and identifying CSR issues (operated by the Secretarial Department).</p> <p>The CSR Committee (operated by the Secretarial Department) will report to the Board on May and November about the implement status and review of the CSR policy. The Secretarial Department will report the effectiveness about CSR activity twice a year.</p>	<p>None</p>
<p>(4) Does the company declare a reasonable salary remuneration</p>	<p>V</p>	<p>Except for consideration of education, work experience, license or permits, and professional technology, the Company's salary remuneration policy will not discriminate any employee regardless of gender, age, race, religion, marital, and</p>	<p>None</p>

<p>policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?</p>		<p>family status.</p> <p>The Company has a fair and reasonable salary payment system, and participates in market salary surveys annually to ensure that the Company lists among the highest salaries range within the cement industry.</p> <p>The Company is rated as "Taiwan Top Salary 100 Index", TWSE in 2017. Both our Hsinchu and Hualian Plant have signed collective agreement with employees. The Company and the Labor Union received "Excellence Recognition for its collective agreement with employees" (Ministry of Labor).</p> <p>Employees' performances are reviewed based on their working performance, training achievements, and volunteer service according to the Company's employees working rule. There is a clear reward and punishment system. Please refer to "Human resources" and "Employee welfare" in our CSR report.</p>	
<p>2. Sustainable Environment Development</p> <p>(1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(2) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	<p>V</p> <p>V</p>	<p>For many years, the Company is devoted to enhance its utilization efficiency of resources and to use renewable materials, such as slag and gypsum from steelworks and power plants. This can greatly reduce the need for natural resources.</p> <p>In November 1996, the Hualien plant of the Company became one of the first organizations in Taiwan to receive ISO-14001 certification. This management system was completed by the Hualien plant personnel itself based on the Plant's good practice on environmental protection, and this has turned the Plant into a role model of Eco-friendly cement manufacturer.</p>	<p>None</p> <p>None</p>

		<p>“Principles for Ethical Management”, the Board enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted “Complainant rules for employees”.</p> <p>According to the above rules, the Company will treat all complaint confidentially and protect whistleblowers. The identification informants of whistleblowers will be kept confidential. The Company will also ensure that whistleblowers won’t be revenged because of reporting improper issues. Alleged violator has the right to appeal to the investigation team while investigation will be made by the HR Committee if necessary.</p> <p>Employees could also file a complaint via the Labor Union.</p> <p>There is no complaint brought to us in 2017.</p> <p>Above mentioned rules are disclosed on the Company’s website.</p>	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V	Please refer to Section 5.5 “Labor Relation” for detail.	None
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V	<p>Managers of each department and plants of the Company attend managerial meeting weekly and monthly. Each department also hold regular meeting for employees to attain and participate in company’s operation and decision-making. The Company also regularly organized meeting with labor representatives. This will allow employees to understand any significant impact on the changes of operation.</p> <p>* In 2003, in response to Hsinchu plant's mining rights expired, there was a need for layoffs. The company informed the union representatives in detail and the incident eventually ended in peace. The fundamental reason is that the Company faithfully notifies employees of operational changes that may have a significant impact.</p> <p>* In 2018, the Hsinchu plant struggling over 15 years had to lay off again due to the high cost of raw materials. This layoff has not caused any controversy.</p>	None

<p>(5) Does the company provide its employees with career development and training sessions?</p>	<p>V</p>	<p>On May, 2014, the Company was awarded “Excellence Recognition for its collective agreement with employees” by the Ministry of Labor. For employees’ career development and training sessions, in addition to relevant management skills, the Company provides systematic training courses to strengthen the employees’ abilities and enhance the competitiveness of both employees and corporation. Recently, the Company cooperates with Yuan Ze University to conducts employee career development training programs for a 2-years period. Please refer to our CSR report for more information.</p>	<p>None</p>
<p>(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?</p>	<p>V</p>	<p>The Company serves our customers with the principles of “customer-oriented good service, high quality, and reasonable prices”. To protect consumers’ rights, the Company sets up consumer services to manage consumers’ complaints from domestic and oversea clients. The Hsinchu and Hualien plants will manage our product quality to meet all customers’ need. Domestic and Foreign Sale Departments have set up "management practices for customer satisfaction" which establishes an effective communication channel for our clients.</p>	<p>None</p>
<p>(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?</p>	<p>V</p>	<p>The Company has set up a standard operation procedure dealing with customers’ complaint and protects consumers’ health and safety. Besides, the Company will keep the transparency of information to meet customers’ need while consumers’ personal information will be kept security according to Personal Information Protection Act. All products and services of the Company are advertised and labeled according to relevant regulations and international standards. Asia Cement received CNS Mark for Portland Cement (Type 1) since Sep. 22, 1961. Thus, the Company received "Special Honor for CNS Mark" for using CNS Mark more than 50 years on Oct. 2011. The trademark of “Skyscraper Cement” of the Company is registered pursuant to the Trademark Law. All authorized uses of “Skyscraper Cement” to our subsidiaries in China are approved by China’s Trademark Office of the State Administration for Industry and Commerce.</p>	<p>None</p>

<p>(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?</p>	<p>V</p>	<p>Our Purchasing Department has "supplier evaluation procedures". Suppliers certified with ISO-9000, CNS marks, or other quality inspection mark will be rated as excellent suppliers. Furthermore, the Purchasing Department will assess the past impact of the supplier on CSR issues, such as ethics behaviors, legal compliance, matters relating to the health and security. This would be important basis for contractor selection. Please refer to Section 3.3.5 "Supplier relations" for detail.</p>	<p>None</p>
<p>(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?</p>	<p>V</p>	<p>Upon the signing of any contract, the Company will require every supplier to follow labor laws, avoid environmental hazards, and commit to CSR policy. Whenever violation occurs, the Company has the right to terminate the contract. Please refer to our CSR report for more information.</p>	<p>None</p>
<p>4. Enhancing Information Disclosure Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?</p>	<p>V</p>	<p>The Company will disclose CSR-relevant information on our web site and MOPS. We also utilize investor conference, shareholders meeting, investor relations, hearings, conferences with government representatives to achieve close engagement with all stakeholders. Our CSR report has been published both on our website and MOPS. We wish this will be helpful for every stakeholder to understand our commitments to all sustainability issues.</p>	<p>None</p>
<p>5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles</p>			

for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.

6. Other important information to facilitate better understanding of the company’s corporate social responsibility practices :
Please refer to Section 5.4 “Expenditures on Environmental Protection” of this annual report and our CSR report for more information.
Please refer to our CSR report for more information.

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions:
The Company’s CSR report was prepared in accordance with the GRI Standards and verified by SGS Taiwan Limited in accordance with AA 1000 Assurance Standard.

3.3.8 Implementation Status of Ethical Management

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

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>procedures and Guidelines for Ethical Management”. It clearly expresses all kinds of bad faith conducts, preventions, and punishments for violators.</p> <p>In order to implement the Company's “Codes of Ethical Conduct” and “Principles for Ethical Management”, the Board enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted “Complainant rules for employees”.</p> <p>Above mentioned rules are disclosed on the Company’s website (http://www.acc.com.tw/).</p> <p>The Company establish precautions for directors, supervisors, managers, employees for preventing high-potential unethical conducts:</p> <ol style="list-style-type: none"> a. Set a standard distinguishing improper benefits, b. Set procedures for political donations, c. Set procedures for charity donations or sponsorship, d. Set reporting and handling procedures to avoid job-related conflicts of interest, e. Set an information firewall to prevent sensitive information or undisclosed information and to prevent the use of the non-disclosed 	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>information in insider trading,</p> <p>f. Set working procedures dealing with dishonest actions involved by suppliers, customers, and trading partners and others,</p> <p>g. Set working procedures dealing with violators of Principles for Ethical Management,</p> <p>h. Set punishment for violators and reward for whistleblowers.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p>	V		<p>All suppliers of the Company signed "Codes of Conduct and Commitment Statement for Suppliers". We will review, rate, and eliminate our suppliers based on past evaluation records and their implementations of CSR affairs.</p> <p>For fully implementation, the Purchasing Department has urged all suppliers to comply with our “Codes of Ethical Conduct” and “Principles for Ethical Management”. The Purchasing Department will include this item into commercial terms.</p>	None
<p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?</p>	V		<p>The HR Department is responsible for formulating policy and supervising ethical management for the Company. It will report the implementation status to the Board on a regular basis.</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>In addition to report implementation status of ethical management to the Board, the HR Department will also report to independent directors.</p> <p>The Company provides that no manager shall engage in any affairs with conflicts of interest to the Company unless otherwise released restriction by the Board and the shareholders’ Meeting.</p> <p>All members of our Board of Directors are highly disciplined. Once there are conflicts of interests, such member will not participate in discussion and voting of the issue according to relevant regulation and keep it in the meeting minutes.</p> <p>The Company also has standard procedures for employees to report any potential conflicts of interests.</p>	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		<p>The Company has a strict accounting system and dedicated accounting department. For ensuring accuracy and transparency, all financial statements are audited or reviewed by Deloitte & Touche in accordance with relevant regulation. In order to implement “Regulations Governing Establishment of Internal Control Systems by Public Companies”</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		<p>and "Principles for Ethical Management", the Company has set up the Auditing Department which established its internal control system. And the Audit Department will regularly review and revise the internal control system. In addition, the Audit Department will develop and implement its annual internal audit plan in accordance with risk assessment.</p> <p>To establish corporate culture of ethical management and prevent unethical behaviors, the Company holds internal training sections for employees understanding our commitment to ethical management and policies.</p> <p>Our “Codes of Ethical Conduct”, “Principles for Ethical Management”, and relevant regulations have been posted on the Company's website and internal bulletin board.</p>	None
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Board of Directors enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted “Complainant rules for employees” on May 13, 2015. Alleged violator has the right to appeal to the investigation team while investigation hearing could be made if	None
(2) Does the company establish standard operating	V			

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>necessary.</p> <p>According to the above rules, the Company will treat all complaint confidentially and protect whistleblowers. The identification informants of whistleblowers will be kept confidential. The Company will also ensure that whistleblowers won't be revenged because of reporting improper issues.</p> <p>Above mentioned rules are disclosed on the Company's website.</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	V		<p>Our “Codes of Ethical Conduct”, “Principles for Ethical Management”, and relevant regulations have been posted on the Company's website and internal bulletin board.</p> <p>The Company has designated employees responsible for disclosing relevant information on MOPS and the Company's website (http://www.acc.com.tw).</p> <p>Since the adoption of Principles for Ethical Management, there is no violation needed to be</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			disclosed.	
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>No Discrepancies.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>The Company treats its employees and business partners with the highest standards of ethical conducts. Any bribery or unethical conducts made by its employees or suppliers will be punished, such as disposition, rejection of transaction, or legal prosecution.</p>				

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

3.3.9 The Training for Directors

Name	Date	Organizer	Course Title and Lecturer	Hours
<u>Directors</u> Douglas Tong Hsu Tsai Hsiung Chang Johnny Shih Kun Yen Lee Connie Hsu Kwan-Tao Li Champion Lee Chin-Der Ou <u>Independent Directors</u> Ta-Chou Huang Chi Schive Gordon S.Chen	Jul.13,2017	Taiwan Academy of Banking and Finance	Board Operations Practice and Corporate Governance Workshop	3
<u>Directors</u> Douglas Tong Hsu Tsai Hsiung Chang Johnny Shih Peter Hsu Kun Yen Lee Connie Hsu Champion Lee Chin-Der Ou Kwan-Tao Li <u>Independent Directors</u> Ta-Chou Huang Gordon S.Chen	Dec.26,2017	Taiwan Academy of Banking and Finance	Board Operations Practice and Corporate Governance Workshop	3
<u>Directors</u> Peter Hsu	Jul.28,2017	Corporate Governance Association	Corporate Governance and Directors' Duties and Obligations Under the Securities Exchange Act	3
<u>Directors</u> C.V.Chen	Sep.15,2017	Corporate Governance Association	Notice for Anti-tax avoidance and anti-money laundering	3
<u>Directors</u> C.V.Chen	Nov.9,2017	Corporate Governance Association	Analysis of the New Tax Reform System	3
<u>Directors</u> Ruey Long Chen	Mar.15,2017	Corporate Governance Association	Introduction to the draft amendment to the company law	1.5
<u>Directors</u> Ruey Long Chen	Jul.26,2017	Corporate Governance Association	The legal responsibility of the directors and supervisors of mergers and acquisitions	1.5
<u>Directors</u> Ruey Long Chen	Aug.4,2017	Corporate Governance Association	Case Sharing for Knowledge Management	1.5
<u>Directors</u> Ruey Long Chen	Aug.9,2017	Corporate Governance Association	Corporate Governance and Criminal Risk Management	1.5
<u>Directors</u> Ruey Long Chen	Aug.14,2017	Corporate Governance Association	An Analysis of the Taxation of Dividend Income and the Integration of the Two Taxes	1.5
<u>Directors</u> Ruey Long Chen	Nov.9,2017 Nov.10,2017	Corporate Governance Association	Analysis of the New Tax Reform System	3
<u>Independent Directors</u>	Sep.15,2017	Corporate Governance Association	Notice for Anti-tax avoidance and	3

Vice President Senior Assistant Vice President Assistant Vice President Special Assistant Manage	C.M.Chen T.L. Yu C.P.Sue T.M.Chen Manfred Wang				
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3.3.11 the Execution Status of Internal Control System

Asia Cement Corporation Statement of Internal Control System

Date: March 23, 2018

Asia Cement Corporation (ACC) has conducted a self-inspection of internal control system during 2017. The results are as follows:

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

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

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

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

Based on the findings of the evaluation mentioned in the preceding paragraph, ACC believes that as at December 31, 2017 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, transparency, and regulatory compliance of reporting , and the compliance with applicable laws and regulations, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

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

This statement has been approved by ACC Board of Directors at the meeting of March 23, 2018 with 15 directors in presence and none disagreement with the content of this statement.

Asia Cement Corporation

Chairman: Douglas Tong Hsu

President: K.Y. Lee

3.3.12 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major resolution of 2017 Regular Shareholders' Meeting

Date	Major resolutions
2017/06/27	<ol style="list-style-type: none"> 1. Acceptance of 2016 financial statements and consolidated financial statements 2. Acceptance of the proposal for distribution of 2016 profits. 3. Amendment to “Articles of Incorporation of Asia Cement Corporation”. 4. Amendment to “Election Rules for Directors and Supervisors” 5. Amendment to “Procedure for Acquisition and Disposal of Assets”, “Procedure for Making Endorsements and Guarantees”, and “Procedure for Loan to Others”. 6. To Elect Directors and Independent Directors. 7. Proposal for Release the Prohibition on Directors from Participation in Competitive Business.
Execution Status	<p>Major resolutions of the Shareholders' meeting have been fully implemented.</p> <ol style="list-style-type: none"> 1. The record date for distribution of 2016 profits was Sep. 5, 2017. Cash dividends have been distributed on September 27, 2017. 2. Amendment to “Articles of Incorporation” and the election of Directors and Independent Directors have been approved by MOEA on July 26, 2017 3. Relevant amendments have been disclosed on our website.

2. Major Resolutions of the Board of Directors

Totally 9 meetings of the Board of Directors were held in the period from Jan. 1, 2017 to May 11, 2018. Directors have no opposition to major resolutions in this period.

Regarding the items listed in Article 14(3) of the Securities Exchange Act, all attended independent directors approved without disagreement.

Date	Major resolutions
2017/02/22	<ol style="list-style-type: none"> 1. To discuss the possibility that the Company mandate Pre-Conditional Share/Right Purchase Agreement with the shareholders/beneficiaries of CSI to acquire Shanshui Cement' shares.
2017/03/07	<ol style="list-style-type: none"> 1. To approve Pre-Conditional Share/Right Purchase Agreement with the shareholders/beneficiaries of CSI to acquire Shanshui Cement' shares.
2017/03/23	<ol style="list-style-type: none"> 1. Acceptance of the 2016 employees' compensation and Directors' and Supervisors' remuneration. 2. Acceptance of 2016 financial statements and consolidated financial statements. 3. Acceptance of the proposal for distribution of 2016 profits. 4. Acceptance of 2017 business budget. 5. Acceptance of 2017 CPA service fee of Deloitte & Touche. 6. Proposal to Elect Directors and Independent Directors. 7. To convene 2017 regular shareholders' meeting. 8. Proposal for Release the Prohibition on Directors from Participation in Competitive Business. 9. Acceptance to issue 2016 Statement of Internal Control System. 10. To issue non-guaranteed bond up to NT\$ 10 billion. 11. To issue non-guaranteed overseas convertible bond up to USD 400 million. 12. To issue Cross Currency Swap for USD 400 million. 13. Amendment to “Articles of Incorporation of Asia Cement Corporation” 14. Amendment to “the Working Procedures for the Acquisition and Disposal of Assets”. 15. Amendment to “the Procedure for Making Endorsements and Guarantees”

	<ul style="list-style-type: none"> 16. Amendment to “the Procedure for Loans of Funds to Others” 17. Amendment to relevant rules and procedures for the Company’s establishment of an Audit Committee to replace the Supervisors. 18. To donate NT \$5,000,000 to the Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation.
2017/05/11	<ul style="list-style-type: none"> 1. Acceptance of 2016 Business Report. 2. Acceptance of the review for the candidates of directors and independent directors. 3. Amendment to “the Working Procedures for the Acquisition and Disposal of Assets”.
2017/06/27	<ul style="list-style-type: none"> 1. Douglas Dong Hsu was elected as the chairman of the 26th Board of Directors. 2. The appointment of independent directors Chi Schive (convener), L.Z. Dong, S.Y. Su, M.X. Lin as the members of the Company Remuneration Committee.
2017/08/10	<ul style="list-style-type: none"> 1. To decide the date for distribution of cash dividends and the closing date for stock transference. 2. Amendment to the "internal control system" and "its implementation byrules". 3. Amendment to the “Meeting Rules of Board of Directors” and “Organizational Rules of the Audit Committee” of the Company 4. Amended the company's “the Procedure Dealing with Internal Material Information”.
2017/11/08	<ul style="list-style-type: none"> 1. To accept 2018 audit plan. 2. Amendment to the "internal control system" and "its implementation byrules”.
2018/03/23	<ul style="list-style-type: none"> 1. Acceptance of the 2017 employees’ compensation and Directors’ and Supervisors’ remuneration. 2. Acceptance of 2017 financial statements and consolidated financial statements. 3. Acceptance of the proposal for distribution of 2017 profits. 4. Acceptance of 2018 business budget. 5. Acceptance of 2018 CPA service of Deloitte & Touche. 6. To convene 2018 regular shareholders' meeting. 7. Acceptance to issue 2017 Statement of Internal Control System. 8. To modify 2018 audit plan. 9. To issue non-guaranteed overseas convertible bond up to USD 500 million. 10. To issue Cross Currency Swap for USD 500 million. 11. Amendment to “Articles of Incorporation of Asia Cement Corporation”.
2018/05/11	<ul style="list-style-type: none"> 1. To approve 2017 Business Report.

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

©The Board of Director approved “the Procedure Dealing with Internal Material Information of Asia Cement Corporation” on December 21, 2009 and modified on August 10, 2017. This Procedure has been posted on the Company’s electronic bulletin board.

3.4 Information of CPA Service Fee

1. Information of CPA service fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee				Subtotal	Audit period
			System design	Business Registration	Human Resource	Other (Note)		
Deloitte & Touche	L.W. Kuo	7,200	0	10	0	1,150	1,160	01/01/2017-12/31/2017
	Y. W. Fan							

Note: Service fees mainly for tax consulting.

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

3.5 Relevant licenses and certificates obtained about transparent financial information

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

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

1. Changes in Shareholdings:

Title	Name	Shareholding on Dec. 31, 2016		Shareholding on Apr. 29, 2017	
		Changes of Shares	Changes of Shares Pledged	Changes of Shares	Changes of Shares Pledged
Chairman	Douglas Tong Hsu	—	—	—	—
Director	Far Eastern New Century Corporation ¹	—	—	—	—
	T.H. Chang	—	—	—	—
	Johnny Shih	—	—	—	—
	C.V. Chen	—	—	—	—
Director	Bai-Yang Investment Holdings Corporation	—	—	—	—
	Chin-Der Ou	—	—	—	—
Director	U-Ding Corporation	—	—	—	—
	K.Y. Lee	—	—	—	—
Director	Far Eastern Y.Z. Hsu Science And Technology Memorial Foundation	1,399,000	—	—	—
	Peter Hsu	—	—	—	—
	C.K. Chang	—	—	—	—
Director	Ta Chu Chemical Fiber Co.,Ltd	—	—	—	—
	Ruey Long Chen	—	—	—	—
Director	Huey Kang Investment Corporation	—	—	—	—
	Connie Hsu ²	(9,000,000)	—	—	—
Director	Far Eastern Medical Foundation Champion Lee	—	—	—	—
Director	U-Ming Corporation K.T. Li	—	—	—	—
Independent Director	Ta-Chou Huang	—	—	—	—
Independent Director	Chi Schive	—	—	—	—
Independent Director	Gordon S. Chen	—	—	—	—
Supervisor	Far Eastern Medical Foundation	—	—	—	—
	Champion Lee	—	—	—	—

¹ The majority shareholder with holding more than 10% share of the Company.

² The decrease is due to the adoption of stock trust.

Title	Name	Shareholding on Dec. 31, 2016		Shareholding on Apr. 29, 2017	
		Changes of Shares	Changes of Shares Pledged	Changes of Shares	Changes of Shares Pledged
		—	—	—	—
Supervisor	Bai-Yang Investment Holdings Corporation	—	—	—	—
	Chin-Der Ou	—	—	—	—
	T.Y. Tung.	—	—	—	—
Supervisor	U-Ming Corporation	—	—	—	—
	K.T. Li	—	—	—	—
President	K.Y. Lee	—	—	—	—
Chief Executive Vice President	Y.F. Chang	—	—	—	—
Vice President	Doris Wu	—	—	—	—
Vice President	C.M. Chen	—	—	—	—
Vice President	W.K. Chou	—	—	—	—
General Plant Manager	Z.P. Chang	—	—	—	—
Plant Manager	Z.H. Qiu	—	—	—	—
Assistant Vice President	C.P. Sue	—	—	—	—
Assistant Vice President	T.L. Yu	—	—	—	—
Deputy Chief Auditor	W.H. Yeh	—	—	—	—
Manager	Manfred Wang	—	—	—	—
Special Assistant	T.M. Chen	—	—	—	—
Accounting Manager	Nancy Kao	—	—	—	—

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

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

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

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Far Eastern Medical Foundation Representative: Douglas Tong Hsu	181,566,797	5.40%	0	0%	0	0%	Far Eastern New Century Corporation	The Same Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	The Same Chairman
			0	0%	0	0%	Yuan-Ze University	The Same Chairman
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of the Foundation
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
China Life Insurance Co., Ltd. Representative: Alan Wang	51,193,172	1.52%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Labor Pension Fund Committee of Far Eastern New Century Corporation	50,835,049	1.51%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Shin Kong Life Insurance Co., Ltd. Representative: Wu Tung Chin	50,494,591	1.50%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
			0	0%	0	0%	Far Eastern Memory Foundation	Non-related party
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Far Eastern Department Stores Co., Ltd. Representative: Douglas Tong Hsu	50,000,492	1.49%	0	0%	0	0%	Far Eastern New Century Corporation	The Same Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	The Same Chairman
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Yuan-Ze University	The Same Chairman
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of the Foundation

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Yuan-Ze University Representative: Douglas Tong Hsu	47,499,567	1.41%	0	0%	0	0%	Far Eastern New Century Corporation	The Same Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	The Same Chairman
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	The Same Chairman
			0	0%	0	0%	Far Eastern Memory Foundation	Chairman is the Director of the Foundation
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Far Eastern Memory Foundation Representative: Chu Shu-hsun	44,115,478	1.31	0	0%	0	0%	Far Eastern New Century Corporation	Director of the Foundation is the Chairman
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Director of the Foundation is the Chairman
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party

Name	Shares Held		Shares of Spouse & Minor		Total Shareholding Held In The Name of Others		The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship	
	Shares	%	Shares	%	Shares	%	Name	Relation
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Director of the Foundation is the Chairman
			0	0%	0	0%	Yuan-Ze University	Director of the Foundation is the Chairman
			0	0%	0	0%	Yu Yuan Investment Co., Ltd	Non-related party
Yu Yuan Investment Co., Ltd Representative: C.M. Chen	43,268,479	1.29%	0	0%	0	0%	Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Fubon Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Medical Foundation	Non-related party
			0	0%	0	0%	China Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Labor Pension Fund Committee of Far Eastern New Century Corporation	Non-related party
			0	0%	0	0%	Shin Kong Life Insurance Co., Ltd.	Non-related party
			0	0%	0	0%	Far Eastern Department Stores Co., Ltd.	Non-related party
			0	0%	0	0%	Yuan-Ze University	Non-related party
0	0%	0	0%	Far Eastern Memory Foundation	Non-related party			



3.8 Shareholding Proportion of ACC to Investees

Shareholding Proportion of ACC to Investees

Dec. 31, 2017

Investees	Investments by ACC		Investments by Directors, Supervisors, Managers and Directly or Indirectly Controlled Businesses		Total Investments	
	Shares	%	Shares	%	Shares	%
Asia Investment Corp.	208,487,884	100.00%	-	0.00%	208,487,884	100.00%
Sunrise Industrial Holdings Ltd.	90,000	100.00%	-	0.00%	90,000	100.00%
Yuan Long Stainless Steel Corp.	200,000,000	100.00%	-	0.00%	200,000,000	100.00%
Der Ching Investment Corp.	595,576,603	99.99%	25,326	0.00%	595,601,929	99.99%
Ya Tung Ready-Mixed Concrete Corp.	157,492,851	99.99%	6,839	0.00%	157,499,690	99.99%
Nan Hwa Cement Corp.	26,128,171	99.94%	12,396	0.05%	26,140,567	99.99%
Asia Cement (Singapore) Pte. Ltd.	10,495,495	99.96%	2	0.00%	10,495,497	99.96%
Fu Ming Transportation Co., Ltd.	29,517,188	99.82%	39,944	0.14%	29,557,132	99.96%
Asia Engineering Enterprise Corp.	7,970,703	98.23%	123,243	1.52%	8,093,946	99.75%
FEDS Development Ltd.	53,250,000	25.00%	149,100,000	70.00%	202,350,000	95.00%
Yuan Ding Co., Ltd.	178,707,648	35.50%	259,921,774	51.62%	438,629,422	87.12%
Ya Li Precast and Prestressed Concrete Industries Corp.	16,241,083	83.81%	14,366	0.08%	16,255,449	83.89%
Asia Cement (China) Holdings Corp.	1,061,209,202	67.73%	72,024,298	4.60%	1,133,233,500	72.33%
Chiahui Power Corp.	280,093,521	59.59%	1,100,069	0.24%	281,193,590	59.83%
Ya Li Transportation Corp.	5,100,000	51.00%	60,817	0.61%	5,160,817	51.61%
Everstrong Iron & Steel Foundry Ltd.	3,199,823	40.40%	660,000	8.34%	3,859,823	48.74%
Yuan Ding Leasing Corp..	34,640,189	43.60%	-	0.00%	34,640,189	43.60%
U-Ming Marine Transport Corp.	331,701,152	39.25%	20,523,219	2.43%	352,224,371	41.68%
Oriental Securities Corp..	135,092,154	18.93%	144,591,810	20.26%	279,683,964	39.19%
Far Eastern New Century Corp.	1,272,277,085	23.77%	548,565,442	10.25%	1,820,842,527	34.02%
Yue Yuan Investment Corp.	155,000,803	29.92%	515,024	0.10%	155,515,827	30.02%

IV Capital Formation

4.1 Capital and Shares

4.1.1 Capital Increase in the Past Five Years

As of May 2, 2018

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

4.1.2 Capital

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

4.1.3 Shelf Registration : None

4.1.4 Shareholder Structure

As of May 2, 2018

Structure Amount	Governments	Financial Institutions	Other Institutional Investors	Domestic Individual Investors	Foreign Institutions & Individuals	Total
Number of Shareholders	10	48	333	83,892	664	84,947
Number of shares	67,797,392	415,462,393	1,588,257,102	607,983,971	681,946,340	3,361,447,198
Shareholding Percentage	2.02%	12.36%	47.25%	18.09%	20.29%	100.00%

Note: No foreign institutions and individuals from China Area.

4.1.5 Shareholding Distribution Status

As of May 2, 2018

Class of Shareholding (Unit: Share)	Number of shareholders	Number of shares	Holding Percentage
1-999	34,148	8,296,058	0.25%
1,000-5,000	33,950	75,159,063	2.24%
5,001-10,000	7,432	54,750,992	1.63%
10,001-15,000	2,999	36,634,562	1.09%
15,001-20,000	1,499	26,719,798	0.79%
20,001-30,000	1,613	39,685,606	1.18%
30,001-40,000	767	26,709,706	0.79%
40,001-50,000	497	22,599,698	0.67%
50,001-100,000	892	62,629,743	1.86%
100,001-200,000	489	68,422,028	2.04%
200,001-400,000	280	77,526,990	2.31%
400,001-600,000	90	44,720,376	1.33%
600,001-800,000	43	29,750,521	0.89%
800,001-1,000,000	22	19,964,275	0.59%
Over 1,000,001	206	2,767,877,782	82.34%
Total	84,927	3,361,447,198	100%

Preferred Share

As of May 2, 2018

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

4.1.6 List of Major Shareholders

As of May 2, 2018

Major Shareholder	Shares	Number of Shares	Holding Percentage
Far Eastern New Century Corporation		750,511,324	22.33%
Fubon Life Insurance Co., Ltd.		212,040,069	6.31%
Far Eastern Medical Foundation		181,566,797	5.40%
China Life Insurance Co., Ltd.		51,193,172	1.52%
Labor Pension Fund Committee of Far Eastern New Century Corporation		50,835,049	1.51%
Shin Kong Life Insurance Co., Ltd.		50,494,591	1.50%
Far Eastern Department Stores Co., Ltd.		50,000,492	1.49%
Yuan-Ze University		47,499,567	1.41%
Far Eastern Memory Foundation		44,115,478	1.31%
Yu Yuan Investment Co., Ltd		43,268,479	1.29%
Total		1,481,525,018	44.07%

4.1.7 Market Price, Net Value, Earnings and Dividends per Share

Unit: NT\$

Item		Year		
		2016	2017	
Market Price Per Share	Highest	31.15	32.00	
	Lowest	23.00	25.50	
	Average	27.52	27.74	
Net Value Per Share	Before Distribution	36.49	37.91	
	After Distribution	35.59	(Note)	
Earnings Per Share	Weighted Average shares (in thousand)	3,139,998	3,139,297	
	Earnings Per Share	1.26	1.74	
Dividends Per Share	Cash Dividends	0.90	1.2(Note)	
	Stock Dividend	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Unpaid Dividends	-	-	
Return on Investment	Price-Earnings Ratio	21.84	15.94	
	Price-Dividend Ratio	30.58	23.12	
	Cash Dividend Yield Rate	3.27%	4.33%	

Note: Being resolved by the 2018 Shareholders' Meeting.

4.1.8 Dividend Policy & Implementation Status

1. Dividend Policy

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 dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio set forth in these Articles of Incorporation aimed to maintain the stability of dividend distributions. Unless saving for the purposes of improving the financial structure, reinvestments, capacity expansion or other capital expenditures in which capital is required, when distributing dividends, the dividend payout ratio each fiscal year shall be no less than 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; the cash dividend shall not be less than 10% of the shareholders' dividend distributed in the same year.

2. Implementation Status

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

Year	Cash Dividend	Ratio of Total Dividend	Stock dividend	Ratio of Total Dividend	Total dividend
2013	NT \$1.8	90%	NT \$0.2	10%	NT \$2.0
2014	NT \$2.2	100%	NT \$0	0%	NT \$2.2
2015	NT \$1.1	100%	NT \$0	0%	NT \$1.1
2016	NT \$0.9	100%	NT \$0	0%	NT \$0.9
2017 (Proposed)	NT \$1.2	100%	NT \$0	0%	NT \$1.2

The net income after tax for FY2017 was NT\$ 5,469,007,104. After the appropriation of Legal Reserve and Special Reserve, NT\$ 3,978,918,535 is left. Even under the lackluster business environment, the Company still insists on stable payout, and the Board has proposed a cash dividend of NT\$ 1.2 per share, which is summed up to NT\$ 4,033,736,638 in total, more than the amount after reserve.

4.1.9 Effects on Business Performance and EPS Resulting From Stock Dividend Distribution

Unit: NT\$

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\$1.20
	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		//
Pro Forma EPS & P/E Ratio	Average Return on Investment (%) (Reciprocal of Average 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.

4.1.10 Employees' Compensation and Directors' and Supervisors' Remuneration

1. The percentages or ranges with respect to employees' compensation and directors' remuneration as set forth in the Asia Cement Corporation's Articles of Incorporation: Pursuant to the Articles of Incorporation for distribution 2%~3.5% as employees' compensation and distribution less than 2.5% as directors' remuneration base on the profit of the current year.
2. (1)The basis for estimating the amount of employees' compensation and directors' remuneration: Distribution 2%~3.5% as employees' compensation and less than 2.5% as directors' remuneration shall be based on the profit before income tax of the current year.
(2)The number of shares to be distributed as employees' compensation: NA
(3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period: the difference would be regarded as accounting estimation adjustment and recognized as the profit and loss of 2018.
3. Information on resolved by the Board of Directors on March 23, 2017 for distribution of compensation:
 - (1) The amount of any compensation distributed in cash or stocks: Employees' cash compensation is NT\$ 147,850,000. Directors' cash remuneration is NT\$ 130,120,000.
 - (2) If there is any discrepancy between that amount and the estimated are recognized for the fiscal year shall be disclosed the discrepancy amount, its cause, and the status of treatment: No discrepancy.
 - (3) The amount of any employees' compensation distributed in stocks, and the amount as a percentage of the sum of profit after income tax base on the separated financial report and total employees' compensation: N.A.
4. The actual distribution compensation of employees' compensation and directors' and supervisors' remuneration for the previous fiscal year (with an indication of the number of shares, amount and stock price of the shares distributed), and if there is any discrepancy between the actual distribution and the recognized employees' compensation and directors' and supervisors' remuneration shall be disclosed the discrepancy, its cause, and the status of treatment:

The Board of Directors resolved on March 23, 2017 to distribute employees' compensation NT\$ 97,237,631 and directors' and supervisors' remuneration NT\$ 86,747,024 which were recognized by the Shareholders' Meeting. The employees' compensation and directors' and supervisors' remuneration was fully distributed and no discrepancy with 2016 separate financial report ◦

- ◎Buyback of Treasury Stock: None.
- ◎Preferred Stock: None.
- ◎Employee Stock Option: None.
- ◎Restricted Stock Awards for employees: None.
- ◎Merger or acquisition of other company' share to issue new share: None.

4.2 Summary of Corporate Bonds

4.2.1 Issued Corporate Bonds

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

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

4.2.2 Issued Exchangeable Bonds and Convertible Bonds

Type of Bonds Issued		2nd Overseas Unsecured Convertible Bonds						
Item	Year	Launch Date	2013	2014	2015	2016 ^{Note1}	2017	From the current year to March. 31, 2018
	Market Price of Convertible Bonds(US\$)	Highest	100	105.71	108.12	104.68	101.10	100.16
Lowest		100	98.10	101.27	98.08	98.61	98.73	99.28
Average		100	101.52	103.83	100.50	99.70	99.49	99.60
Conversion Price/Share		48	44.7	42	39.28	37.85	36.6 ^{Note2}	36.6
Issuing (handling) date and conversion price in issuing		Issued on May. 13, 2013 NT\$48/share						
Method of performing conversion obligations		Issuance of new shares						

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

Note2: Pursuant to the Indenture, the conversion price of the bonds had been adjusted to NT\$36.6/Share since September 6, 2017 as ACC distributed cash dividends and stock dividends.

4.3 Summary of Issued GDR

5. Issue Date		Jun. 23, 1992	Sep. 13, 1996	Jan. 23, 2007	Mar. 25, 2008
Issuance & Listing		London Stock Exchange			
Total Amount (US\$)		66,002,750	60,000,010.77	83,209,951.46	61,355,000
Issuing Price per GDR (US\$)		27.50	19.67	9.905946602	17.53
Number of GDR Issued		2,400,100	3,050,331	8,400,000	3,500,000
Underlying Securities		ACC Common Shares held by Far Eastern New Century Corporation	ACC Common Shares held by Far Eastern New Century Corporation	ACC Common Shares held by Yuang Ding Investment Corporation	ACC Common Shares held by Far Eastern General Contractor Co., Ltd. and Far Eastern Construction Co., Ltd.
Common Shares Represented (shares)		24,001,000	30,503,310	84,000,000	35,000,000
Right & Obligation of GDR Holders		Same as Common Shareholders			
Trustee		Not Applicable			
Depository Bank		BNY Mellon			
Custodian		Far Eastern International Bank			
Outstanding		55,779 (As of March 31, 2018)			
Apportionment of Expenses for Issuance & Maintenance		All expenses related to issuance and maintenance is undertaken by FENC and ACC respectively.			
Major Commitment of Depository Agreement & Custody Agreement		GDR holders are allowed to vote on a given agenda only when over 51% of them reach consensus.			
Closing Price Per GDR (US\$)	2017	Highest	11.9		
		Lowest	11.9		
		Average	11.9		
	As of March 31, 2018	Highest	11.9		
		Lowest	11.9		
		Average	11.9		

* Each GDR represented 10 Common Shares.

4.4 Status on Execution of Capital Utilization Plans

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

V Overview of Business Operation

5.1 Business Introduction

5.1.1 Business Scope

1. Scope of Business: Please refer to Section 2.1: “Scope of Business.”
2. Main Business and Percentage:
 - A. Production and sales of Cement and clinker: 93%.
 - B. Granulated blast-furnace slag: 7%.
3. New Product Research & Development: None.

5.1.2 Industry Overview

1. Market situation and future outlook

A. The 2017 total cement production volume in Taiwan was 10,876,396 MT, decreased 10.31% compared to 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 market was stable. Compared with 2016, the price of the real estate market showed a trend of falling prices and increased trading volume. The cement consumption decreased to 10,173,998 MT, decreased by 0.70%. The 2017 per capita average cement consumption is about 432 kg, decreased 0.69% from 435 kg in 2016. As a result, the cement market in Taiwan is still showing oversupply.

B. For the year 2018:

(1) Outlook of the domestic market:

Taiwanese Public Works budget totaled NT\$ 374.9 billion in 2018, increased NT\$ 43.3 billion, 13.1%. According to a survey of the Taiwan Institute of Economic Research, because of continued expansion of private investment, the government to expand public investment and the Forward-looking Infrastructure Development Program, the overall economy is expected to grow 1.75% compared to 2017. In terms of real estate in 2017, 260,000 buildings sold in the housing market, increased by 8% compared with 240,000 buildings in 2016. However, there is a large price gap for real estate between buyers and sellers. Moreover, the housing market needs time to adjust. Cement demand is expected to increase slightly this year.

(2) Outlook of the global markets:

For 2018, the Chinese market will continue to strictly implement environmental protection policies, keep conducting mergers & acquisitions, eliminating backward production capacity. Chinese cement industry will maintain in high prices and the demand exceeds supply. In the international cement market, prices in 2017 were low due to regional oversupply, but in 2018, factors such as the reduction of exports from China, the non-expansion of exports from Japan and South Korea, and the export of Vietnamese

clinker to China without selling to the international market at low prices, cement prices are expected to increase. In addition, with the Taiwan government's cement industry policy, Taiwan's cement exports will be reduced in future while only supplying ASEAN markets with long-term relationship. We will actively utilize the trade model to purchase cement, clinker, gypsum, and silica sand to meet the demand in Southeast Asian markets. The export strategy will be adjusted to reduce Taiwan's exports and expand the raw materials trade business.

Overall, the domestic market will rise slightly, while foreign markets have growth potential

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

2. The relationships among the value chain of cement industry

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

3. Product development and company competitiveness

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

5.1.3 Technology and Research Development

As of April 30, 2018
Unit: NT\$1,000

	Item	Amount
1	Intelligent continuously discharge and movable tripper	5,000
2	Industrial 4.0 project - Intelligent shipment - Analysis and forecasting to kiln refractory - Intelligent quality control	6,000
3	Industrial 4.0 Project Phase 2: - Cloud War Room - Product Line Machine Predictive Maintenance - Intelligent Mining	9,000
4	Industrial 4.0 Project Phase 3: - Intelligent Occupational Safety - Intelligent Control Optimization	4,000

- Big Data Analyze for Production, Quality and Cost		
5	NO. 1 Raw Mill Electrostatic Precipitation System Use Constant Current High-Voltage Power Set	4,000
6	Development of Fluoride Ion Analysis Technology in Cement Raw Material and Product	220
Total		28,220

5.1.4 Short-term Business Plan

- ◎ To strengthen the existing domestic and international channels of cement sales.
- ◎ To reduce costs and to maintain fully sell out the estimated production volume and sound profitability.
- ◎ To fulfill the vertical integration policy and to expand into downstream market channels.
- ◎ To keep good relationship with customers and foresee market trend.

5.1.5 Long-term Business Plan

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

5.2 General Information of Market & Production

5.2.1. Markets Analysis

1. Major Sale Markets

A. Cement and Clinker:

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

B. Ready-Mixed Concrete:

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

2. Market Share

In 2017, the Company domestic sales was 2,449,868 MT, i.e. 29.52% of the sales amount of all domestic cement producers, which was equal to 24.08% of total cement consumption in Taiwan.

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

A. In 2017, applications for construction license increased 14% compared from 2016 in Taiwan.

The National Development Council announced that that the current economic in Taiwan has continued to recover. However, the transaction volume in the housing market has not yet significantly reversed and the cement market is still in an oversupply situation. In 2018, domestic demand is estimated to be about 10.5 million MT, which is equivalent to 2017.

The cement price will be influenced by the cost of energy, labor, raw material, shipping and the quantities of imported cement.

- B. For the export sales, the Company is expected to export 1.1~1.15 million MT of cement and clinker in 2018, which is equivalent to 2017. The Company has long term major customers in Singapore, Malaysia, Hawaii, etc. and shall continue to maintain an excellent business relationship with them in the years to come. The Company has also expanded its trading business for cement.
 - C. In the view of the vast and steady growth market in China, Asia Cement Corporation actively expands production base as well as storage and transportation facilities. In addition, with the markets both in Taiwan and China, it constitutes an effective competitive niche and profitability for the Company.
4. Positive factors for the industry development
- A. Promoting industrial innovation, forward-looking infrastructure construction, improving the quality of public construction, and regional balanced development are the key points of the current government policy
 - B. The budget (including special budget) for 2018 Public Works Projects increase 13.1% to NT \$374.9 billion. Taiwan's cement industry believes that the implementations of several infrastructure projects such as Suhua Highway improvement projects, the improvement of the South-Link Highway in Taitung, Intercontinental Container Terminal of the Kaohsiung Port, the Circular Line of Taipei Metro system, west coast expressway, the Tamkang Bridge, Taoyuan MRT Green Line, and Public Housing Project, the cement consumption in Taiwan is expected to slow the decline of cement market. In addition, in order to improve residential safety, the government will vigorously promote urban renewal, which will revive the domestic demand market.
 - C. The forward-looking infrastructure project will expand public spending.
 - D. Consecutive green economic signals show that the domestic economy continued to recover. In addition, hot money back to Taiwan help the housing market recovery.
 - E. The Ministry of Finance announced in February 2017 to continue to levy cement and clinker from China at the original approved tax rate of 91.58% anti-dumping duties for five years. This will help stability of the domestic industry.
5. Negative factors and the solutions
- A. Industry relocation, environmental awareness, and emission limits of carbon dioxide will increase the difficulties in both public constructions and private housing sectors, and cause the construction industry more conservative. This will constrain the growth of cement demand.
 - B. The Ministry of Economic Affairs has set limitations on trade volume of domestic cement industry according the Foreign Trade Law. The limitations will gradually lower the export-production ratio from 50% in 2011 to 27% in 2018. The over-supply condition will be worse.
 - C. Mining Industry Law is currently in the occasion of amending, the industry will face more stringent operating requirements and limitations.
 - D. Limestone tax is raised from NT\$ 10 to NT\$ 70 per metric ton. As well as the recent rise in coal prices will bring to the cement industry to more difficult condition.

E. Solutions:

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

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

5.2.2 Application of Major Cement Products

1. Portland Cement Type I:

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

2. Portland Cement Type II:

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

A. Underground foundation engineering: Tower Building Basement, underpass, sewers, tunnels and massive underground rapid transit systems.

B. Large-scale concrete works: Bridges, dams, water retention facilities, valve based structure.

C. Construction subject to erosion by sea water and sea wind: dock, breakwaters, caisson, breeding plants, harbors, and others.

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

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

4. Production process:

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

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

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

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

D. Cement is sold in bulk or packages.

5.2.3 Supply Condition of Main Raw Materials

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

5.2.4 Major Suppliers Information for the Last Two Years

Unit: NT\$1,000

Item	2016				2017			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	BB Co., Australia	772,217	32.82	Raw material supplier	BB Co., Australia	853,546	37.23	Raw material supplier
2	Chung Ling Co.	266,008	11.31	Raw material supplier	Chung Ling Co.	317,095	13.83	Raw material supplier
3	AA Co., Australia	116,132	4.94	Raw material supplier	Fu Shan Mineral Stone	109,987	4.80	Raw material supplier
4	Yuantai Corp.	66,731	2.84	Construction supplier	Yuantai Corp.	72,000	3.14	Construction supplier
	Others	1,131,811	48.09		Others	940,063	41.00	
	Net Total Supplies	2,352,899	100.00		Net Total Supplies	2,292,691	100.00	

Note: Variations are because of market mechanisms.

5.2.5 Major Clients Information for the Last Two Years

Unit: NT\$1,000

Item	2016				2017			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	Ya Tung Ready-Mixed Concrete Co.	1,448,242	15.18	Subsidiary	Ya Tung Ready-Mixed Concrete Co.	1,361,340	17.42	Subsidiary
	Others	8,092,997	84.82		Others	6,454,365	82.58	
	Net Sales	9,541,239	100.00		Net Sales	7,815,705	100.00	

Note: Variations are because of market mechanisms.



5.2.6 Output of Main Products 2016-2017

1. ACC (Taiwan)

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

Output Product	Year	2015			2016		
		Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
Cement & Clinker		5,597	4,118	7,522,997	5,597	3,575	6,739,549

2. ACC (China)

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

Output Product	Year	2016			2017		
		Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
Cement & Clinker		35,500	30,695	22,486,398	35,500	29,863	24,996,017

5.2.7 Sales of Main Products 2016-2017

1. ACC (Taiwan)

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

Sales Product	Year	2016				2017			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement & Clinker*		2,698	6,108,114	1,455	2,550,765	2,491	5,548,571	1,108	1,702,846

* Cement & Clinker produced by the Company.

2. ACC (China)

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

Sales Product	Year	2016				2017			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement & Clinker*		30,673	27,224,759	207	200,571	30,028	33,264,756	151	162,895

* Cement & Clinker produced by the Company.

5.3 Human Resources

Year		2016	2017	As of Mar. 31, 2018
Number of Employees	Headquarter	153	154	158
	Hsinchu Plant	103	100	100
	Hualien Plant	313	305	302
	Total	569	559	560
Average Age		47.92	47.95	47.43
Average Years of Service		21.48	20.70	19.58
Education	Ph.D.	0	0	0
	Masters	12.30%	12.68%	13.75%
	Bachelor's Degree	41.83%	43.39%	43.75%
	Senior High School	39.89%	38.75%	37.32%
	Below Senior High School	5.98%	5.18%	5.18%

5.4 Expenditures on Environmental Protection

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

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

(1) Fine: none.

(2) Countermeasures: none.

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

5.4.1 ISO-14001 Environmental Management Systems (EMS)

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

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

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

5.4.2 Air Pollution Prevention

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

collection equipment.

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

3. At present, ACC's Hsinchu plant has 2 electrostatic precipitators and 35 bag filters, with a total investment cost of NT \$174 million. The Hualien plant has 9 electrostatic precipitators and 80 bag filters, with a total investment cost more than NT \$950 million.
3. The good maintenance of above equipment ensures dust collection efficiency which is within the legal limit. Consequently, the quality of air around the plants is higher than national standard. As a result, the Environmental Protection Administration (EPA) especially recognized the two plants as environmental protection demonstration plants.
4. In particular, the amount of dust including chimney emissions measured by environmental protection agencies at the Hualien plant was less than 25 milligrams/m³, which was far better than national standard. The plant was awarded by the Chinese National Federation of Industries for its excellent performance of preventing industrial pollution. In addition, the Hualien plant was listed by the EPA as one of the top 10 factories in pollution prevention and has received the Enterprise Environmental Protection Award for three years in a row.
5. In 2017, the Hsinchu plant invested NT\$ 13.94 million on environment expenditure. In 2017, the environment expenditure of the Hualien plant, such as purchasing and maintenance of precipitators, training courses, greening and beautification was NT\$ 219,962,000.

5.4.3 Greening and Beautification for Quarry Restoration

1. Both Hsinchu and Hualien plants have implemented measures for soil conservation and taken actions to green the environment by planting trees and other vegetation. For many years, the Hualien plant promotes the cultivation of the native species of trees for greening the quarry and the plant.
2. As of 2017, the green restoring area is 61.3 acres which is 73.59% of the quarry, while exploiting operation area is 22.0 acres. Recently, the quarry of the Hualien plant is visible from nearby high way and railroad. In order to integrate the quarry into the surrounding environment, the Hualien Plant introduced a new forestation method for quarry restoration. Within merely two year, trees could grow up to 4 meters high. The green restoring area will increase 0.85 acres every year.

In 2017, the Hualien plant devoted NT\$ 34,180,000 to the greening and beautification of the quarry.

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

5. In 2018, the Hualien plant's Quarry's Green Sustainable Action Plan was awarded the "Asia Responsible Enterprise Awards" by the Enterprise Asia.

5.4.4 Major Environmental Protection Work in the Future

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

5.4.5 Fulfill Social Responsibilities

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

5.5 Labor Relations

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

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

The Company provides Employee Assistance Program (EAP) service from Hsinchu Lifeline Association, EAP Center, which offers professional counsel to all issues employees may meet,

such as career development, family issues, and interpersonal relationship.

3. Every year, the Company participates in the training programs provided by the training center of Far Eastern Group, which include professional courses such as finance, accounting, marketing, information, and management skills for management levels. Following the Company's development plan, the Human Resource Department also holds in-house courses customized for the competencies by request of different professions and levels. These courses provide executives and employees with sufficient training opportunities, which not only can be applied to the workplace, but also connect with employees' career development.

In 2016, the company continued to implement the high-potential leadership training program in the previous year. The scope covered all subsidiaries of ACC. The program included talent identification, core competency evaluation, and subsequent development training. With the increasingly severe challenges from outside environment, the Company expects that more backbone talents can be developed to lead the organization's sustainable development.

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

In 2017, totally 320 training courses were held for ACC employees, roughly 4,800 participants; the relevant expenditures amounted to NT\$ 2.5 million.

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

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

For better compliance with corporation governance, the Company has also enacted “Codes of Ethical Conduct” and “Principles for Ethical Management”.

6. Policies of labor safety and health

A. Management in Labor Safety and Health

The Company’s policy of labor safety and health is based on the following vision-“protecting labor safety, improving occupational environment, and building up friendly workplace.” Also, we comply with Labor Safety and Health Act, carry out systematical management in occupational health and safety, and implement identification of the hazardous factors, risk evaluation and control in workplace. Besides setting up safety standards and developing safety management system, the safety-related training courses, such as prevention of hidden dangers, emergency response planning, and safety self-management are regularly and irregularly held, to ensure that all employees can obey safety related rules and operate safety equipment and protective outfits well.

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

A major occupational disaster occurred in the Company's Hualien Manufacturing Plant in 2017. It was caused by the failure of laborers to comply with SOP operations and non-compliance with hazard warnings. Under conditions without approval and without protective gear, the laborers rushed into the material cabinet and suffocated and died as buried in fallen gypsum material. The Company held a review meeting on July 19, 2017 for effectively improving the management of occupational safety and health, and proposed a strategy for improving the related management and safety to effectively reduce the agglomeration of materials and the frequency of clearing operations. Also, the risk assessment will be re-adopted. The Company will amend the SOP, implement training, and introduce new types of equipment to increase the labor safety.

Due to the major occupational disaster, the Company was designated as the Enhance Enforcement Program (EEP) target by the Occupational Safety and Health Department of the Ministry of Labor to strengthen inspections and the fine was NT\$960,000. The Company will strengthen risk assessment, divide the responsible areas to implement active inspections and autonomous management proposals, and reduce irregularities in workplaces to ensure work safety and health.

B. Workplace environment and labor safety protection

To assure employee safety and health, protect the assets of the Company, and make

comfortable and safe workplace, based on safety-related rules, we have the following active measures:

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

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

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

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

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

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

d. Health Care Management for Employees:

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

e. Emergency Drills and Exercises

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

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

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

5.6 Major Contracts

Type of Contract	Contracting Party	Contract Duration	Primary Contents	Restrictive Clauses
Issuance of Long-term Commercial paper	Mega Bills Finance co., Ltd	2016/12~2020/12	Company has the right to terminate the issuance after 3 years	None
Bank long-term loan/guarantee	CTBC Bank Co., Ltd.	2017/03~2020/05	Irrevocable commitment facility	None
Bank long-term loan/guarantee	Mizuho Corporate Bank, Taipei Branch	2017/03~2019/03	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	First Commercial Bank. Tung-Hwa Branch	2017/04~2019/04	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Taiwan Cooperative Bank	2017/03~2019/03	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Hwa Nan Commercial Bank. Tung-Hwa Branch	2017/12~2019/12	Interest paid monthly, principal repaid at maturity	None
Bank long-term secured loan	Far Eastern International Bank Business Dept.	2018/02~2020/02	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Bank of China	2017/07~2019/07	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Bank of Taiwan	2017/02~2019/02	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	E.Sun Commercial Bank	2017/10~2019/10	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Yuanta Commercial Bank	2017/12~2019/12	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Chang Hwa Bank Tung-Hwa Branch	2017/08~2019/08	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Mega International Commercial Bank Foreign Dept.	2017/06~2019/06	Interest paid monthly, principal repaid at maturity	None
Bank long-term secured loan	Mega International Commercial Bank Foreign Dept.	2017/06~2019/06	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	Land Bank of Taiwan Co., Ltd.	2017/09~2019/09	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	BNP PARIBAS Taiwan	2017/04~2019/04	Interest paid monthly, principal repaid at maturity	None
Bank long-term unsecured loan	KGI Bank	2017/06~2019/06	Interest paid monthly, principal repaid at maturity	None
Open-Ended Guarantee	HSBC Bank (Taiwan) Limited	2017/04~2019/04	Guarantee fees paid semi-annually	None
Long term raw material supply	CC Co.,	2017/05~2017/12	Contract of Gypsum Purchase	None
Long term raw material supply	Chung Ling Co.	2017/01~2018/06	Contract of Clay Purchase	None
Long term raw material supply	Fu Shan Mineral Stone	2017/09~2018/08	Contract of limestone Purchase	None
Long term construction service provider	Yuantai Corp.	2017/09~108/02	Contract of construction service	None
Long term raw material supply	CC Co.,	2016/12~2017/09	Contract of Gypsum Purchase	None

VI Financial Information

6.1 Financial Reports & Audit Results (2013~2017)

6.1.1 Consolidated Balance Sheets

UNIT: NT\$1,000

Item \ Year		Five-Year Financial Summary				
		2013(Note1)	2014	2015	2016	2017
Current Assets		65,337,233	70,558,875	52,844,285	42,148,568	50,262,702
Property, Plant and Equipment		62,481,951	70,586,382	67,264,573	58,832,486	53,738,838
Intangible Assets		2,176,436	5,485,677	5,304,367	4,866,642	4,552,561
Other Assets		132,407,961	136,188,121	144,663,984	132,623,089	138,510,247
Total Assets		262,403,581	282,819,055	270,077,209	238,470,785	247,064,348
Current Liabilities	Before Apportioned	61,955,511	64,989,203	65,223,927	40,857,530	53,948,167
	After Apportioned	67,887,477	72,384,387	68,921,519	43,882,832	-
Non-current Liabilities		47,605,868	56,102,626	49,999,090	56,950,034	47,319,817
Total Liabilities	Before Apportioned	109,561,379	121,091,829	115,223,017	97,807,564	101,267,984
	After Apportioned	115,493,345	128,487,013	118,920,609	100,832,866	-
Equity Attributable To Owners Of The Corporation		134,448,119	141,833,564	135,898,873	122,663,077	127,435,565
Share Capital		32,955,365	33,614,472	33,614,472	33,614,472	33,614,472
Capital Surplus		1,018,079	1,073,920	1,155,643	1,167,881	1,168,692
Retained Earnings	Before Apportioned	92,169,086	94,863,921	91,552,336	91,599,413	94,196,274
	After Apportioned	85,578,013	87,468,737	87,854,744	88,574,111	-
Other Equity		8,305,589	12,281,251	9,576,422	(3,718,689)	(1,543,873)
Non-Controlling Interests		18,394,083	19,893,662	18,955,319	18,000,144	18,360,799
Total Equity	Before Apportioned	152,842,202	161,727,226	154,854,192	140,663,221	145,796,364
	After Apportioned	146,910,236	154,332,042	151,156,600	137,637,919	-

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

6.1.2 Consolidated Statements of Comprehensive Income

UNIT: NT\$1,000

Year Item	Five-Year Financial Summary				
	2013(Note1)	2014	2015	2016	2017
Operating Revenue	70,172,781	77,683,281	66,287,480	60,946,190	64,899,248
Realized Gross Profit	9,042,595	11,129,604	7,058,747	8,588,274	10,170,478
Profit From Operations	6,672,500	8,248,404	4,039,945	6,233,048	7,436,716
Non-operating Income And Expenses	7,409,748	5,471,335	2,774,213	243,541	1,062,443
Income Before Income Tax	14,082,248	13,719,739	6,814,158	6,476,589	8,499,159
Net Profit For The Period	12,164,319	10,905,998	4,934,483	4,683,297	6,665,541
Other Comprehensive Income , Net	2,340,845	4,827,293	(3,860,529)	(14,688,396)	2,119,539
Total Comprehensive Income For The Period	14,505,164	15,733,291	1,073,954	(10,005,099)	8,785,080
Net Profit Attributable To Owner Of The Company	10,517,318	9,361,635	4,860,241	3,945,769	5,469,007
Net Profit Attributable To Non-Controlling Interests	1,647,001	1,544,363	74,242	737,528	1,196,534
Total Comprehensive Income Attributable To Owner Of The Company	12,091,175	13,273,390	1,343,662	(9,550,011)	7,895,746
Total Comprehensive Income Attributable To Non-Controlling Interests	2,413,989	2,459,901	(269,708)	(455,088)	889,334
Earnings Per Share	3.35	2.98	1.55	1.26	1.74
Earnings Per Share (Note3)	3.35	2.98	1.55	1.26	1.74

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

Note 2: Based on weighted average outstanding shares in 2017 after subtracting the shares of the Corporation held by the associates treated as treasury stock.

6.1.3 Separate Balance Sheets

UNIT: NT\$1,000

Item \ Year		Five-Year Financial Summary				
		2013(Note)	2014	2015	2016	2017
Current Assets		20,849,405	14,346,035	14,560,998	8,560,664	8,969,876
Property, Plant and Equipment		5,113,731	4,850,893	5,220,819	5,142,099	4,665,393
Intangible Assets		12,435	9,808	8,639	10,287	8,948
Other Assets		158,769,476	168,832,659	169,888,349	157,629,856	166,201,481
Total Assets		184,745,047	188,039,395	189,678,805	171,342,906	179,845,698
Current Liabilities	Before Apportioned	23,929,318	13,024,234	23,780,564	8,016,448	15,051,567
	After Apportioned	29,861,284	20,419,418	27,478,156	11,041,750	-
Non-current Liabilities		26,367,610	33,181,597	29,999,368	40,663,381	37,358,566
Total Liabilities	Before Apportioned	50,296,928	46,205,831	53,779,932	48,679,829	52,410,133
	After Apportioned	56,228,894	53,601,015	57,477,524	51,705,131	-
Share Capital		32,955,365	33,614,472	33,614,472	33,614,472	33,614,472
Capital Surplus		1,018,079	1,073,920	1,155,643	1,167,881	1,168,692
Retained Earnings	Before Apportioned	92,169,086	94,863,921	91,552,336	91,599,413	94,196,274
	After Apportioned	85,578,013	87,468,737	87,854,744	88,574,111	-
Other Equity		8,305,589	12,281,251	9,576,422	(3,718,689)	(1,543,873)
Total Equity	Before Apportioned	134,448,119	141,833,564	135,898,873	122,663,077	127,435,565
	After Apportioned	128,516,153	134,438,380	132,201,281	119,637,775	-

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

6.1.4 Separate Statements of Comprehensive Income

UNIT: NT\$1,000

Item \ Year	Five-Year Financial Summary				
	2013(Note1)	2014	2015	2016	2017
Operating Revenue	12,292,506	12,394,201	12,012,770	9,917,334	8,186,867
Realized Gross Profit	846,569	1,381,751	1,547,808	1,288,995	670,927
Profit From Operations	234,523	737,270	977,733	758,915	148,282
Non-operating Income And Expenses	10,651,309	9,972,764	5,330,300	3,792,066	5,253,097
Income Before Income Tax	10,885,832	10,710,034	6,308,033	4,550,981	5,401,379
Net Profit For The Year	10,517,318	9,361,635	4,860,241	3,945,769	5,469,007
Other Comprehensive Income , Net	1,573,857	3,911,755	(3,516,579)	(13,495,780)	2,426,739
Total Comprehensive Income For The Year	12,091,175	13,273,390	1,343,662	(9,550,011)	7,895,746
Earnings Per Share	3.35	2.98	1.55	1.26	1.74
Earnings Per Share (Note2)	3.35	2.98	1.55	1.26	1.74

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

Note2 :Based on weighted average outstanding shares in 2017 after subtracting the shares of the Corporation held by the associates treated as treasury stock

6.1.5 Auditors' Opinions from 2013 to 2017

Year	CPA's Name	Audit Opinion
2013	Hsin Wei Tai 、 Li Wen Kuo	Unqualified Opinion
2014	Li Wen Kuo 、 You Wei Fan	Modified Unqualified Opinion
2015	Li Wen Kuo 、 You Wei Fan	Unqualified Opinion
2016	Li Wen Kuo 、 You Wei Fan	Unqualified Opinion
2017	Li Wen Kuo 、 You Wei Fan	Unqualified Opinion

6.2 Financial Analysis

6.2.1 Consolidated Financial Statements

Item		Year	Financial Analysis (2013~2017)				
			2013 (Note)	2014 (Note)	2015	2016	2017
Capital Structure Analysis	Debts Ratio (%)	41.75	42.82	42.66	41.01	40.99	
	Long-term Fund to Property, Plant and Equipment (%)	320.81	308.60	304.55	335.89	359.36	
Liquidity Analysis	Current Ratio (%)	105.46	108.57	81.02	103.16	93.17	
	Quick Ratio (%)	92.77	94.08	69.80	86.22	80.98	
	Times Interest Earned (Times)	9.59	9.23	5.14	4.95	5.80	
Operating Performance Analysis	Average Collection Turnover (Times)	4.15	4.13	3.55	3.85	3.96	
	Days Sales Outstanding	88	88	103	95	92	
	Average Inventory Turnover (Times)	7.95	7.70	7.08	7.35	8.11	
	Average Payment Turnover (Times)	8.16	7.36	6.42	6.64	7.3	
	Average Inventory Turnover Days	46	47	52	50	45	
	Property, Plant and Equipment Turnover (Times)	1.19	1.17	0.96	0.97	1.15	
	Total Assets Turnover (Times)	0.28	0.28	0.24	0.24	0.27	
Profitability Analysis	Return on Total Assets (%)	5.42	4.51	2.28	2.38	3.35	
	Return on Shareholders' Equity (%)	8.18	6.93	3.12	3.17	4.65	
	Pre-tax Income to Paid-in Capital Ratio (%)	42.73	40.81	20.27	19.27	25.28	
	Net Margin (%)	17.33	14.04	7.44	7.68	10.27	
	Basic Earnings Per Share (NT\$) (Based on outstanding shares in 2017)	3.35	2.98	1.55	1.26	1.74	
Cash Flow	Cash Flow Ratio (%)	23.86	16.38	20.95	31.37	15.09	
	Cash Flow Adequacy Ratio (%)	83.14	89.91	112.25	126.91	133.25	
	Cash Flow Reinvestment Ratio (%)	4.61	2.14	2.97	4.43	2.49	
Leverage	Operating Leverage	1.72	1.72	2.42	1.87	1.70	
	Financial Leverage	1.33	1.25	1.69	1.36	1.31	
<p>Analysis of deviation of 2017 vs. 2016 over 20%:</p> <p>The increase in Return on Total Assets, Return on Shareholders' Equity, Pre-tax Income to Paid-in Capital Ratio, Net Margin and Basic Earnings Per Share were mainly due to an increase in net income in 2017.</p> <p>The decrease in Cash Flow Ratio and Cash Flow Reinvestment Ratio were due to a decrease in net cash generated from operating activities in 2017.</p>							

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

6.2.2 Separate Financial Statements

Item		Year	Financial Analysis (2013~2017)				
			2013 (Note)	2014 (Note)	2015	2016	2017
Capital Structure Analysis	Debts Ratio (%)		27.23	24.57	28.35	28.41	29.14
	Long-term Fund to Property, Plant and Equipment (%)		3,144.78	3,607.90	3,177.63	3,176.26	3,532.27
Liquidity Analysis	Current Ratio (%)		87.13	110.15	61.23	106.79	59.59
	Quick Ratio (%)		79.16	98.10	54.65	90.84	50.93
	Times Interest Earned (Times)		17.24	21.16	13.12	13.34	17.29
Operating Performance Analysis	Average Collection Turnover (Times)		10.39	10.42	11.34	11.10	9.37
	Days Sales Outstanding		35	35	32	33	39
	Average Inventory Turnover (Times)		5.99	6.33	6.68	6.07	5.83
	Average Payment Turnover (Times)		6.43	6.12	5.97	5.30	4.92
	Average Inventory Turnover Days		61	58	55	60	63
	Property, Plant and Equipment Turnover (Times)		2.33	2.49	2.39	1.91	1.67
	Total Assets Turnover (Times)		0.07	0.07	0.06	0.05	0.05
Profitability Analysis	Return on Total Assets (%)		6.27	5.26	2.80	2.36	3.27
	Return on Shareholders' Equity (%)		8.01	6.78	3.50	3.05	4.37
	Pre-tax Income to Paid-in Capital Ratio (%)		33.03	31.86	18.77	13.54	16.07
	Net Margin (%)		85.56	75.53	40.46	39.79	66.8
	Basic Earnings Per Share (NT\$) (Based on outstanding shares in 2017)		3.35	2.98	1.55	1.26	1.74
Cash Flow	Cash Flow Ratio (%)		22.36	50.08	25.81	54.45	21.99
	Cash Flow Adequacy Ratio (%)		87.26	88.68	87.49	87.14	92.22
	Cash Flow Reinvestment Ratio (%)		(0.10)	0.37	(0.84)	0.46	0.19
Leverage	Operating Leverage		3.82	1.70	1.50	1.85	5.29
	Financial Leverage		(0.54)	3.58	2.14	1.95	(0.81)
<p>Analysis of deviation of 2017 vs. 2016 over 20%:</p> <p>The decrease in Current Ratio, Quick Ratio and Cash Flow Ratio were mainly due to an increase in current liability in 2017.</p> <p>The increase in Times Interest Earned, Return on Total Assets, Return on Shareholders' Equity, Net Margin and Basic Earnings Per Share were mainly due to an increase in net income in 2017.</p> <p>The decrease in Cash Flow Reinvestment Ratio was due to a decrease in net cash generated from operating activities in 2017.</p> <p>The increase in Operating Leverage and the decrease in Financial Leverage were mainly due to a decrease in operating income in 2017.</p>							

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

*Glossary

1. Capital Structure Analysis

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

- (1) Average Collection Turnover = Net Sales / Average Trade Receivables
- (2) Days Sales Outstanding = 365 / Average Collection Turnover
- (3) Average Inventory Turnover = Cost of Sales / Average Inventory
- (4) Average Payment Turnover = Cost of Sales / Average Trade Payables
- (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
- (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

- (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Shareholders' Equity = Net Income / Average Total Equity
- (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
- (4) Net Margin = Net Income / Net Sales
- (5) Basic Earnings Per Share = (Net income attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
- (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 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

6.4 Financial Statements and Independent Auditors' Report

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Asia Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Asia Cement Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 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 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 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 re-performed 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.

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 Equity	
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Gain on Revaluation	Cash Flow			Total
										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>\$ 815,926</u>	<u>\$ 2,119,151</u>

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

(Concluded)

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

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

7.1 Analysis of Financial Status

Unit: NT\$1,000

Item \ Year	2016	2017	Variance	
			Amount	%
Current Assets	42,148,568	50,262,702	8,114,134	19
Property, Plant and Equipment	58,832,486	53,738,838	(5,093,648)	(9)
Intangible Assets	4,866,642	4,552,561	(314,081)	(6)
Other Assets	132,623,089	138,510,247	5,887,158	4
Total Assets	238,470,785	247,064,348	8,593,563	4
Current Liabilities	40,857,530	53,948,167	13,090,637	32
Non-current Liabilities	56,950,034	47,319,817	(9,630,217)	(17)
Total Liabilities	97,807,564	101,267,984	3,460,420	4
Equity Attributable To Owners Of The Corporation	122,663,077	127,435,565	4,772,488	4
Share Capital	33,614,472	33,614,472	0	0
Capital Surplus	1,167,881	1,168,692	811	0
Retained Earnings	91,599,413	94,196,274	2,596,861	3
Other Equity	(3,718,689)	(1,543,873)	2,174,816	58
Non-Controlling Interests	18,000,144	18,360,799	360,655	2
Total Equity	140,663,221	145,796,364	5,133,143	4
Analysis of deviation over 20%:				
1. The increase of current liabilities were mainly due to the increase of current portion of long-term liabilities.				
2. Other equity increased mainly resulted from the increase of unrealized gains on available-for-sale financial assets.				

7.2 Analysis of Financial Performance

UNIT: NT\$1,000

Item \ Year	2016	2017	Variance	
			Amount	%
Operating Revenue	60,946,190	64,899,248	3,953,058	6
Operating Costs	52,358,957	54,728,230	2,369,273	5
Gross Profit	8,587,233	10,171,018	1,583,785	18
Realized(Unrealized) Gross Profit	1,041	(540)	(1,581)	(152)
Realized Gross Profit	8,588,274	10,170,478	1,582,204	18
Operating Expenses	2,355,226	2,733,762	378,536	16
Profit From Operations	6,233,048	7,436,716	1,203,668	19
Non-operating Income And Expenses	243,541	1,062,443	818,902	336
Income Before Income Tax	6,476,589	8,499,159	2,022,570	31
Income Tax Expense	1,793,292	1,833,618	40,326	2
Net Profit For The Year	4,683,297	6,665,541	1,982,244	42
Other Comprehensive Income , Net	(14,688,396)	2,119,539	16,807,935	114
Total Comprehensive Income For The Year	(10,005,099)	8,785,080	18,790,179	188
Net Profit Attributable To Owner Of The Company	3,945,769	5,469,007	1,523,238	39
Net Profit Attributable To Non-Controlling Interests	737,528	1,196,534	459,006	62
Total Comprehensive Income Attributable To Owner Of The Company	(9,550,011)	7,895,746	17,445,757	183
Total Comprehensive Income Attributable To Non-Controlling Interests	(455,088)	889,334	1,344,422	295
<p>1. Analysis of deviation over 20% :</p> <p>The increase of the unrealized gross loss resulted from the transactions with affiliated companies in 2017.</p> <p>The increase of non-operating income and expenses was mainly due to the increase of investment revenue .</p> <p>The increase of the income before income tax and net profit for the year were mainly due to the increase of China cement business profit.</p> <p>Other comprehensive income increased mainly due to the increase of unrealized gains on available-for-sale financial assets.</p> <p>2.Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company’s financial situation and operational performances, and the Company’s plan: Please refer to the “Letter to Shareholders”.</p>				

7.3 Analysis of Cash Flow

(1)The Analysis for Changing of Cash Flow for 2017

Unit: NT\$1,000

Cash Balance in the Beginning	Net Cash Inflows from Operating Activities	Total Cash Outflows	The Cash Surplus	Source of Funding for Negative Cash Balance	
				Investing Plans	Financing Plans
7,450,006	8,139,048	7,849,562	7,739,492	-	-

1. Operating Activities: Mainly generated from operations NT\$8,469,937 thousand and dividends received NT\$2,298,195 thousand .
2. Investing Activities: Mostly for net increase in financial assets NT\$4,979,561 thousand.
3. Financing activities: Mostly for payout of cash dividends NT\$3,025,272 thousand and net increase in short-term and long-term loans NT\$2,832,153 thousand.

(2)Remedy plans for insufficient liquidity for 2017 : Not Applicable.

(3)Liquidity Analysis for the Coming Year

Unit: NT\$1,000

Cash Balance in the Beginning	Expected Net Cash Inflows from Operating Activities	Expected Total Cash Outflows	Expected Cash Surplus	Expected Source of Funding for Negative Cash Balance	
				Investing Plans	Financing Plans
7,739,492	8,437,423	10,697,717	5,479,198	-	-

1. Operating Activities : Mainly from operating income and cash dividends received.
2. Investing Activities : Primarily for investment in capital expenditures.
3. Financing activities: Mostly for net decrease in short-term and long-term loans and payout of cash dividends.

7.4 Impacts of Major Capital Expenditures on Finance and Operation

7.4.1 Major Capital Expenditures and Funding Sources

UNIT: NT\$1,000

Projects	Actual or Expected Source of Capital	Actual or Expected Date of Completion	Total Capital	Capital Expenditures					
				Actual		Expected			
				2012~2016	2017	2018	2019	2020	2021
Installation constructions of new indoor coal bunker , stacker reclaimers and material conveyor system in Hualien plant	Self-owned capital	Dec. 2021	556,160	10,233	70	11,500	140,000	100,000	294,357

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

- A. To prevent coal heaps from collapsing due to heavy rain, and the corresponding cost from the damage to the machine and from rebuilding the coal heaps, and to ensure the water discharge during the period is in compliance with the environmental regulations.
- B. To prevent coal from absorbing excessive water during the heavy rain which could cause some loss due to the reduction or interruption of clinker production.

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

The majority of the company's investments were for long-term strategic purposes. In 2016, the total gain through equity method by the company was NT\$ 2,522,090 (on consolidated basis). In the future, the company will continue to focus on strategic purposes through prudent assessment.

7.6 Analysis and Evaluation of Risk Management

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

※Foreign exchange impact:

The percentage of foreign exchange gains/losses over operating revenue and operating income in 2017 are as follows:

Unit : NT\$1,000

Item \ Year	2017
Foreign Exchange Gains (Losses) (A)	(454,600)
Operating Revenue (B)	64,899,248
% of Operating Revenue (A)/(B)	(0.7%)
Operating Income (C)	7,436,716
% of Operating Income (A)/(C)	(6.1%)

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

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

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

※Interest rate impact:

The percentage of interest revenue/losses over operating revenue and operating income in 2017 are as follows:

Unit : NT\$1,000

Item \ Year	2017
Interest Revenue (Losses) (A)	(1,592,235)
Operating Revenue (B)	64,899,248
% of Operating Revenue (A)/(B)	(2.5%)
Operating Income (C)	7,436,716
% of Operating Income (A)/(C)	(21.4%)

If market interest rates had been 0.01% higher/lower, the group's pretax profit for the year ended December 31, 2017 would have decreased/increased by NT\$3,264 thousand, mainly due to the Group's exposure to interest rates on its floating-rate bank borrowings and bank deposits' interest revenue and expenses.

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

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

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

※Inflation rate impact:

Taiwan inflation rate was about 0.62% in 2017. This inflation rate did not have substantial effect on the Company's operation and profit. In order to minimize the risk of inflation rate, the Company and subsidiaries maintained stable and long-term cooperative relationships with our major suppliers.

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

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

The Company provided endorsement and guarantee for its subsidiaries according to “Procedures for Endorsement and Guarantee”. Its balance was NT\$22,632,412,000 and NT\$ 22,375,427,000 by the end of 2017 and the end of March 2018 respectively. Based on conservative operating policy, the operations of its subsidiaries bring considerable income to the Company. Besides that, the Company supervises its subsidiaries regularly and controls related risks.

7.6.3 The Prevention of Legal Risks

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

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

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

		Unit: NT\$1000
	Item	Amount
1	Hualien Plant No. 3 Cooler Improvement Project	240,000
2	The technology of automatic air-jet sieving	380
3	Technology of Powder-homogenizing in closed- system	800
	Total	241,180

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

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

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

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

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

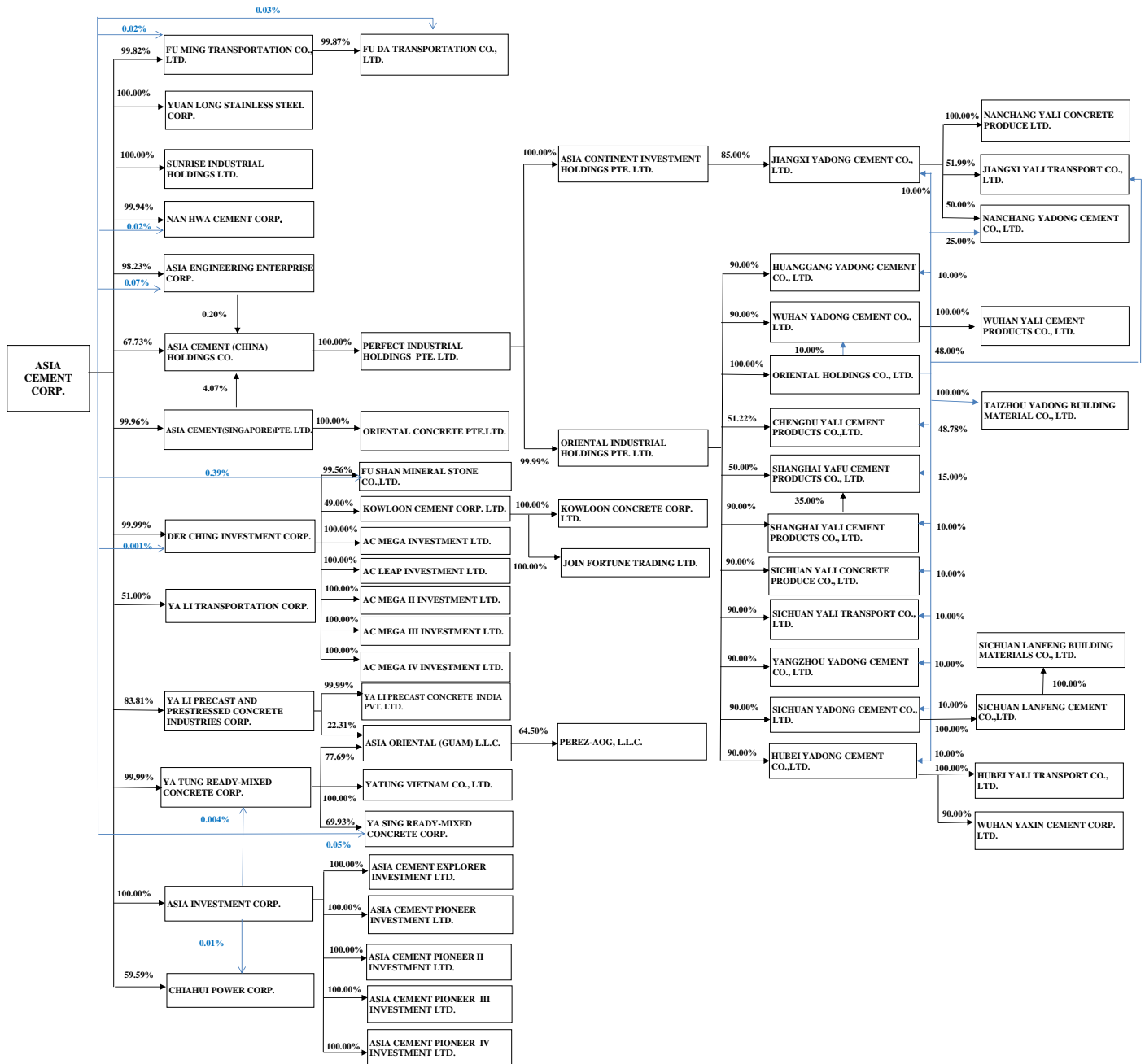
◎Supply and sale of the Company in the most recent fiscal year: Normal and steady.

- ◎Large volume shares transferred or changed by directors, supervisors, or shareholders with more than 10% shareholdings in the most recent fiscal year: None.
- ◎Change of the Company's management in the most recent fiscal year: None.
- ◎Litigation, non-litigation incidents or administrative disputes of directors, supervisors, president, shareholders with more than 10% shareholdings, or subsidiaries which could materially affect shareholders' equity or the prices of the Company's securities: None.
- ◎Other major risks: None.

7.7 Other Mentionable Issues : None.

VIII Special Disclosure

8.1 Organizational Chart of Affiliated Companies



8.2 Basic Information of Affiliated Companies

Currency: NT\$ (except otherwise specified)

Unit: \$1,000

As of December 31, 2017

Company Name	Establishing Date	Paid-in Capital	Main business or Production Item
FU MING TRANSPORTATION CO., LTD. Address: 23F., No.16-1, Xinzhan Rd., Banqiao Dist., New Taipei City	Feb. 1980	295,695	Transportation
YUAN LONG STAINLESS STEEL CORP. Address: No.28, Daye S. Rd., Xiaogang Dist., Kaohsiung City	Dec. 2005	2,000,000	Stainless steel
SUNRISE INDUSTRIAL HOLDINGS LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	Apr. 1996	USD 90	Investment
NAN HWA CEMENT CORP. Address: No.90, Sec. 2, Linkong. Rd., Longchin Dist., Taichung City	May. 1979	261,440	Cement, Blast-Furnace Slag, Limestone Slag
ASIA ENGINEERING ENTERPRISE CORP. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County	Nov. 1982	81,144	Engineering
ASIA CEMENT (CHINA) HOLDINGS CO. Address: Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies	Apr. 2004	HKD 156,685	Investment
ASIA CEMENT (SINGAPORE) PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	Apr. 1964	SGD 10,500	Cement
DER CHING INVESTMENT CORP. Address: 31F., No.207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	Dec. 1988	5,956,218	Investment
YA LI TRANSPORTATION CORP. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County	Oct. 1980	100,000	Transportation
YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP. Address: No.3, Sec. 2, Jiayuan Rd., Shulin Dist., New Taipei City	Nov. 1990	193,776	Cement products
YA TUNG READY-MIXED CONCRETE CORP. Address: No.139, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	Jan. 1999	1,575,000	Ready-mixed concrete, Cement products
ASIA INVESTMENT CORP. Address: 31F., No.207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	Oct. 1998	2,084,879	Investment
CHIAHUI POWER CORP. Address: No.688, Songzijing, Minxiong Township, Chiayi County	Apr. 1996	4,700,000	Power plant
FU DA TRANSPORTATION CO., LTD. Address: 23F., No.16-1, Xinzhan Rd., Banqiao Dist., New Taipei City	Feb. 1989	279,279	Transportation
PERFECT INDUSTRIAL HOLDINGS PTE. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	May. 1997	USD 9,379	Investment
ORIENTAL CONCRETE PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	Oct. 1980	SGD 17,000	Ready-mixed concrete, Leasing

Company Name	Establishing Date	Paid-in Capital	Main business or Production Item
FU SHAN MINERAL STONE CO., LTD. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County	Dec. 1970	13,000	Mining excavation, mineral processing and sales
KOWLOON CEMENT CORP. LTD. Address: 11/F Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	Sept. 1986	HKD 23,000	Cement
AC MEGA INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	Nov. 2010	USD 19,600	Investment
AC LEAP INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	Nov. 2010	USD 19,600	Investment
AC MEGA II INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	June. 2011	USD 10,000	Investment
AC MEGA III INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	June. 2011	USD 10,000	Investment
AC MEGA IV INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	June. 2011	USD 19,400	Investment
YA LI PRECAST CONCRETE INDIA PVT. LTD. Address: 7/241,2nd Floor, Sunder Vihar, Paschim Vihar, New Delhi-110087	June. 2007	INR 16,000	Cement products
ASIA ORIENTAL (GUAM) L.L.C Address: 136 Adrian Sanchez Street Tamuning, GU 96913	Aug. 2010	USD 8,000	Investment
YATUNG VIETNAM CO. LTD. Address: Supporting industry zone, Ky Phuong Commune, Ky Anh District, Ha Tinh Province	Feb. 2010	VND 141,348,502	Ready-mixed concrete
YA SING READY-MIXED CONCRETE CORP. Address: No.350, Niupu S. Rd., Xiangshan Dist., Hsinchu City	Apr. 2000	100,000	Ready-mixed concrete
ASIA CEMENT EXPLORER INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	Aug. 2008	USD 11,415	Investment
ASIA CEMENT PIONEER INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	Aug. 2008	USD 66,550	Investment
ASIA CEMENT PIONEER II INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	June. 2011	USD 18,500	Investment

Company Name	Establishing Date	Paid-in Capital	Main business or Production Item
ASIA CEMENT PIONEER III INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	June. 2011	USD 10,000	Investment
ASIA CEMENT PIONEER IV INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands	June. 2011	USD 9,510	Investment
ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	Apr. 1995	USD 288,847	Investment
ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983	May. 1994	USD 763,962	Investment
KOWLOON CONCRETE CORP. LTD. Address: 11/F Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	Mar. 1992	HKD 10	Ready-mixed concrete, Barges
JOIN FORTUNE TRADING LTD Address: 263 MAIN STREET, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Jul. 2012	USD 2,980	Investment
PEREZ-AOG, L.L.C. Address: 136 Adrian Sanchez Street Tamuning, GU 96913	Mar. 2011	USD 9,600	Ready-mixed concrete, Cement products
JIANGXI YADONG CEMENT CO., LTD. Address: No.6, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China	Oct. 1997	USD 356,104	Cement, Clinker, Blast-Furnace Slag, Cement products
HUANGGANG YADONG CEMENT CO., LTD. Address: 5 Tiyu Avenue, Huangzhou Zone , Huanggang City, Hubei Province, China	Aug. 2006	USD 86,170	Cement, Clinker, Blast-Furnace Slag, Cement products
WUHAN YADONG CEMENT CO., LTD. Address: Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu, Wuhan, China	Nov. 1999	USD 36,140	Cement Grinding, Blast-Furnace Slag
ORIENTAL HOLDINGS CO., LTD. Address: Room 305A, No 2875, South Yanggao Rd, Pudong New Area, Shanghai	July. 2003	USD 130,407	Investment
CHENGDU YALI CEMENT PRODUCTS CO., LTD. Address: No.68 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China	Dec. 2004	USD 4,100	Ready-mixed concrete, Cement products
SHANGHAI YAFU CEMENT PRODUCTS CO., LTD. Address: No.3000 Longwu Road Minhang Shanghai China	Jan. 2003	USD 2,540	Ready-mixed concrete, Cement products
SHANGHAI YALI CEMENT PRODUCTS CO., LTD. Address: No.3000 Longwu Road Minhang Shanghai China	Nov. 1995	USD 15,000	Ready-mixed concrete, Cement products
SICHUAN YALI CONCRETE PRODUCE CO., LTD. Address: No.268, Three Passage, Wenquan Road Wenjiang District, Chendu City, Sichuan, China	Nov. 2005	USD 3,300	Ready-mixed concrete, Cement products
SICHUAN YALI TRANSPORT CO., LTD. Address: No.68 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China	May. 2006	USD 3,500	Transportation

Company Name	Establishing Date	Paid-in Capital	Main business or Production Item
YANGZHOU YADONG CEMENT CO., LTD. Address: No.7 Gudu Road BaliTown, Yangzhou Economic Development Zone Yangzhou City Jiangsu Province China	July. 2006	USD 35,530	Cement Grinding, Blast-Furnace Slag, Ready-mixed concrete, Cement products
SICHUAN YADONG CEMENT CO., LTD. Address: No.66 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China	Nov. 2004	USD 368,340	Cement, Clinker, Blast-Furnace Slag, Cement products
HUBEI YADONG CEMENT CO., LTD. Address: No.66 Ya Dong Avenue, Pingjiang West Road, Yangluo Economic Development Zone, Wuhan City, Hubei Province, China	June. 2005	USD 154,800	Cement, Clinker, Blast-Furnace Slag, Cement products
NANCHANG YALI CONCRETE PRODUCE LTD. Address: Melin AVE Bashuihu Industries Zone Nanchang ETDZ Jiangxi Province	Dec. 2003	RMB 60,000	Ready-mixed concrete, Cement products
JIANGXI YALI TRANSPORT CO., LTD. Address: No.8, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China	Apr. 2005	RMB 12,500	Transportation
NANCHANG YADONG CEMENT CO., LTD. Address: Industrial 2nd Rd, Changdong Industrial Park, Nanchang Jiangxi, China	Jan. 2004	RMB 90,000	Cement Grinding, Blast-Furnace Slag
WUHAN YALI CEMENT PRODUCTS CO., LTD. Address: No.66 Ya Dong Avenue, Pingjiang Went Road, Yangluo Economic Development Zone, Wuhan City, Hubei Province, China	Dec. 2007	RMB 60,000	Ready-mixed concrete, Cement products
TAIZHOU YADONG BUILDING MATERIAL CO., LTD. Address: Central Village of Yong anzhou Town, Gaogang District, Thaizhou, Jiangsu Province, China	Sep. 2013	USD 16,000	Cement warehousing and wholesale
SICHUAN LANFENG BUILDING MATERIALS CO., LTD. Address: Middle, Qinggui Road, Guihua Town, Pengzhou, Chengdu City, Sichuan, China	Nov. 2010	RMB 20,000	Cement products, Construction
SICHUAN LANFENG CEMENT CO., LTD. Address: Middle, Qinggui Road, Guihua Town, Pengzhou, Chengdu City, Sichuan, China	Sep. 2008	RMB 600,000	Cement, Clinker, Blast-Furnace Slag, Cement products
HUBEI YALI TRANSPORT CO., LTD. Address: Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu, Wuhan, Hubei Province, China	Oct. 2006	RMB 13,000	Transportation
WUHAN YAXIN CEMENT CO., LTD. Address: Jiangjun mountain, Jiangxia District, Wuhan, Hubei Province, China	Aug. 2003	RMB 90,000	Cement, Clinker, Blast-Furnace Slag, Cement products

8.3 Main Business of Affiliated Companies

Please Refer to Above List.

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

As of December 31, 2017

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
FU MING TRANSPORTATION CO., LTD.	Chairman	Johnny Shih (ACC Representative)	29,517,188	99.82
	Director / President	W.T. Hsu (ACC Representative)	29,517,188	99.82
	Director	K. Y. Lee (ACC Representative)	29,517,188	99.82
	Director	Y.F. Chang (ACC Representative)	29,517,188	99.82
	Director	C.M. Chen (ACC Representative)	29,517,188	99.82
	Director	C.H. Chung (ACC Representative)	29,517,188	99.82
	Director	R.K. Tsai (ACC Representative)	29,517,188	99.82
	Supervisor	T.L. Yu (Asia Investment Corp. Representative)	5,000	0.02
	Supervisor	Humphrey Cheng (Asia Investment Corp. Representative)	5,000	0.02
YUAN LONG STAINLESS STEEL CORP.	Chairman	K.Y. Lee (ACC Representative)	200,000,000	100.00
	Director / President	B.R. Cheng (ACC Representative)	200,000,000	100.00
	Director	Peter Hsu (ACC Representative)	200,000,000	100.00
	Director	C.F. Cheng (ACC Representative)	200,000,000	100.00
	Director	C.M. Chen (ACC Representative)	200,000,000	100.00
	Supervisor	Doris Wu (ACC Representative)	200,000,000	100.00
	Supervisor	T.M. Chen (ACC Representative)	200,000,000	100.00
SUNRISE INDUSTRIAL HOLDINGS LTD.	Director	Douglas Tong Hsu (ACC Representative)	90,000	100.00
	Director	Peter Hsu (ACC Representative)	90,000	100.00
	Director	K. Y. Lee (ACC Representative)	90,000	100.00
	Director	R.H. Shao (ACC Representative)	90,000	100.00
	Director	Doris Wu (ACC Representative)	90,000	100.00
NAN HWA CEMENT CORP.	Chairman	K.Y. Lee (ACC Representative)	26,128,171	99.94
	Director / President	Y.F. Chang (ACC Representative)	26,128,171	99.94
	Director	Douglas Tong Hsu	1,548	0.00
	Director	Peter Hsu	1,548	0.00
	Director	C.M. Chen (ACC Representative)	26,128,171	99.94
	Director	Doris Wu (ACC Representative)	26,128,171	99.94
	Director	C.H. Chen (ACC Representative)	26,128,171	99.94
	Director	C.H. Chiu (ACC Representative)	26,128,171	99.94
	Director	K.M. Fu (ACC Representative)	26,128,171	99.94
	Director	C.M. Chen (ACC Representative)	26,128,171	99.94
	Supervisor	W.H. Yeh (Asia Investment Corp. Representative)	5,000	0.02
ASIA ENGINEERING ENTERPRISE CORP.	Chairman	Y.F. Chang (ACC Representative)	7,970,703	98.23
	Director / President	Z.P. Chang (ACC Representative)	7,970,703	98.23
	Director	Peter Hsu	6,817	0.08
	Director	K. Y. Lee (ACC Representative)	7,970,703	98.23
	Director	C.H. Chen (ACC Representative)	7,970,703	98.23
	Supervisor	H.Y. Kao (Asia Investment Corp. Representative)	6,000	0.07
ASIA CEMENT (CHINA) HOLDINGS CO.	Chairman / Non-Executive Director	Douglas Tong Hsu	3,000,000	0.19
	Vice Chairman / Executive Director	Peter Hsu	200,000	0.01
	Executive Director	T.H. Chang	1,422,000	0.09
	Executive Director	Doris Wu	20,000	0.00
	Executive Director	Z.L. Wu	481,500	0.03
	Executive Director	C.K. Chang	430,000	0.03
	Executive Director	S.J. Lin	400,000	0.03

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Independent Non - Executive Director	D.L. Zhan	0	0.00
	Independent Non - Executive Director	K.C. Lee	0	0.00
	Independent Non - Executive Director	K.M. Wang	0	0.00
	Independent Non - Executive Director	Wei Wang	0	0.00
ASIA CEMENT (SINGAPORE) PTE. LTD.	Chairman / Managing Director	Douglas Tong Hsu	2	0.00
	Vice Managing Director	J.H. Lin (ACC Representative)	10,495,495	99.96
	Director	Peter Hsu (ACC Representative)	10,495,495	99.96
	Director	K.Y. Lee (ACC Representative)	10,495,495	99.96
	Director	Y.F. Chang (ACC Representative)	10,495,495	99.96
	Director	R.H. Shao (ACC Representative)	10,495,495	99.96
	Director	Doris Wu (ACC Representative)	10,495,495	99.96
	Director	C.P. Sue (ACC Representative)	10,495,495	99.96
DER CHING INVESTMENT CORP.	Chairman	K.Y. Lee (ACC Representative)	595,576,603	99.99
	Director	Peter Hsu	6,639	0.00
	Director	Y.F. Chang (ACC Representative)	595,576,603	99.99
	Director	W.K. Chou (ACC Representative)	595,576,603	99.99
	Director	C.M. Chen (ACC Representative)	595,576,603	99.99
	Director	Doris Wu (ACC Representative)	595,576,603	99.99
	Director	H.Y. Kao (ACC Representative)	595,576,603	99.99
	Supervisor	H.T. Peng (Asia Investment Corp. Representative)	5,401	0.00
	Supervisor	Karen Yang (Asia Investment Corp. Representative)	5,401	0.00
YA LI TRANSPORTATION CORP.	Chairman	K.Y. Lee (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	Peter Hsu (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	Y.F. Chang (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	Z.P. Chang (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	C.H. Chung (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	C.H. Chen (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Director	W.T. Hsu (Yu Yuan Investment Corp. Representative)	4,839,183	48.39
	Supervisor	Dana Lee (ACC Representative)	5,100,000	51.00
YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP.	Chairman	K.Y. Lee (ACC Representative)	16,241,083	83.81
	Director	Douglas Tong Hsu (ACC Representative)	16,241,083	83.81
	Director	Peter Hsu (ACC Representative)	16,241,083	83.81
	Director	Y.F. Chang (ACC Representative)	16,241,083	83.81
	Director	C.H. Chiu (ACC Representative)	16,241,083	83.81
	Director	C.H. Chung (ACC Representative)	16,241,083	83.81
	Director	C.F. Cheng (ACC Representative)	16,241,083	83.81
	Supervisor	Lin Kuo (FEGC Representative)	3,105,647	16.03
	Supervisor	T.L. Yu (FEGC Representative)	3,105,647	16.03
YA TUNG READY-MIXED CONCRETE CORP.	Chairman	K.Y. Lee (ACC Representative)	157,492,851	99.99
	President	C.P. Chen	0	0.00
	Director	Peter Hsu	155	0.00
	Director	Y.F. Chang (ACC Representative)	157,492,851	99.99

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	W.K. Chou (ACC Representative)	157,492,851	99.99
	Director	C.M. Chen (ACC Representative)	157,492,851	99.99
	Supervisor	Doris Wu (Asia Investment Corp. Representative)	5,725	0.00
	Supervisor	H.Y. Kao (Asia Investment Corp. Representative)	5,725	0.00
ASIA INVESTMENT CORP.	Chairman	K.Y. Lee (ACC Representative)	208,487,884	100.00
	Director	Y.F. Chang (ACC Representative)	208,487,884	100.00
	Director	Doris Wu (ACC Representative)	208,487,884	100.00
	Supervisor	H.Y. Kao (ACC Representative)	208,487,884	100.00
CHIAHUI POWER CORP.	Chairman	Douglas Tong Hsu (ACC Representative)	280,093,521	59.59
	President	C.L. Chen	0	0.00
	Director	Peter Hsu (ACC Representative)	280,093,521	59.59
	Director	K.Y. Lee (ACC Representative)	280,093,521	59.59
	Director	Masahiro Uchiuzo (J-Power Investment Netherlands B.V. Representative)	187,854,807	39.97
	Director	Takashi Jahana (J-Power Investment Netherlands B.V. Representative)	187,854,807	39.97
	Supervisor	Doris Wu (Asia Investment Corp. Representative)	37,574	0.01
	Supervisor	W.H. Yeh (Asia Investment Corp. Representative)	37,574	0.01
FU DA TRANSPORTATION CO., LTD.	Chairman	Johnny Shih (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director / President	W.T. Hsu (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	K.Y. Lee (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	Y.F. Chang (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	Y.X. Wu (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Director	Humphrey Cheng (Fu Ming Transportation Co., Ltd. Representative)	27,892,834	99.87
	Supervisor	R.K. Tsai (Asia Investment Corp. Representative)	7,145	0.03
	Supervisor	C.M. Shi (Asia Investment Corp. Representative)	7,145	0.03
PERFECT INDUSTRIAL HOLDINGS PTE. LTD.	Director	Douglas Tong Hsu	0	0.00
	Director	Doris Wu	0	0.00
ORIENTAL CONCRETE PTE. LTD.	Chairman	Douglas Tong Hsu (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
	Director / Managing Director	J.H. Lin (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
	Director	Peter Hsu (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	K.Y. Lee (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
	Director	C.P. Sue (Asia Cement (Singapore) Pte. Ltd. Representative)	17,000,000	100.00
FU SHAN MINERAL STONE CO., LTD.	Chairman	Y.F. Chang (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director / President	Z.P. Chang (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director	Peter Hsu (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director	C.M. Chen (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Director	Manfred Wang (Der Ching Investment Corp. Representative)	1,294,270	99.56
	Supervisor	W.H. Yeh (Asia Investment Corp. Representative)	5,000	0.38
KOWLOON CEMENT CORP. LTD.	Chairman	Douglas Tong Hsu	0	0.00
	Director	Johnny Shih	0	0.00
	Director	K.Y. Lee	0	0.00
	Director	Y.F. Chang	0	0.00
	Director	R.H. Shao	0	0.00
	Director	C.P. Sue	0	0.00
AC MEGA INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	19,600,000	100.00
AC LEAP INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	19,600,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	19,600,000	100.00
AC MEGA II INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	10,000,000	100.00
AC MEGA III INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	10,000,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	10,000,000	100.00
AC MEGA IV INVESTMENT LTD.	Director	C.M. Chen (Der Ching Investment Corp. Representative)	19,400,000	100.00
	Director	W.K. Chou (Der Ching Investment Corp. Representative)	19,400,000	100.00
	Director	Doris Wu (Der Ching Investment Corp. Representative)	19,400,000	100.00
YA LI PRECAST CONCRETE INDIA PVT. LTD.	Chairman	X.M. He (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	W.H. Yeh (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	H.Y. Kao (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	Gary Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
	Director	H.C. Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative)	*INR 1,599,990	99.99
ASIA ORIENTAL (GUAM) L.L.C	Manager	C.P. Chen	0	0.00
YATUNG VIETNAM CO. LTD.	Manager	S.Y. Huang	0	0.00
YA SING READY-MIXED CONCRETE CORP.	Chairman	K.Y. Lee (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director / President	Z.G. He (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	C.H. Chung (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	Z.P. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	S.Y. Huang (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	W.S. Tsai (Ya Tung Ready-Mixed Concrete Corp. Representative)	6,993,000	69.93
	Director	J.F. Tsai (Nan Kung Enterprise Corp.Ltd. Representative)	1,000,000	10.00
	Director	J.B. Zhuo (Lien Fang Enterprise Corp.Ltd. Representative)	500,000	5.00
	Director	T.Y. Huang (Chu Chiang Enterprise Corp.Ltd. Representative)	1,000,000	10.00
	Supervisor	F.C. Wu (Ho Hwei Enterprise Corp.Ltd. Representative)	500,000	5.00
	Supervisor	W.K. Chou (Asia Investment Corp. Representative)	5,000	0.05

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Supervisor	C.W. Chiang (Asia Investment Corp. Representative)	5,000	0.05
ASIA CEMENT EXPLORER INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	11,415,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	11,415,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	11,415,000	100.00
ASIA CEMENT PIONEER INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	66,550,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	66,550,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	66,550,000	100.00
ASIA CEMENT PIONEER II INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	18,500,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	18,500,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	18,500,000	100.00
ASIA CEMENT PIONEER III INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	10,000,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	10,000,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	10,000,000	100.00
ASIA CEMENT PIONEER IV INVESTMENT LTD.	Director	C.M. Chen (Asia Investment Corp. Representative)	9,510,000	100.00
	Director	W.K. Chou (Asia Investment Corp. Representative)	9,510,000	100.00
	Director	Doris Wu (Asia Investment Corp. Representative)	9,510,000	100.00
ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD.	Chairman	Douglas Tong Hsu	0	0.00
	Director	Peter Hsu	0	0.00
	Director	K.Y. Lee	0	0.00
	Director	Doris Wu	0	0.00
	Director	Soon Heng Leong	0	0.00
ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD.	Chairman	Douglas Tong Hsu	4,000	0.00
	Director	Peter Hsu	0	0.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director	R.H. Shao	1,000	0.00
	Director	Doris Wu	0	0.00
	Director	Soon Heng Leong	0	0.00
KOWLOON CONCRETE CORP. LTD.	Chairman	Douglas Tong Hsu	0	0.00
	Director	K.Y. Lee	0	0.00
	Director	L.H. Fang	0	0.00
	Director	Doris Wu	0	0.00
	Director	C.P. Sue	0	0.00
JOIN FORTUNE TRADING LTD	Manager	C.P. Sue	0	0.00
	Manager	Gary Lee	0	0.00
PEREZ-AOG, L.L.C.	Manager	C.L. Lai	0	0.00
JIANGXI YADONG CEMENT CO., LTD.	Chairman	Z.L. Wu (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director / President	C.K. Chang (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	S.J. Lin (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	L.H. Fang (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	J.B. Yu (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	L. Tian (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	T.M. Chen (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	Dana Lee (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
	Director	Doris Wu (Oriental Holdings Co., Ltd. Representative)	*USD 35,610	10.00
	Director	Karen Yang (Oriental Holdings Co., Ltd. Representative)	*USD 35,610	10.00
	Director	D.M. Yao (Jiangxi Provincial Investment Group Corp. Representative)	*USD 17,805	5.00
	Supervisor	T.Z. Wu (Asia Continent Investment Holdings Pte. Ltd. Representative)	*USD 302,689	85.00
HUANGGANG YADONG CEMENT CO., LTD.	Chairman	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
	Director / President	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
	Director	W.Y. Liu (Oriental Holdings Co., Ltd. Representative)	*USD 8,617	10.00
	Supervisor	B.H. Lu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 77,553	90.00
WUHAN YADONG CEMENT CO., LTD.	Chairman	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	President	L. Tian	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	Director	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
	Director	M. Wang (Oriental Holdings Co., Ltd. Representative)	*USD 3,614	10.00
	Supervisor	W.F. Hsu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 32,526	90.00
ORIENTAL HOLDINGS CO., LTD.	Chairman	Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	President	Doris Wu	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Director	C.K. Chang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Director	S.J. Lin (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Director	Peter Chiang (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
	Supervisor	Michael Ting (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 130,407	100.00
CHENGDU YALI CEMENT PRODUCTS CO., LTD.	Chairman	J.Q. Chen (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,100	51.22
	President	J.B. Yu	*USD 0	0.00
	Director	Z.L. Wu (Oriental Industrial Holdings Pte. Ltd. Representative)	*USD 2,100	51.22

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

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

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

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

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
NANCHANG YADONG CEMENT CO., LTD.	Chairman	S.J. Lin (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	President	A.K. Fu	*RMB 0	0.00
	Director	Z.L. Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	Director	C.K. Chang (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	Director	Doris Wu (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
	Director	D.H. Lin (Oriental Holdings Co., Ltd. Representative)	*RMB 22,500	25.00
	Director	Y.T. Wang (Oriental Holdings Co., Ltd. Representative)	*RMB 22,500	25.00
	Director	X.L. Chang (Fangda Special Steel Technology Co., Ltd. Representative)	*RMB 22,500	25.00
	Director	M.H. Li (Fangda Special Steel Technology Co., Ltd. Representative)	*RMB 22,500	25.00
	Supervisor	J.F. Jiang (Jiangxi Yadong Cement Co., Ltd. Representative)	*RMB 45,000	50.00
WUHAN YALI CEMENT PRODUCTS CO., LTD.	Chairman	L.C. Chen (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	President	R.X. Ciou	*RMB 0	0.00
	Director	Z.L. Wu (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Director	C.K. Chang (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Director	S.J. Lin (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Director	Doris Wu (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
	Supervisor	S.M. Chang (Wuhan Yadong Cement Co., Ltd. Representative)	*RMB 60,000	100.00
TAIZHOU YADONG BUILDING MATERIAL CO., LTD.	Chairman	S.J. Lin (Oriental Holdings Co., Ltd. Representative)	*USD 16,000	100.00
	President	T.S. Yang	*USD 0	0.00

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

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

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

8.5 Operating Condition of Affiliated Companies

Unit: NT\$1,000

Book closure date: 31 December 2017

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Net Sales	Operating Income (Loss)	Income (Loss) After Income Tax	Earnings (Loss) per Share (After Income Tax)
FU MING TRANSPORTATION CO., LTD.	295,695	1,763,247	338,993	1,424,254	903,589	73,796	231,093	7.82
YUAN LONG STAINLESS STEEL CORP.	2,000,000	5,051,182	3,372,910	1,678,272	6,036,722	164,860	90,857	0.45
SUNRISE INDUSTRIAL HOLDINGS LTD.	2,909	124,247	75,804	48,443	0	(88)	(2,171)	(24.13)
NAN HWA CEMENT CORP.	261,440	880,526	523,654	356,872	381,974	39,800	25,713	0.98
ASIA ENGINEERING ENTERPRISE CORP.	81,144	277,780	171,527	106,253	73,667	14,733	19,362	2.39
ASIA CEMENT (CHINA) HOLDINGS CO.	634,911	60,815,241	15,730,684	45,084,557	0	(237,048)	2,711,936	1.73
ASIA CEMENT (SINGAPORE) PTE. LTD.	250,425	3,991,615	817,007	3,174,608	725,084	(57,663)	43,833	4.17
DER CHING INVESTMENT CORP.	5,956,218	16,755,089	4,781,024	11,974,065	335,756	321,056	432,986	0.73
YA LI TRANSPORTATION CORP.	100,000	434,744	16,809	417,935	166,253	(9,592)	4,934	0.49
YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP.	193,776	417,662	375,072	42,590	407,905	(60,364)	(73,488)	(3.79)
YA TUNG READY-MIXED CONCRETE CORP.	1,575,000	3,715,562	2,112,996	1,602,566	6,724,836	21,023	10,855	0.07
ASIA INVESTMENT CORP.	2,084,879	8,146,371	6,673,504	1,472,867	285,450	284,177	155,329	0.75
CHIAHUI POWER CORP.	4,700,000	11,366,498	2,302,737	9,063,761	6,114,715	1,038,985	782,583	1.67
FU DA TRANSPORTATION CO., LTD.	279,279	1,035,121	328,748	706,373	773,544	88,465	135,860	4.86
PERFECT INDUSTRIAL HOLDINGS PTE. LTD.	278,659	58,308,818	0	58,308,818	0	(121)	3,874,482	413.09
ORIENTAL CONCRETE PTE. LTD.	376,890	253,150	968	252,182	11,257	3,086	4,601	0.27
FU SHAN MINERAL STONE CO.,LTD.	13,000	89,522	55,167	34,355	60,185	2,732	1,943	1.49
KOWLOON CEMENT CORP. LTD.	93,150	903,044	2,156	900,888	23,798	(2,661)	(9,732)	(4.23)
AC MEGA INVESTMENT LTD.	579,926	370,974	0	370,974	0	(596)	(3,916)	(0.20)
AC LEAP INVESTMENT LTD.	579,439	406,214	0	406,214	0	(682)	(2,552)	(0.13)
AC MEGA II INVESTMENT LTD.	289,050	196,746	0	196,746	0	(341)	(2,075)	(0.21)
AC MEGA III INVESTMENT LTD.	289,050	225,471	0	225,471	0	(380)	(2,304)	(0.23)

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Net Sales	Operating Income (Loss)	Income (Loss) After Income Tax	Earnings (Loss) per Share (After Income Tax)
AC MEGA IV INVESTMENT LTD.	575,055	497,371	0	497,371	0	(676)	(7,392)	(0.38)
YA LI PRECAST CONCRETE INDIA PVT. LTD.	8,338	9,871	6,631	3,240	0	(923)	(929)	Note 1
ASIA ORIENTAL (GUAM) L.L.C	242,046	86,238	55	86,183	949	(678)	(35,135)	Note 1
YATUNG VIETNAM CO., LTD.	201,823	230,364	37,910	192,454	236,259	4,535	1,637	Note 1
YA SING READY-MIXED CONCRETE CORP.	100,000	180,199	92,030	88,169	574,994	6,593	4,679	0.47
ASIA CEMENT EXPLORER INVESTMENT LTD.	334,065	121,813	0	121,813	0	(459)	(3,109)	(0.27)
ASIA CEMENT PIONEER INVESTMENT LTD.	2,039,879	1,507,617	56,379	1,451,238	0	(2,186)	(14,239)	(0.21)
ASIA CEMENT PIONEER II INVESTMENT LTD.	544,135	416,833	0	416,833	0	(667)	(2,325)	(0.13)
ASIA CEMENT PIONEER III INVESTMENT LTD.	289,050	181,519	0	181,519	0	(321)	(2,017)	(0.20)
ASIA CEMENT PIONEER IV INVESTMENT LTD.	286,263	208,789	0	208,789	0	(379)	(1,204)	(0.13)
ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD.	8,581,641	18,166,806	91	18,166,715	0	(199)	2,338,497	7.05
ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD.	22,706,243	40,123,654	139	40,123,515	0	(307)	1,558,621	2.22
KOWLOON CONCRETE CORP. LTD.	38	127,476	142	127,334	2,655	(10,899)	359	35.93
JOIN FORTUNE TRADING LTD.	87,400	31,122	631	30,491	0	(90)	(20,005)	(6.71)
PEREZ-AOG, L.L.C.	285,216	221,838	158,538	63,300	273,764	(50,708)	(56,128)	Note 1
JIANGXI YADONG CEMENT CO., LTD.	10,579,850	27,283,212	5,934,526	21,348,686	15,586,109	3,549,545	2,803,691	Note 1
HUANGGANG YADONG CEMENT CO., LTD.	2,560,111	5,099,418	358,944	4,740,474	2,638,778	606,723	493,699	Note 1
WUHAN YADONG CEMENT CO., LTD.	1,073,719	3,174,390	608,022	2,566,368	2,171,185	5,745	(65,122)	Note 1
ORIENTAL HOLDINGS CO., LTD.	3,874,392	7,759,778	8,882	7,750,896	0	(902)	453,366	Note 1
CHENGDU YA LI CEMENT PRODUCTS CO., LTD.	121,811	299,405	40,069	259,336	208,130	63,428	46,060	Note 1
SHANGHAI YAFU CEMENT PRODUCTS CO., LTD.	75,463	93,510	1,665	91,845	0	(2,875)	(4,412)	Note 1
SHANGHAI YALI CEMENT PRODUCTS CO., LTD.	445,650	575,647	434,634	141,013	331,691	(82,029)	(142,473)	Note 1
SICHUAN YALI CONCRETE PRODUCE CO., LTD.	98,043	371,021	276,333	94,688	250,035	1,632	(8,901)	Note 1
SICHUAN YALI TRANSPORT CO., LTD.	103,985	229,225	57,729	171,496	317,258	(6,618)	(8,577)	Note 1

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Net Sales	Operating Income (Loss)	Income (Loss) After Income Tax	Earnings (Loss) per Share (After Income Tax)
YANGZHOU YADONG CEMENT CO., LTD.	1,055,596	2,565,596	1,048,270	1,517,326	3,103,119	69,445	55,085	Note 1
SICHUAN YADONG CEMENT CO., LTD.	10,943,381	20,057,833	3,817,404	16,240,429	5,167,409	198,782	145,647	Note 1
HUBEI YADONG CEMENT CO., LTD.	4,599,108	11,901,365	1,629,598	10,271,767	5,392,666	852,600	760,461	Note 1
NANCHANG YALI CONCRETE PRODUCE LTD.	272,811	860,068	72,916	787,152	418,778	52,461	34,345	Note 1
JIANGXI YALI TRANSPORT CO., LTD.	56,836	193,406	46,655	146,751	287,056	22,739	17,034	Note 1
NANCHANG YADONG CEMENT CO., LTD.	409,216	799,997	90,310	709,687	740,058	51,331	42,706	Note 1
WUHAN YALI CEMENT PRODUCTS CO., LTD.	272,811	476,915	240,765	236,150	384,978	(49,302)	(116,099)	Note 1
TAIZHOU YADONG BUILDING MATERIAL CO., LTD.	475,360	982,294	631,487	350,807	606,480	22,757	(23,503)	Note 1
SICHUAN LANFENG BUILDING MATERIALS CO., LTD.	90,937	50,284	147,216	(96,932)	0	(2,138)	(7,779)	Note 1
SICHUAN LANFENG CEMENT CO., LTD.	2,728,109	7,093,489	4,309,708	2,783,781	3,675,692	244,654	65,121	Note 1
HUBEI YALI TRANSPORT CO., LTD.	59,109	117,594	31,985	85,609	171,332	(7,459)	(6,012)	Note 1
WUHAN YAXIN CEMENT CORP. LTD.	409,216	1,809,567	535,142	1,274,425	1,279,068	57,672	22,235	Note 1

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

Note 2: The data in Balance Sheet are converted according to the exchange rate at the end of 2017(USD : 29.71 ; SGD : 22.17 ; RMB : 4.546848 ; HKD : 3.777 ; INR : 0.4653 ; VND : 0.00094); the data in Income Statement are converted according to the 2017 average exchange rate (USD : 30.4315 ; SGD : 22.0392 ; RMB : 4.513509 ; HKD : 3.9049 ; INR : 0.4668 ; VND : 0.00122).

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

◎**Relationship Report:** Not applicable.

◎**Private placement:** None.

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

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

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



ASIA CEMENT CORPORATION