遠東集團
FAR EASTERN GROUP

亞洲水泥股份有限公司

Asia Cement Corporation

Stock code:

1102 TT

IR presentation

遠東集團
FAR EASTERN GROUP
Since 1949
ANNIVERSARY
遠東70週年慶

Nov 2019

Disclaimer

This presentation contains forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. Actual results may differ materially from those expressed or implied by these forward-looking statements. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation might not occur in the way we expect, or at all. You should not place undue reliance on any forward-looking information.

In preparing the information herein, ACC have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to ACC or which was otherwise reviewed by ACC. Neither ACC nor its advisors have made any representation or warranty as to the accuracy or completeness of such information and nor do they assume any undertaking to supplement such information as further information becomes available or in light of changing circumstances. None of ACC, nor any of their respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. Neither this presentation nor any of its contents may be reproduced to a third party without the prior written consent of ACC.

Table of Contents

Company Snapshot

Company Snapshot

Market Cap: US$ 4.5 bn / NT$ 144.7 bn (as of 31 Oct 2019)

Asia Cement
(1102 TT)

ACC Taiwan

- Establish in March 1957
- The second-largest cement player
- Cement capacity: 5.0 mtpa.

ACC China
(743 HK)

- Top 10th clinker producer
- Strategic location in Central and Western China
- Cement capacity: 33.0 mtpa.
- Listing in HKEx since May 2008

Investment

- Consolidated entities: cement value-chain business, IPP, stainless steel, transportation.
- Equity investees: FENC (1402 TT), U-Ming Marine (2606 TT) and Shanshui Cement (691 HK)

Investment Portfolio in Far Eastern Group

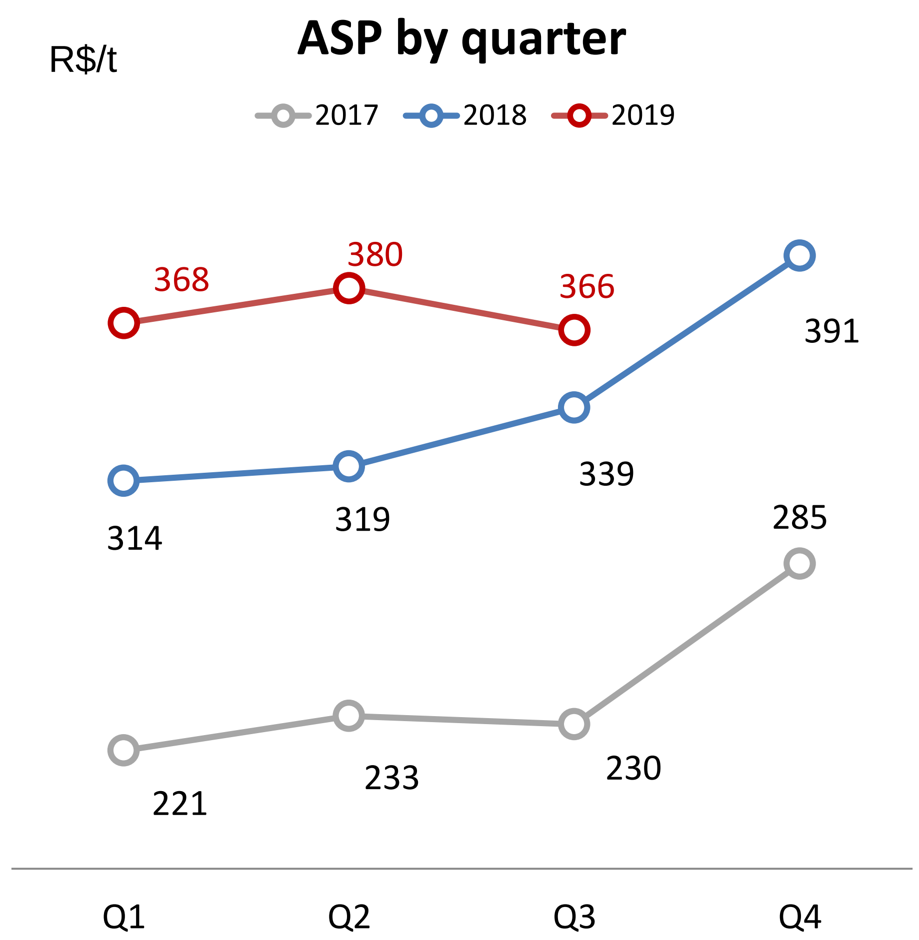
NT$ mn

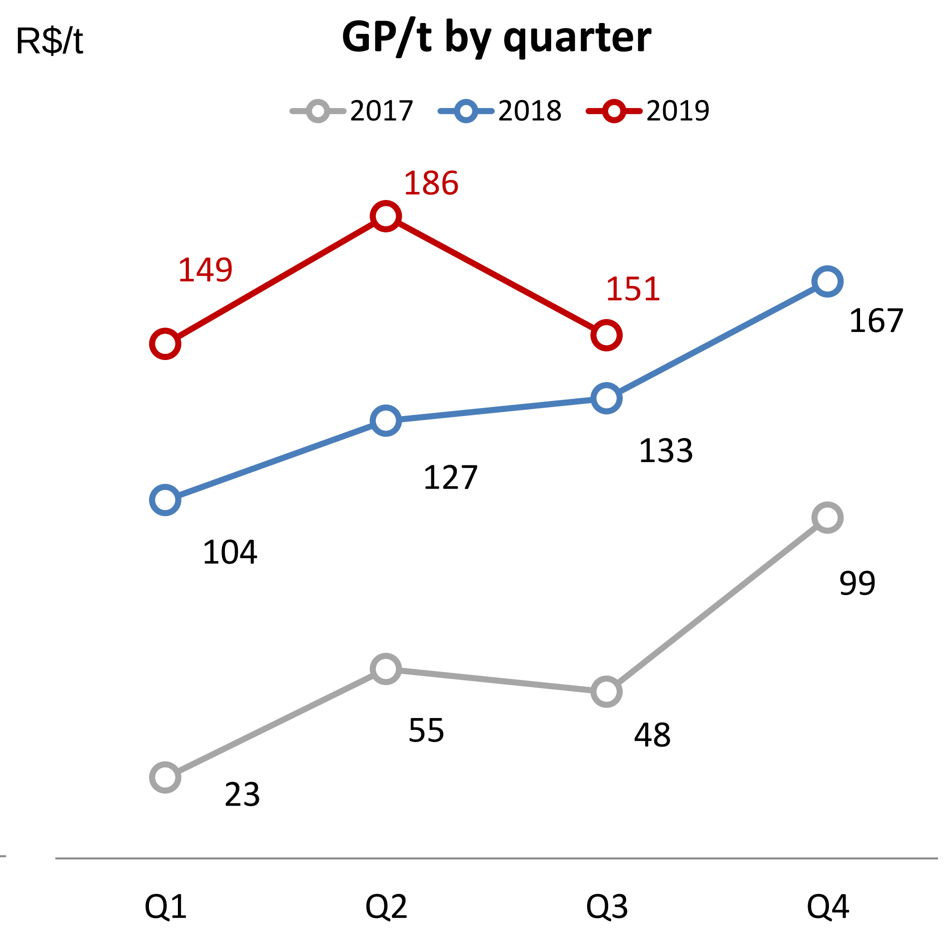
Equity Hold (3)	Incor-porated Year	Investees	Stock code	Holdings (1)	Market Value (2)	Equity Income				
						2016	2017	2018	1Q19	2Q19
	2004	Asia Cement (China) Holdings Corp.	743 HK	67.7%	41,810					
	1997	Far EasTone Telecommunications Lt	4904 TT	1.0%	2,260					
	1992	Far Eastern International Bank	2845 TT	2.4%	942					
	1975	Oriental Union Chemical Corp.	1710 TT	7.2%	1,403					
V	1968	U-Ming Marine Transport Corp.	2606 TT	39.3%	11,228	(345)	392	655	37	13
	1967	Far Eastern Department Stores Ltd.	2903 TT	5.7%	2,093					
V	1949	Far Eastern New Century Corp.	1402 TT	23.8%	37,662	1,347	1,694	2,343	331	518
		Others				347	435	1,147	(33)	1,514
		Total			**97,399**	**1,350**	**2,522**	**4,144**	**335**	**2,046**

Note1: Asia Cement comprehensively holds 72.0% of Asia Cement(China) Holdings.
(100%-owned AC(Singapore) holds a 4.1% stake and Asia Engineering Pte. holds a 0.2% stake of Asia Cement(China))
Note2: The market value is calculated on the basis of ACC's holding shares and the equity's closing price at 31 Oct 2019.
Note3: Since 1 January 2013, Asia Cement (China) Holdings Corp. and most unlisted investees are classified as the consolidated entities.

What’s New

What's New：Strong ASP and GP growth of ACCH

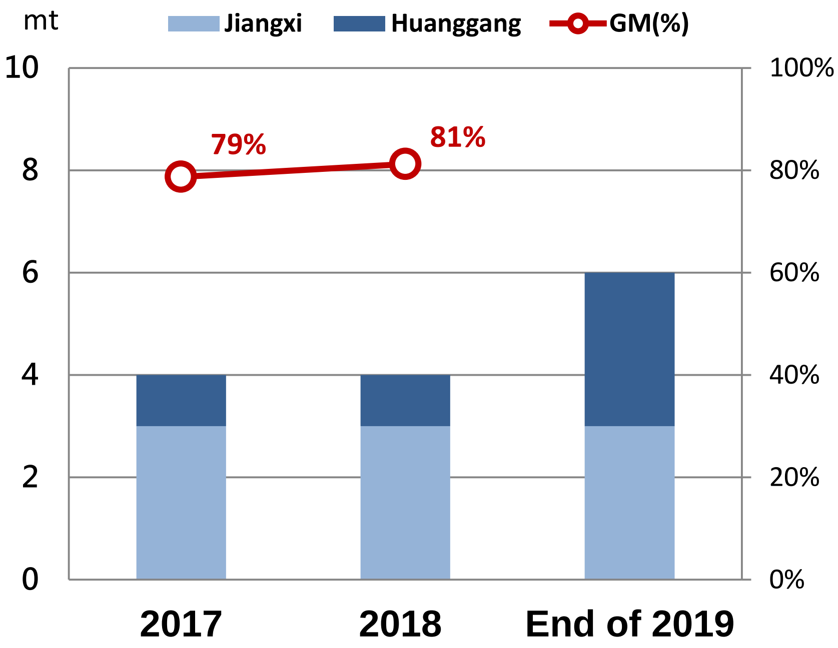




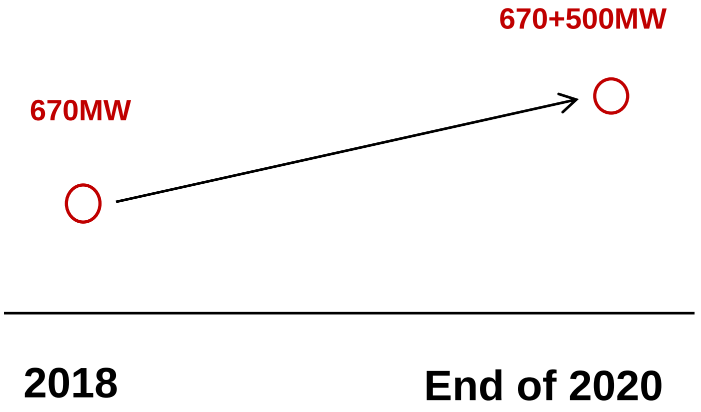
What's New：Undergoing Investments and Future Prospects

1. GM of aggregate reached 81% in 2018. Total capacity will raise to 6mt at the end of 2019.
2. **IPP phase II** project is expected to start operation by the end of 2020. Total CAPEX budget is NT$10.7bn.

Aggregate Capacity in China



IPP Phase II project in TW



What’s New：Growing investment income

1. BDI index has rebounded, U-Ming Marine’s profit in 2H19 is expected to be promising.
2. FENC: PTA and PET capacity ramped up, while price and spread were weak recently due to fluctuations in oil price.
3. Thanks to strong demand in northern China, Shanshui Cement’s shipment and profit have improved in 3Q19.

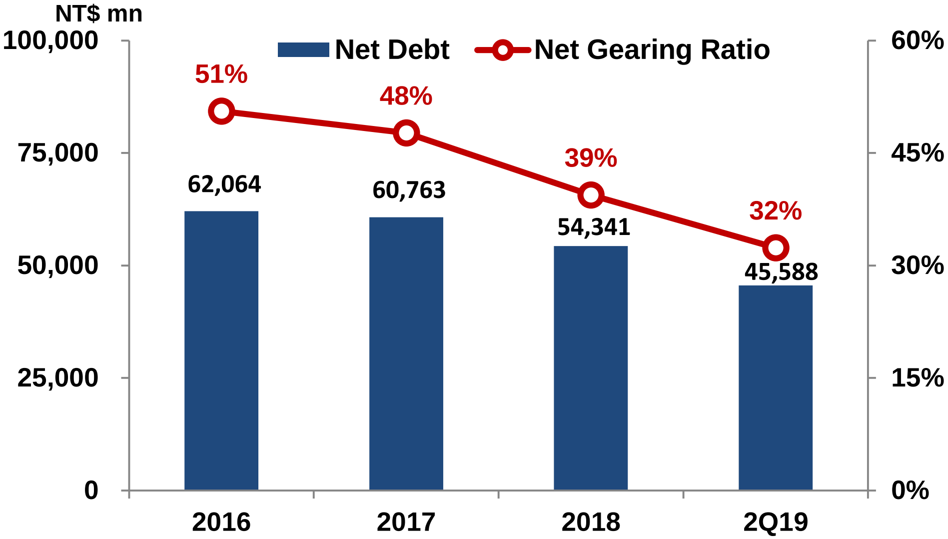
NT$ mn

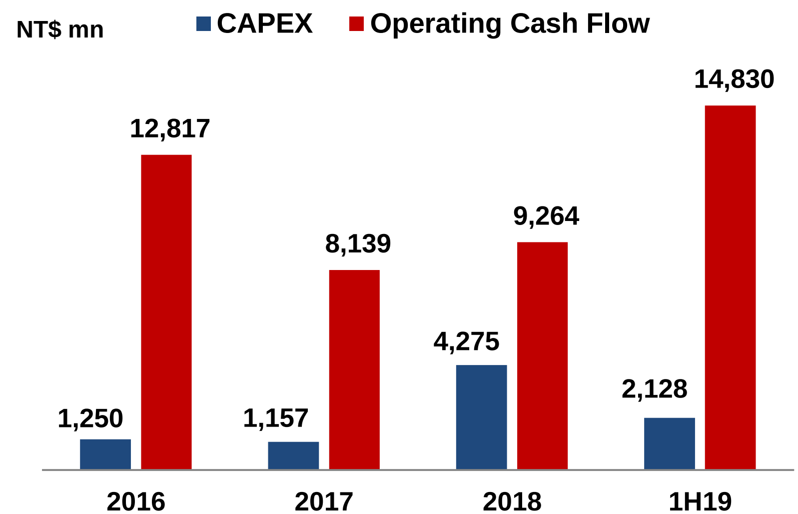
Investees	Holdings	Equity income (1102 TT)											
		1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19
U-Ming Marine Transport Corp.	39.3%	(7)	54	189	156	392	83	199	294	79	655	37	13
Far Eastern New Century Corp.	23.8%	312	290	791	302	1,694	510	1,000	686	147	2,343	331	518
Shanshui Cement Co. Ltd.	17.5%	-	-	-	-	-	-	-	-	377	377	(169)	1,119
Others (unlisted investees)		18	135	105	177	435	136	364	162	108	770	136	395
Total		**323**	**479**	**1,085**	**635**	**2,522**	**729**	**1,564**	**1,142**	**710**	**4,144**	**335**	**2,046**

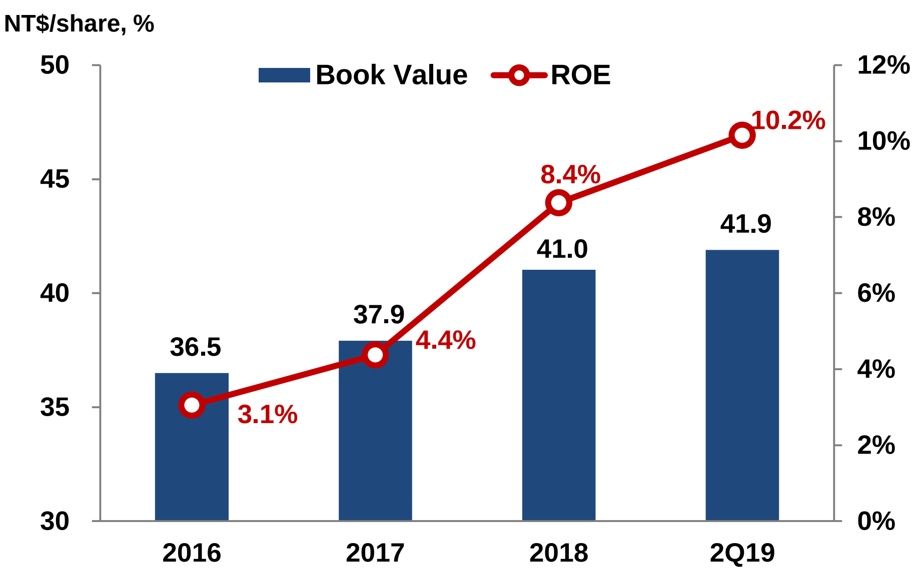
R$ mn

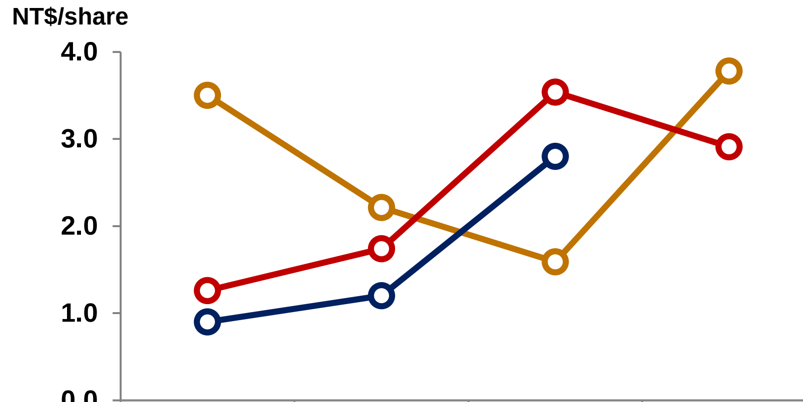
Shanshui Cement	Profit Attributable to Shareholders of Parent (691 HK)								
	1H17	2H17	2017	1Q18	2Q18	2H18	2018	1Q19	2Q19
	(44)	645	601	(471)	1,223	1,445	2,197	(211)	1,407

Asia Cement (1102 TW)：
Robust financial structure and high dividend Payout



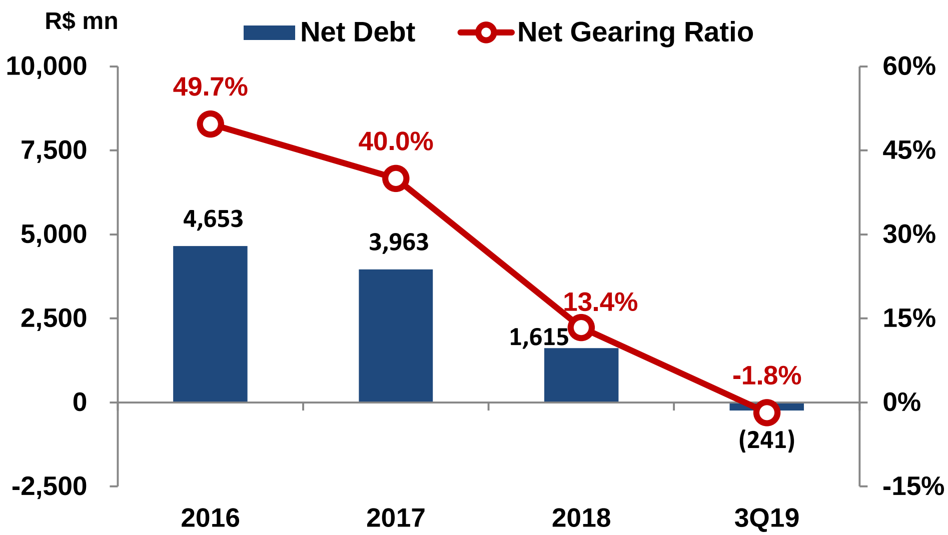


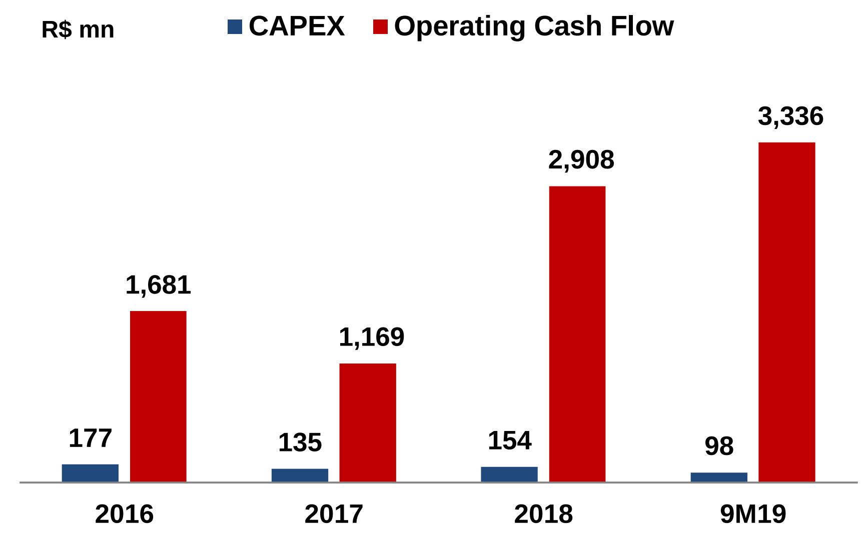


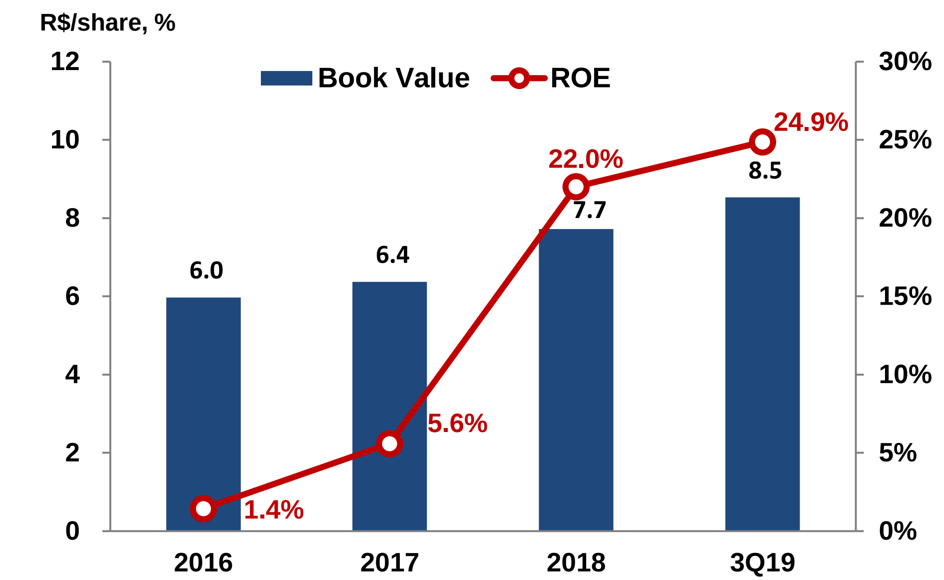


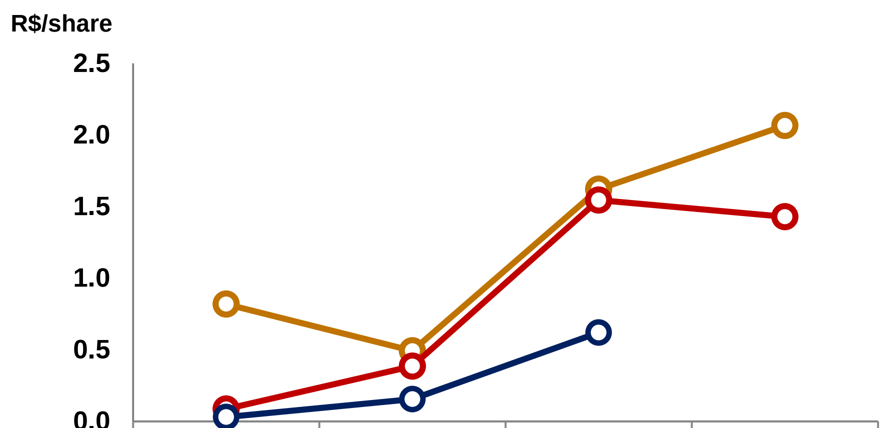
	2016	2017	2018	1H19
FCF	3.50	2.22	1.59	3.8
EPS	1.26	1.74	3.54	2.9
DPS	0.90	1.20	2.80	

Asia Cement (China)(743 HK)：
Excellent profitability and rich cash flow







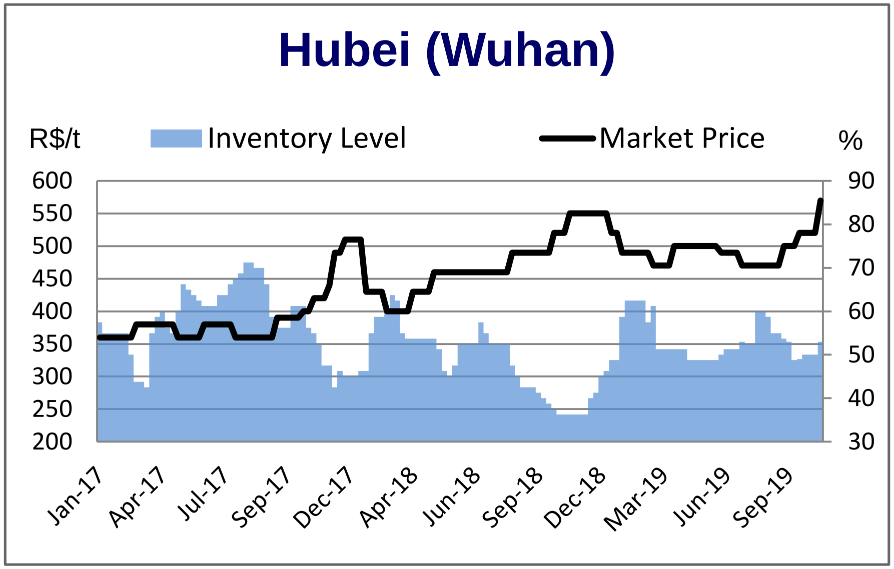


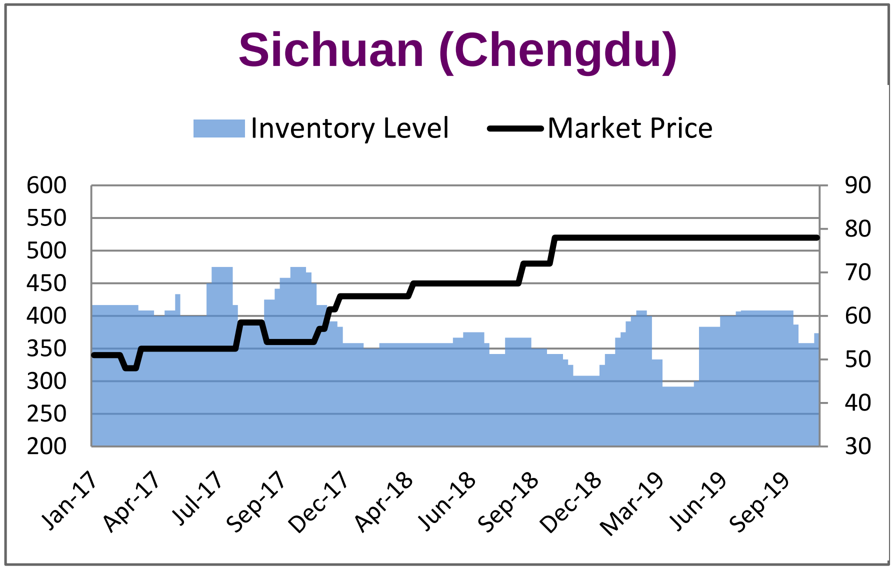
	2016	2017	2018	9M19
FCF	0.82	0.49	1.62	2.07
EPS	0.09	0.38	1.55	1.43
DPS	0.03	0.16	0.62	

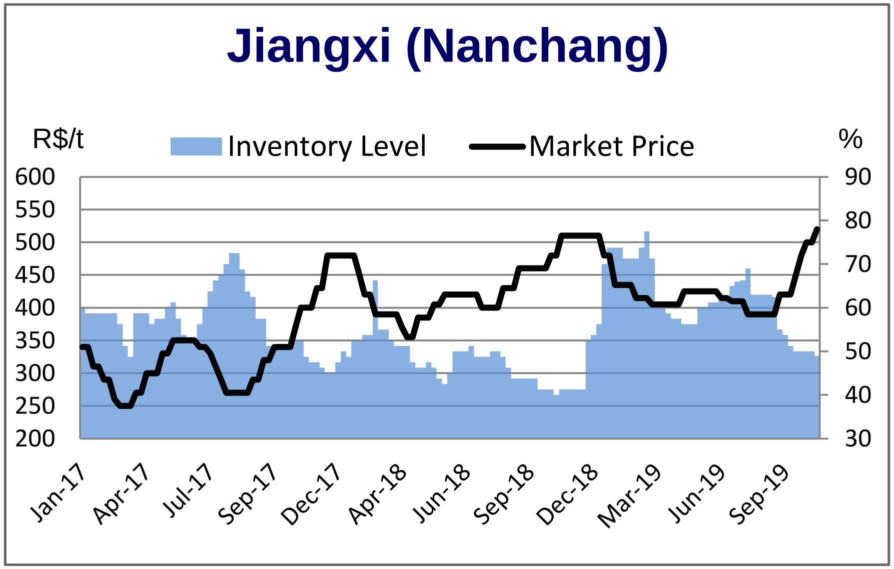
Asia Cement (China) Operating Data

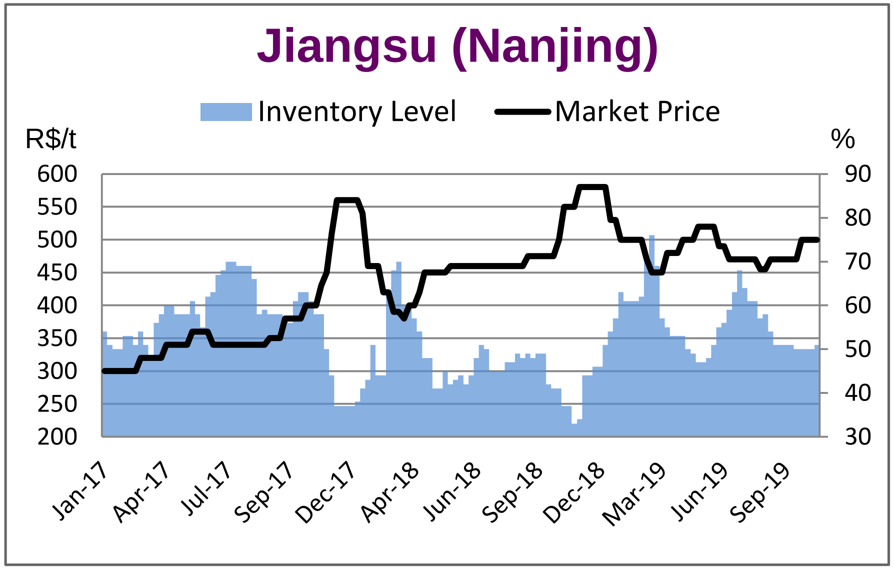
AC(China): Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %



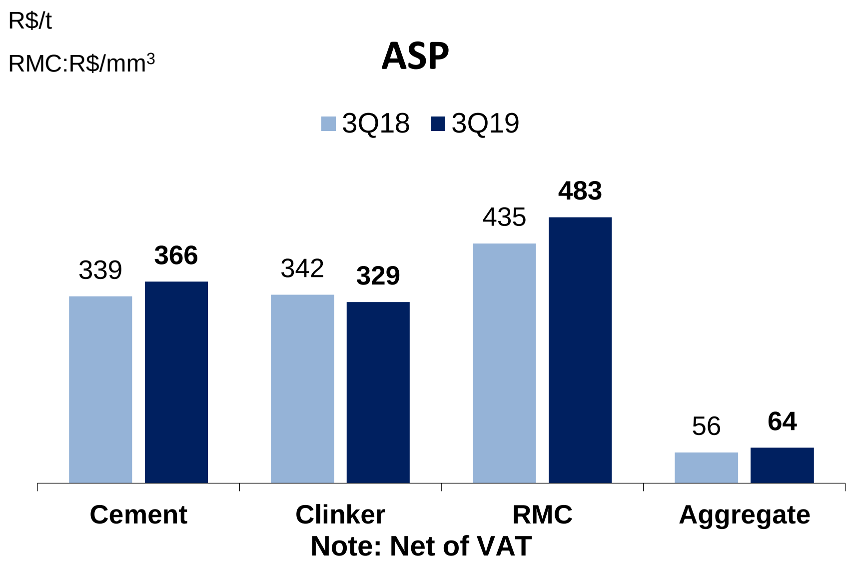


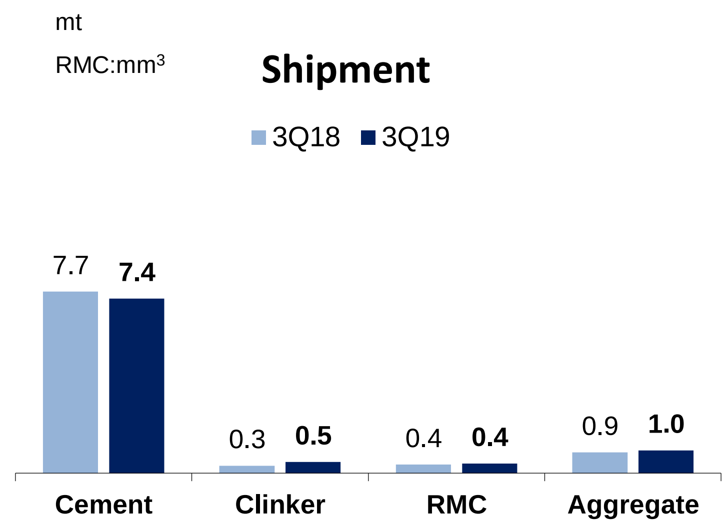


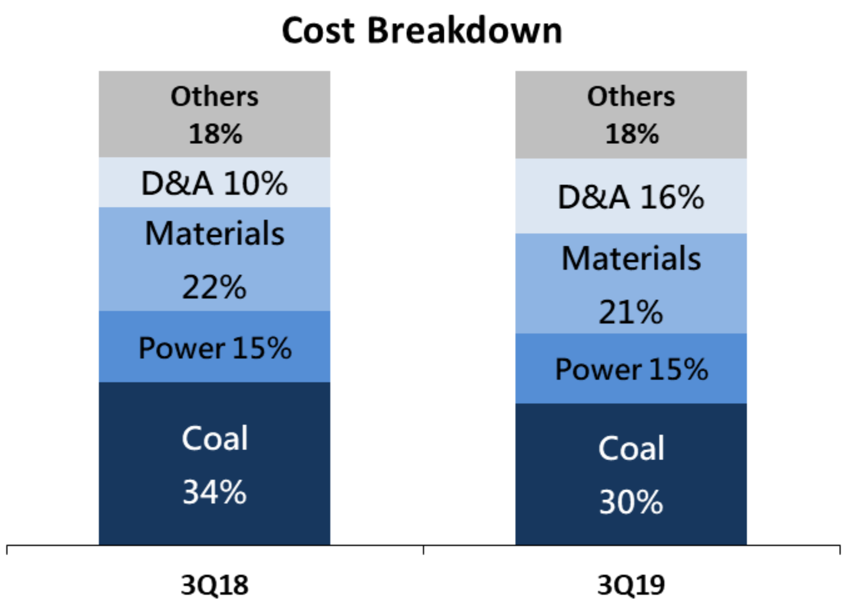


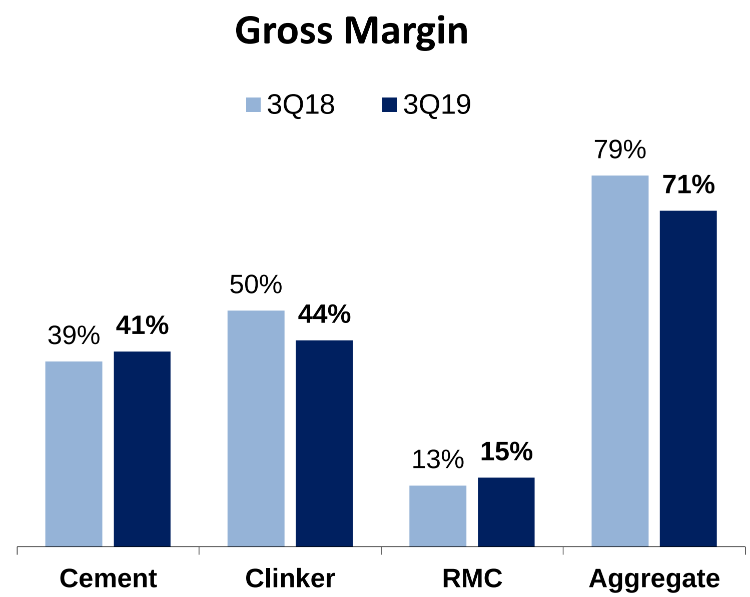
Source: Digit Cement. Inventory level is based on the average of province.

AC(China) : 3Q19 Operating data points



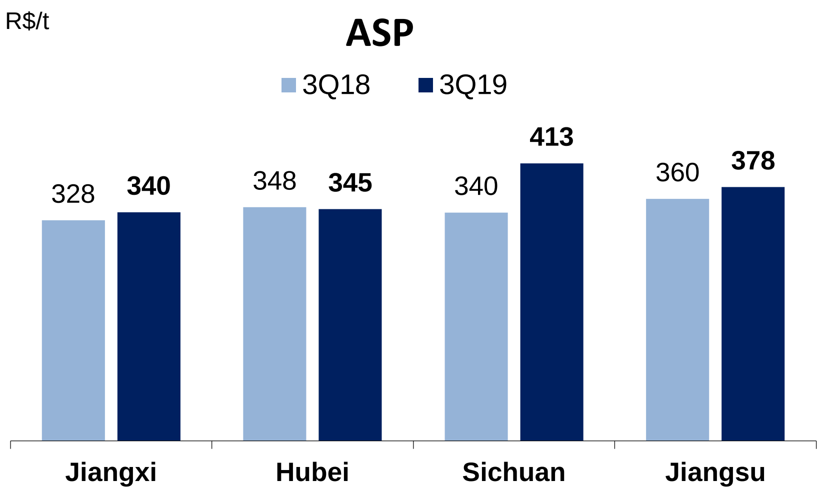


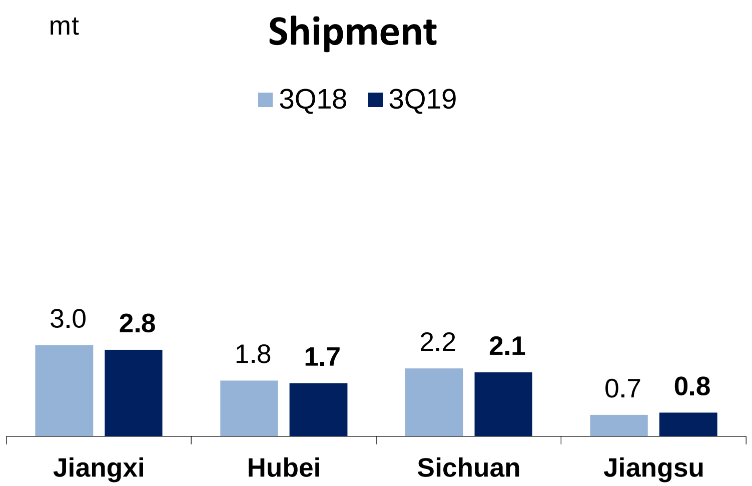




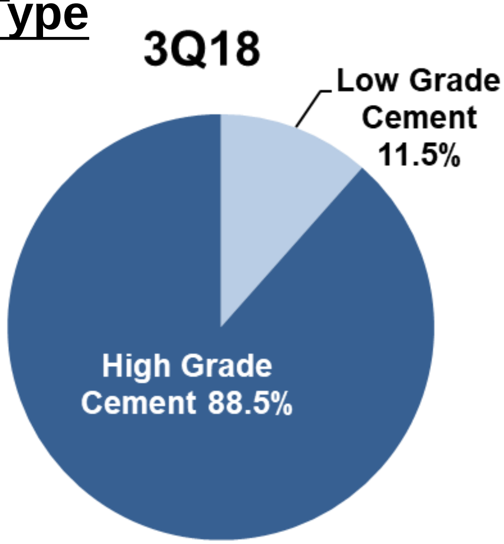
AC(China) : 3Q19 Operating data points

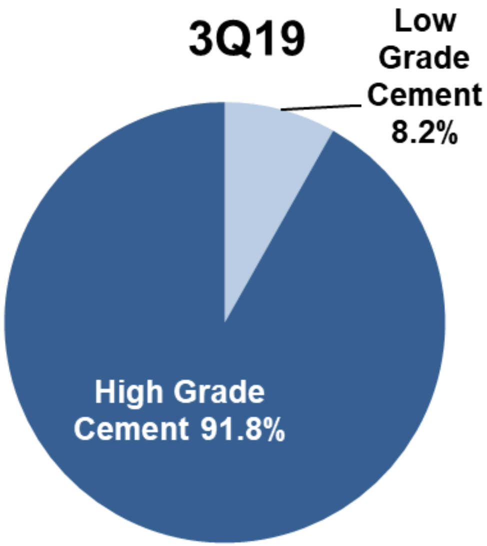
Cement Product by Regions



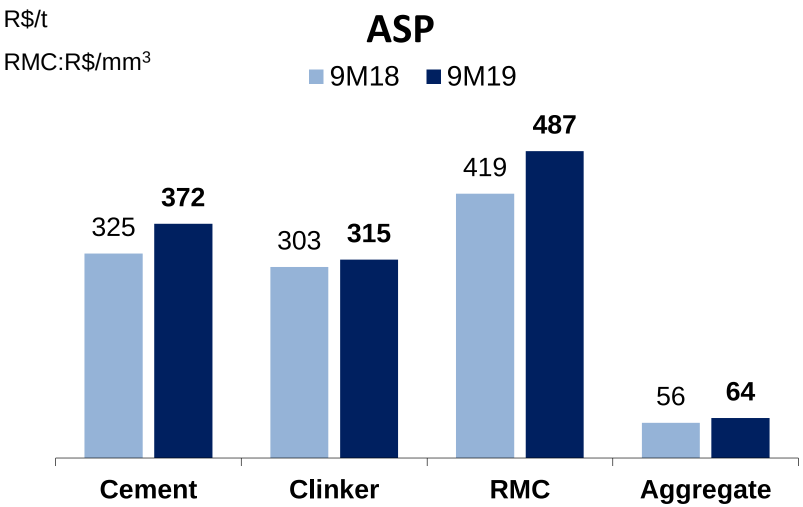


Product Type

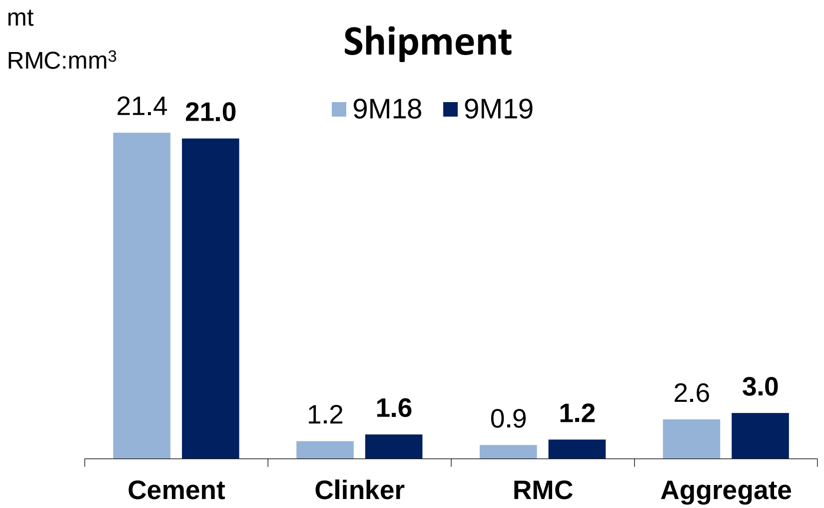


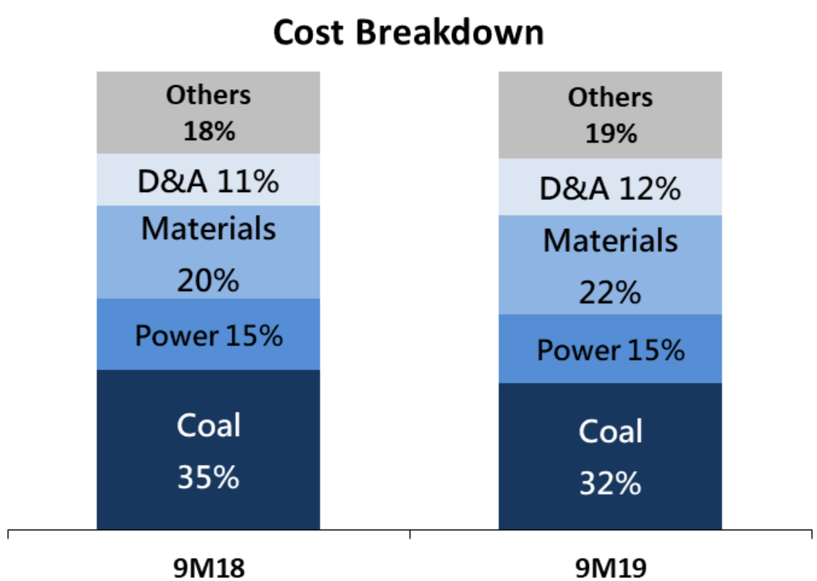


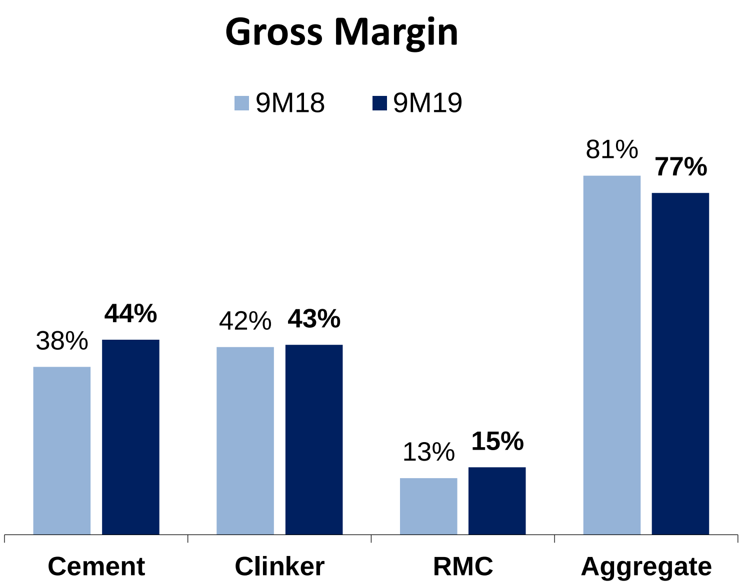
AC(China) : 9M19 Operating data points



Note: Net of VAT

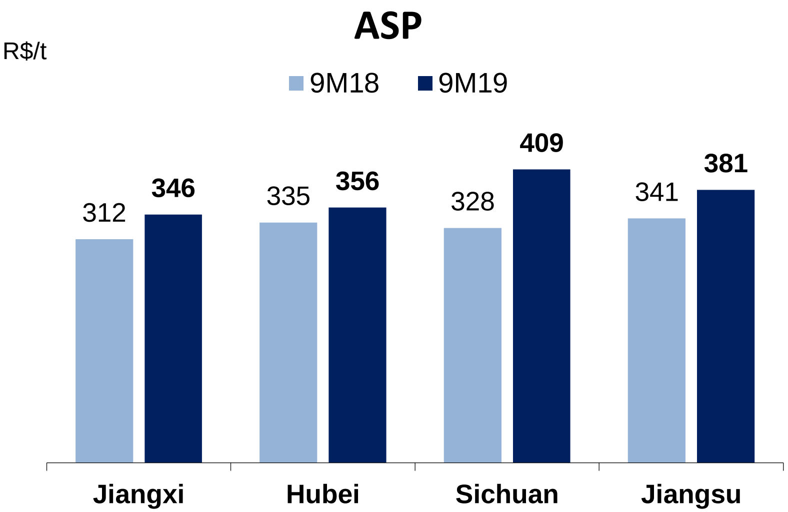


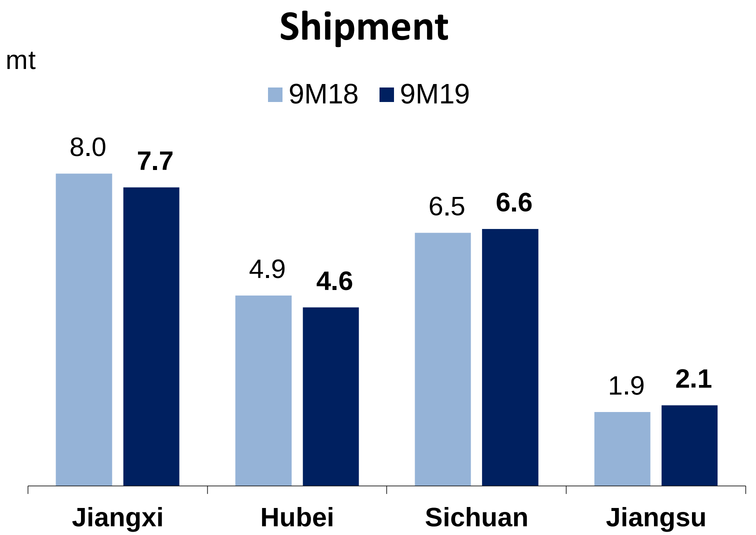




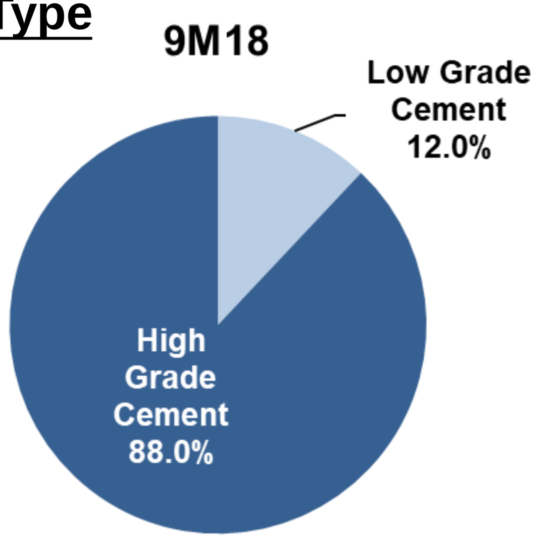
AC(China) : 9M19 Operating data points

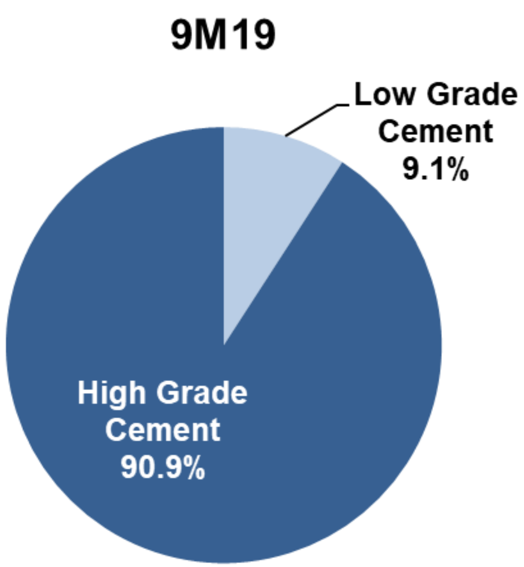
Cement Product by Regions





Product Type

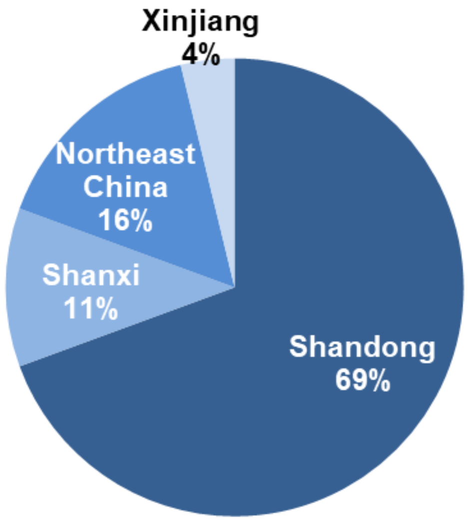




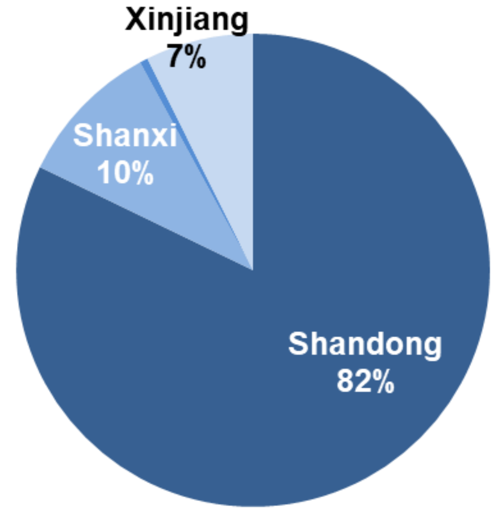
Shanshui Cement Profile

Shanshui : Overview by Regions

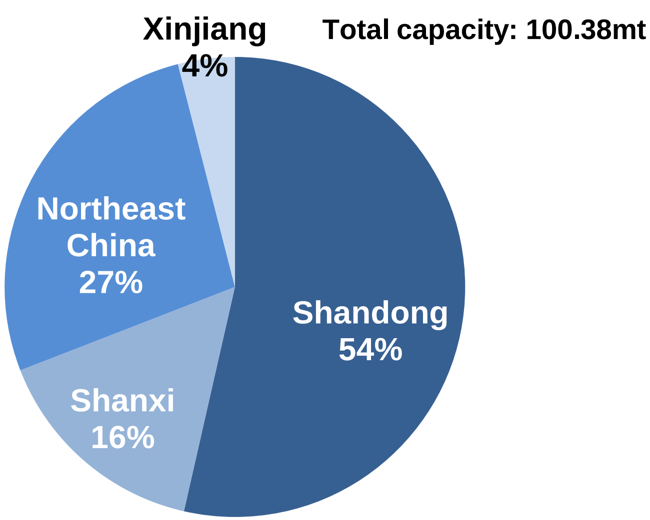
1H19 Revenue by Regions



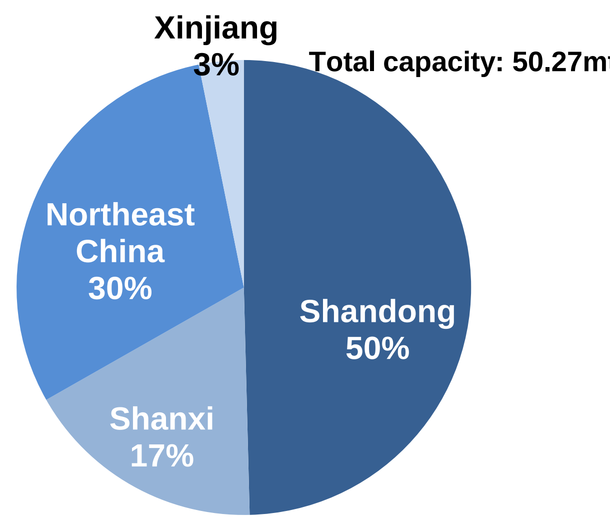
1H19 Pretax Profit by Region



Cement Capacity

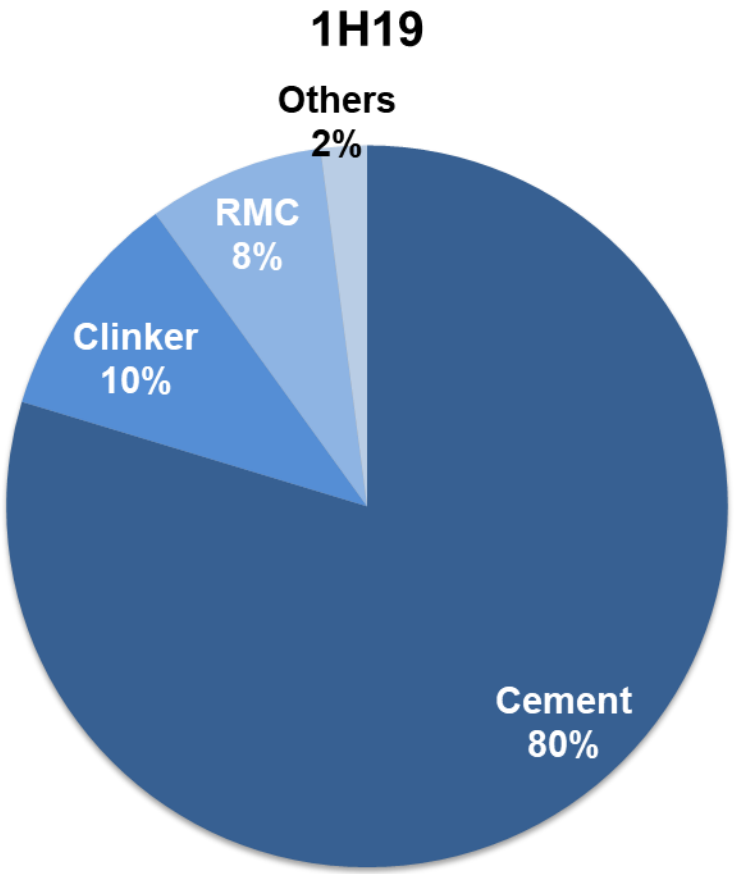


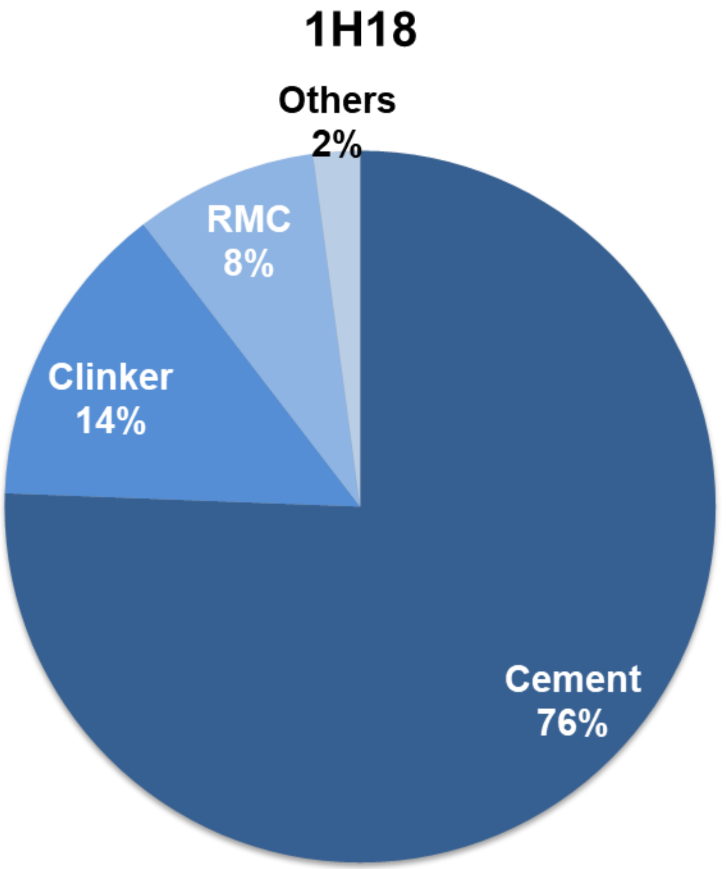
Clinker Capacity



Note: Western Shandong region includes the capacities in Tianjin city. Northeast China region includes Liaoning province and Inner Mongolia.
Source: China Shanshui Cement Group Ltd. 1H19 financial report.

Shanshui : Revenue Breakdown



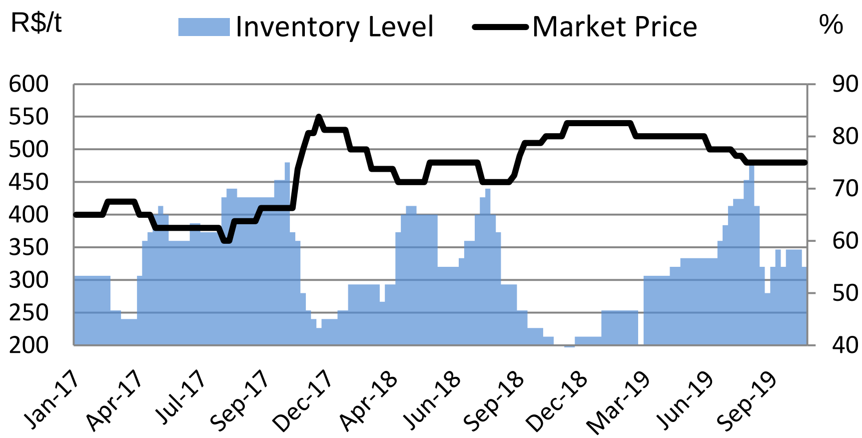


Source: China Shanshui Cement Group Ltd. 1H19 financial report

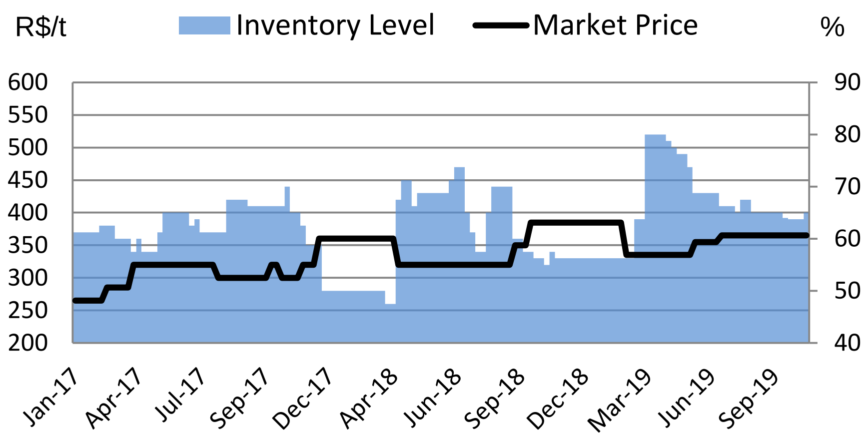
Shanshui : Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %

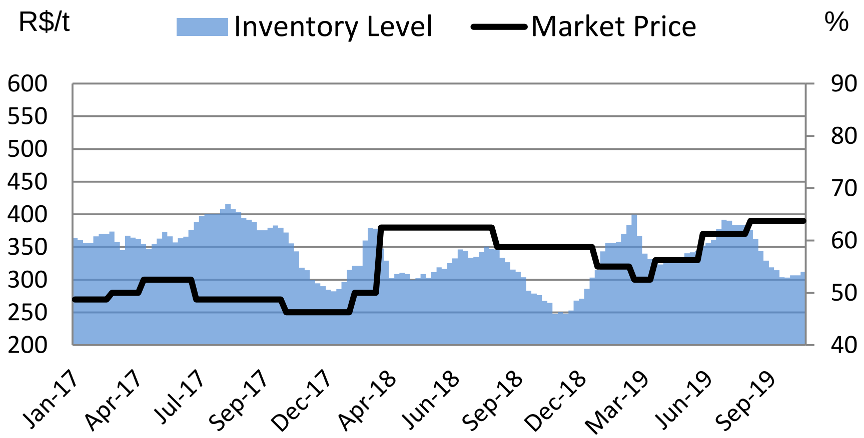
Shandong (Jinan)



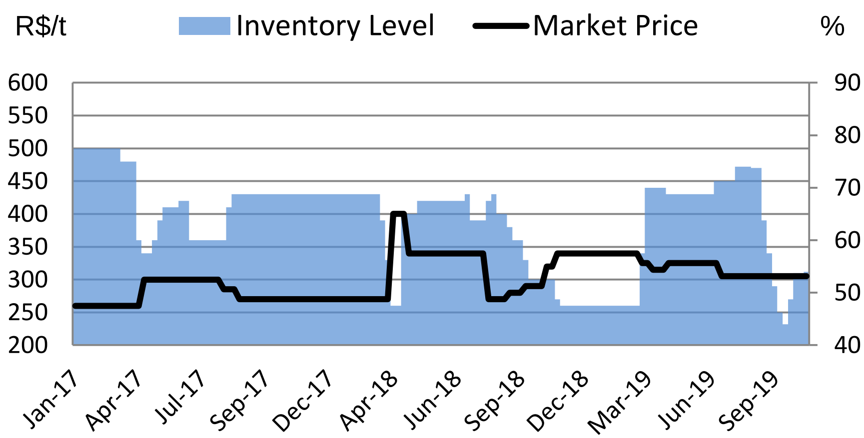
Shanxi (Taiyuan)



Inner Mongolia (Hohhot)

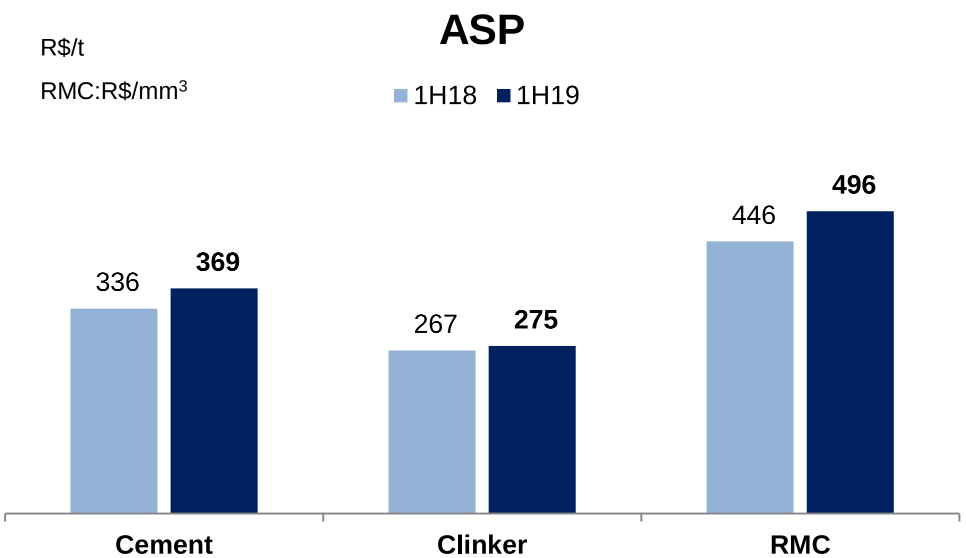


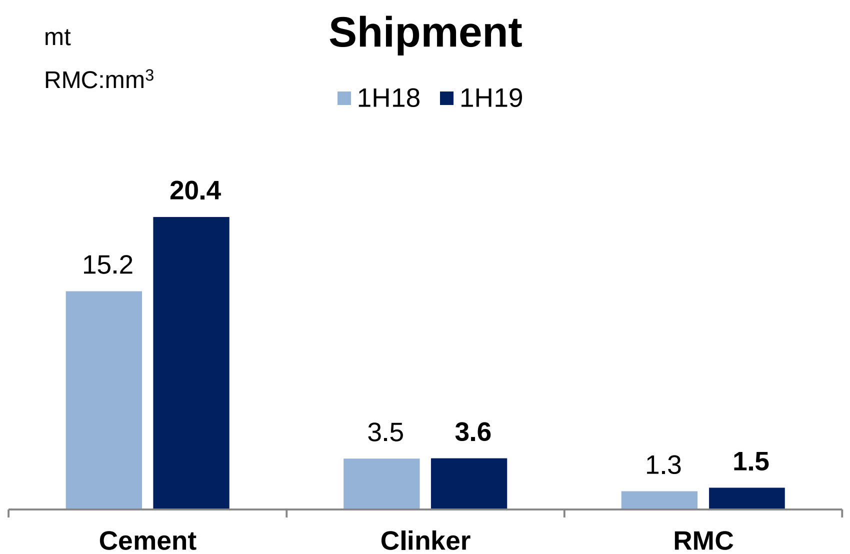
Liaoning (Shenyang)



Source: Digit Cement. Inventory level is based on the average of province.

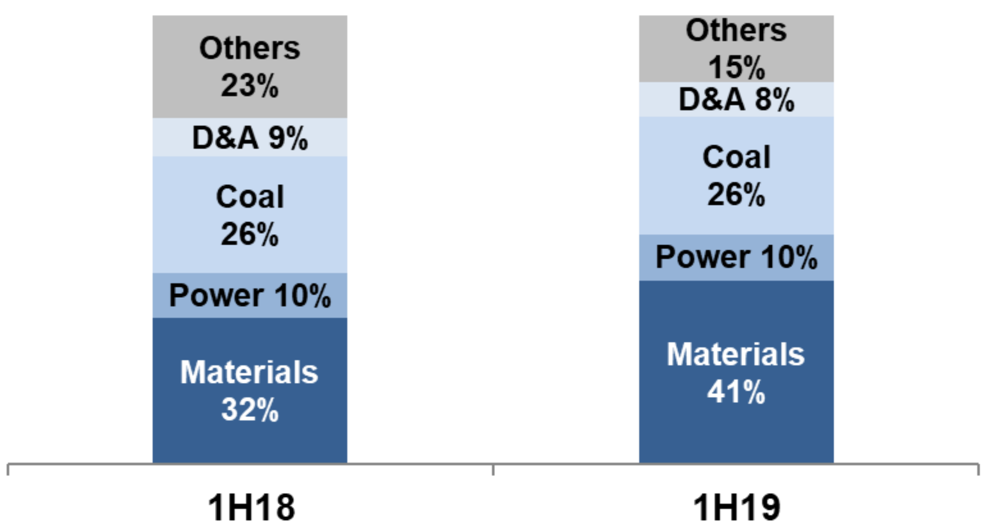
Shanshui : 1H19 Operating data points





Note: Net of sales tax and surcharge.

Cost Breakdown

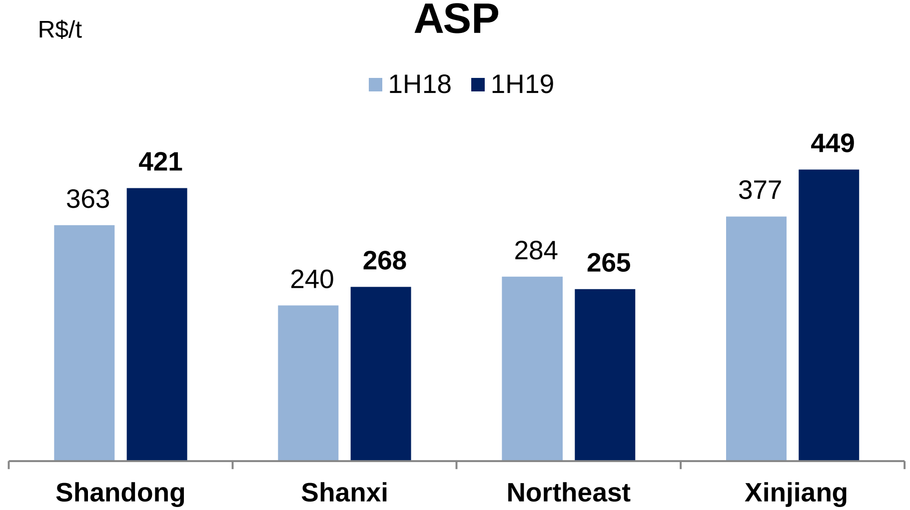


Source: China Shanshui Cement Group Ltd. 2019 interim report.

Shanshui : 1H19 Operating data points

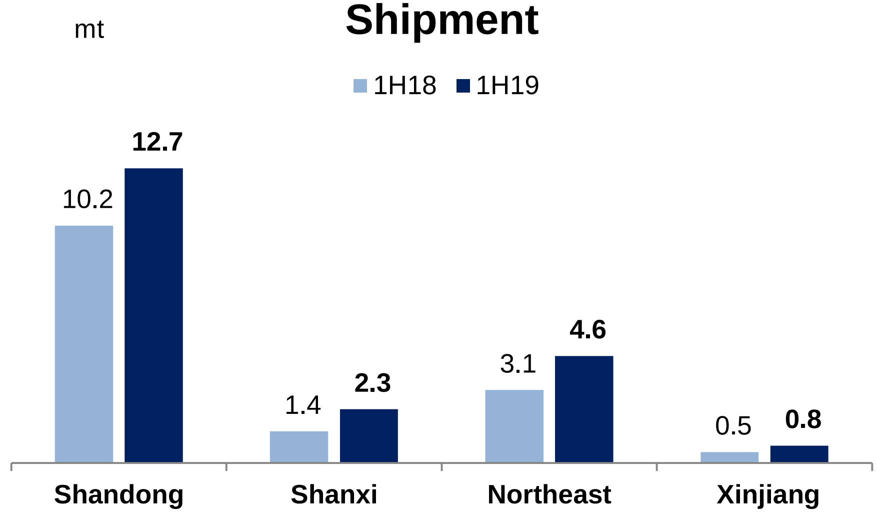
Cement Product by Regions

ASP



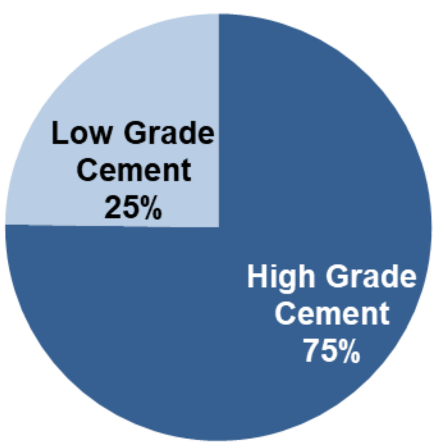
Note: Net of sales tax and surcharge.

Shipment

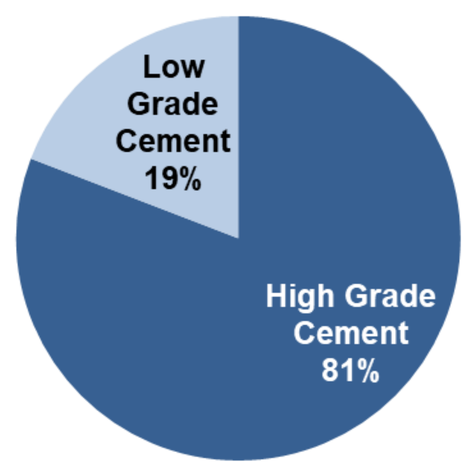


Product Type

1H18

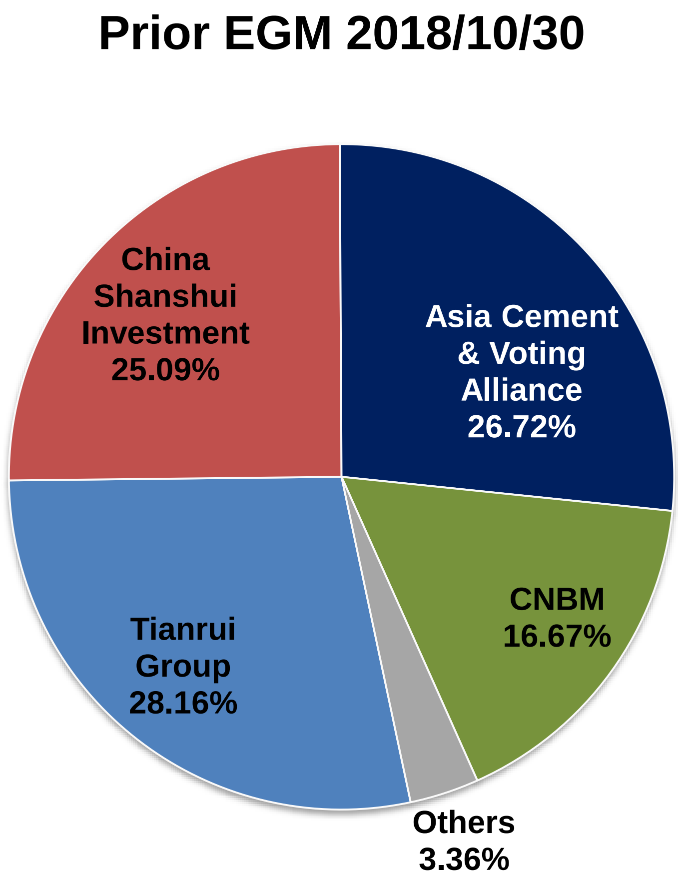


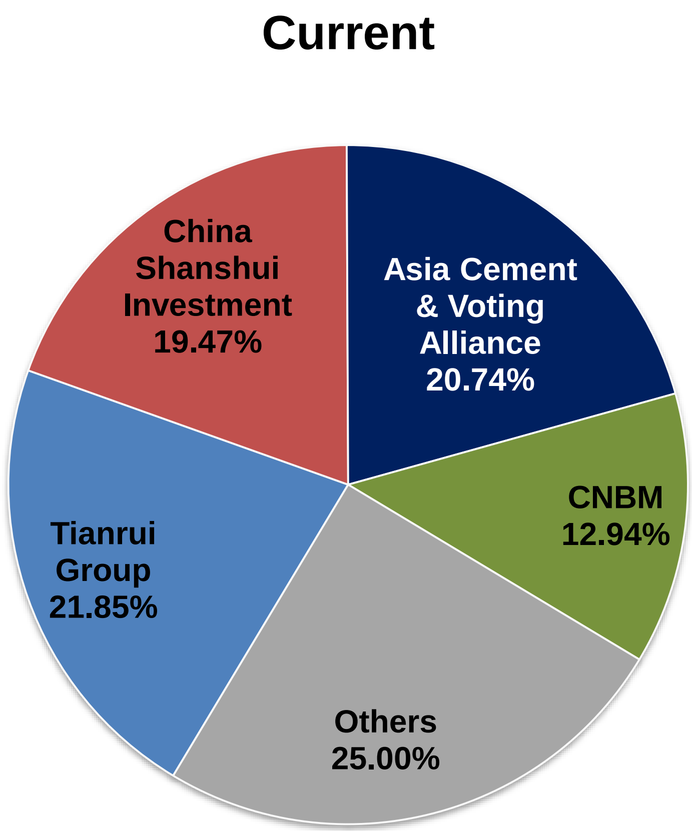
1H19



Source: China Shanshui Cement Group Ltd. 2019 interim report.

Shanshui : Shareholder Structure





Note: Asia Cement holds 17.46%, and 3.28% of the interests are held through agreement to acquire interests in the Company, required to be disclosed under s.317(1)(a) and s.318 of the SFO.

Source: http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1030/LTN20181030956_C.pdf.

PRC Market Overview

China Cement Demand: The New Normal

2009-2011:

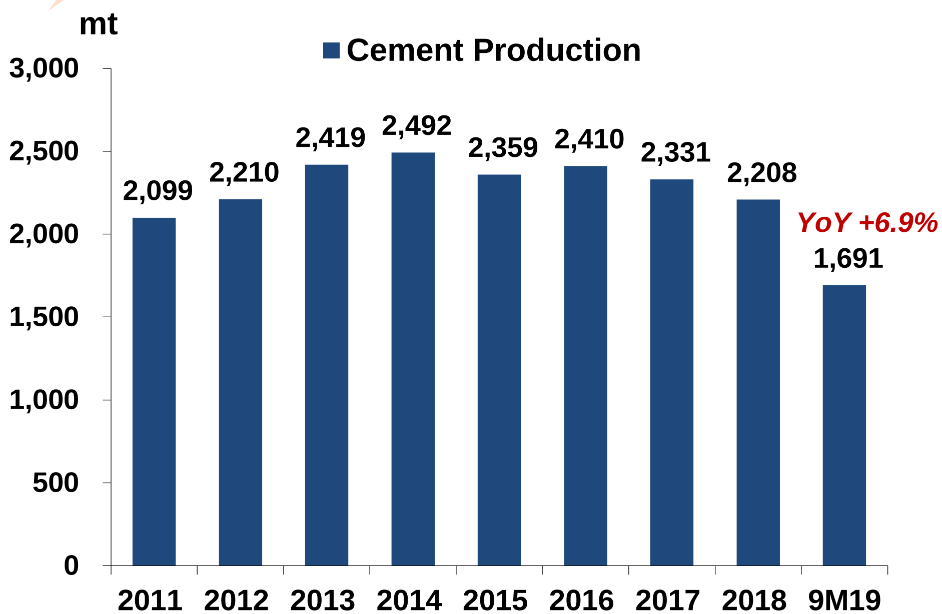
Demand boosted by R$4 trillion stimulus

2012-2015:

Demand increase slowed down and oversupply weakened ASP

2016-2020:

"New Normal Economy" urges Supply-Side Reform and industry evolution.



2019 cement demand :

- Demand from infrastructure is expected to pick up as China's government is introducing multiple measures regarding local government special bonds.
- Demand from property could be stable for 2H19 thanks to large under-construction GFA.

Source: Ministry of Industry and Information Technology(MIIT), National Development and Reform Commission(NDRC), China Cement Association(CCA)

China Cement Supply-side Reform:

Control capacity expansion

1. Stricter policy for clinker replacement
2. Tightening regulation for cross-provincial capacity swap.

CLOSE

Phase out capacities by lifting industry standards

1. Raise UT rate from 70% to 80%
2. Eliminate PC 32.5R grade of cement
3. Promote intelligent manufacturing

Schedule production halt to restrain output

1. Government to play a more active role on implementing.
2. Differentiation measures provide uncertainty in 2019.

Encourage consolidation

1. M&A, cross holding, JVs, sales platform
2. Carry out pilot program to subsidize capacity out

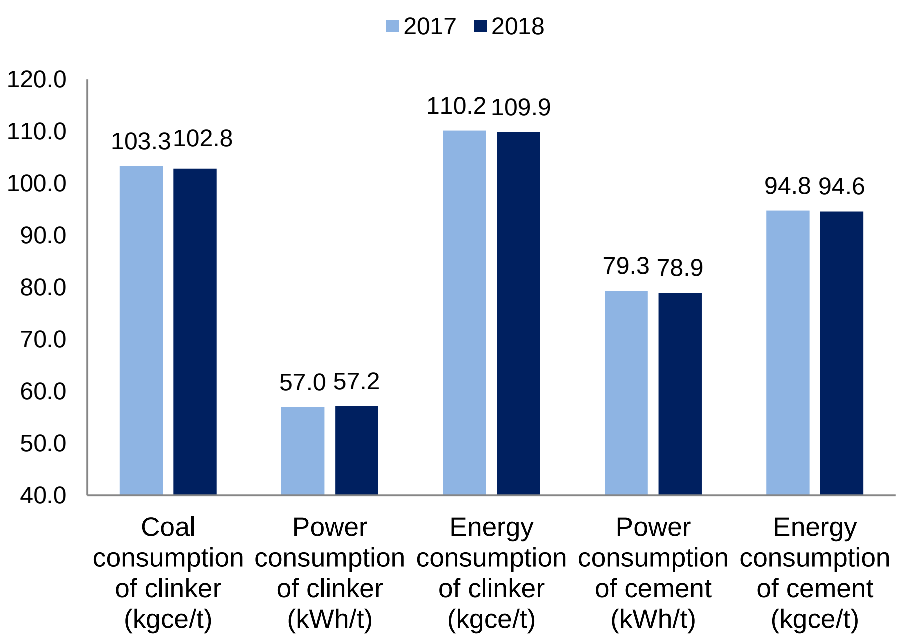
Source: China Cement Association "De-capacity action plan", "Cement industry 13th five year plan", PRC State Council "Guiding policies to facilitate structural upgrade of building materials industry"

AC(China): Survival of the Fittest

Strength of AC(China)

- Superior to regulatory requirements in energy efficiency and GHG emission
- Sufficient limestone resources and reserves
- >85% sales are high-grade cement
- 90% UT rate and no ≦ 2500 t/d clinker lines

Energy Consumption and Emission



Unit: mg/m^3	SO_2		NO_X		Dust Particles	
	2017	2018	2017	2018	2017	2018
ACC Jiangxi	80	59	309	282	10	16
ACC Hubei	40	18	262	252	12	8
ACC Sichuan	13	4	294	130	14	5
National Standard	200		400		30	
Special Limit	100		320		20	
Ultra-low Standard	35		100		10	

Note: Averaged by capacity

AC(China): Foreseeable Solid Regional Demand

Yangtze River Economic Belt

Rise of Metropolitan Regions

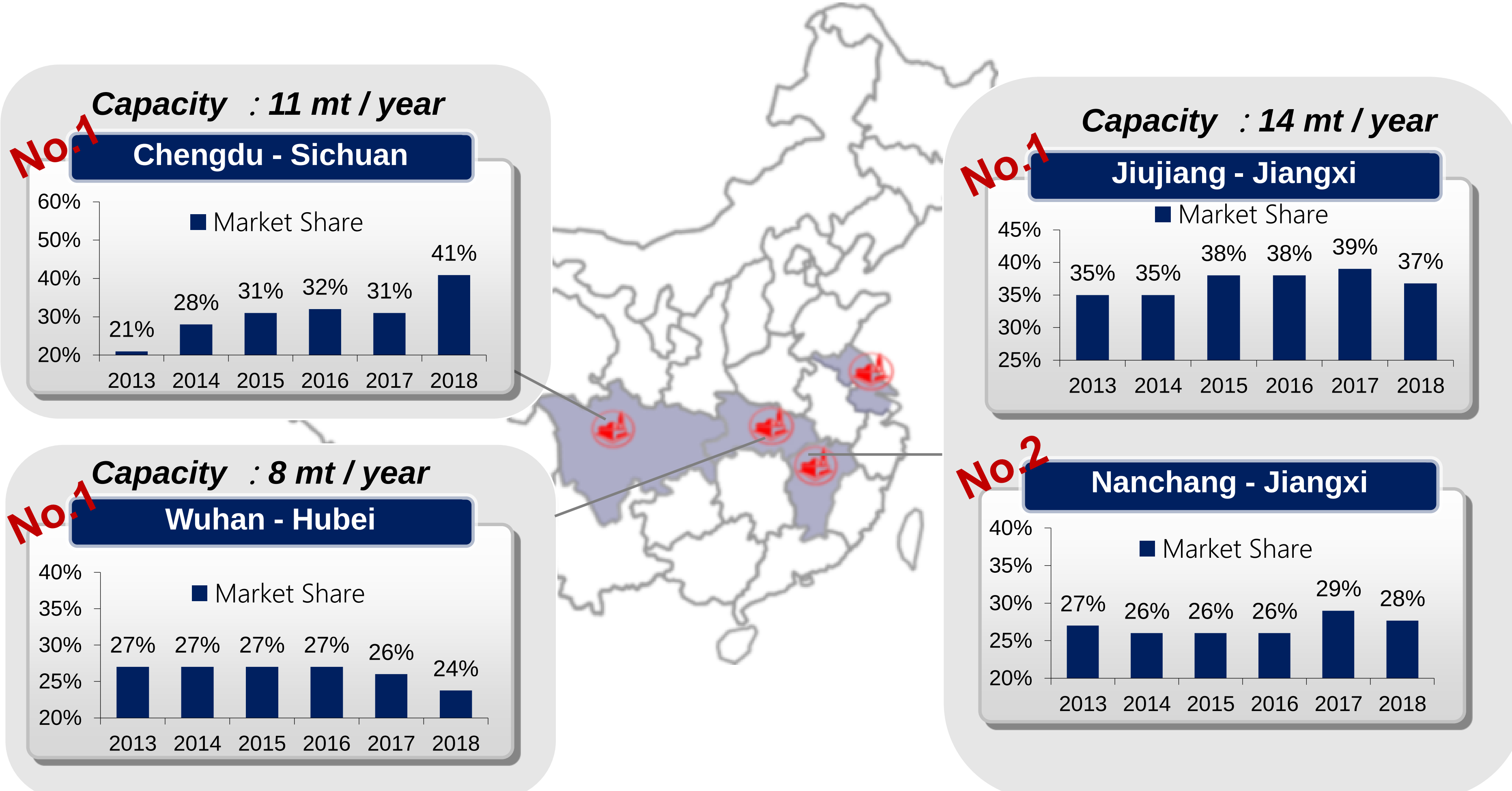
Rigid demand for real estate

Hubei & Sichuan:
Production Halt well-implemented, forming market efficiency

Source: National & Provincial Development and Reform Commission

AC(China) Strategy: to Dominate Locally

2018: Capacity Rank top 10 nationwide

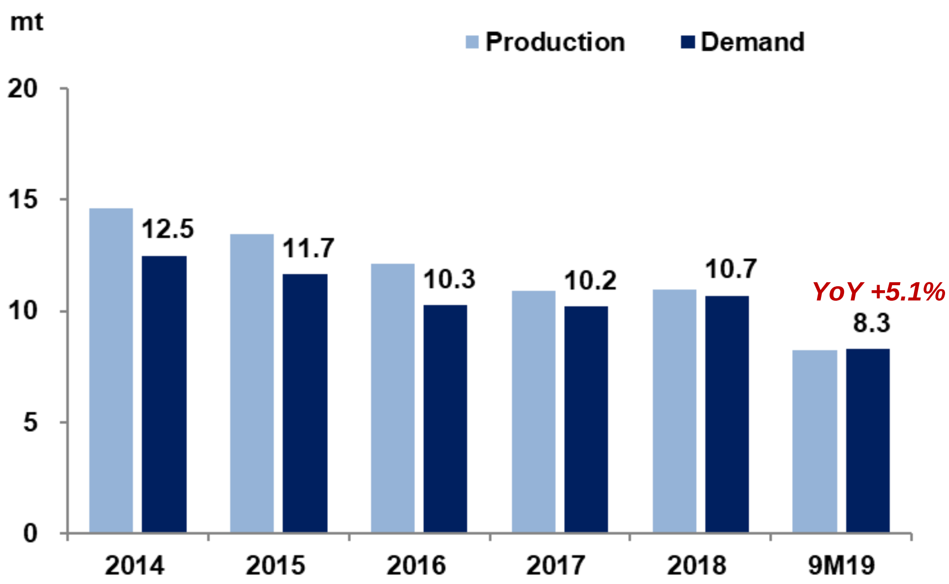


Source: ACC(C) annual report

Taiwan Market Overview

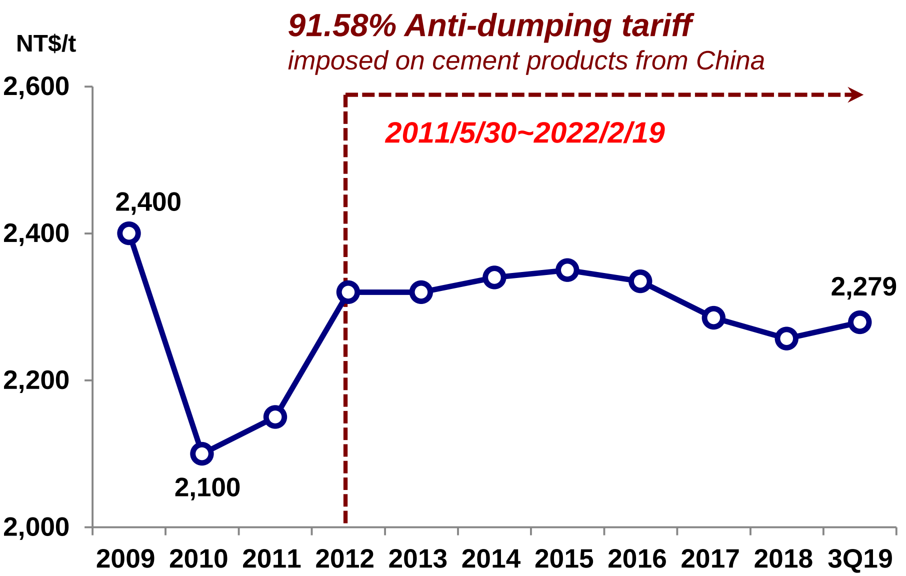
TW Cement Market: Sophisticated and Highly Concentrated

Mature and net export cement market



- Demand bottomed in 2017 due to private sector weakness.
- Catalyst: NT$420 billion infrastructure budget from 2018~2021

Oligopoly keep ASP steady

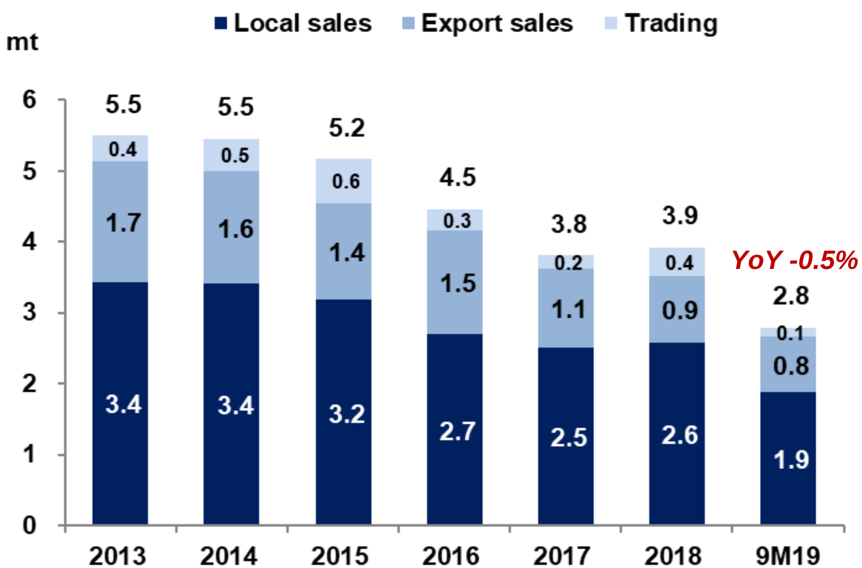


- **ACC & TCC dominate 75% of production**
- ASP remains steady since anti-dumping tariff blocked import from China

Source: Taiwan Cement Manufacturers' Association, TCMA

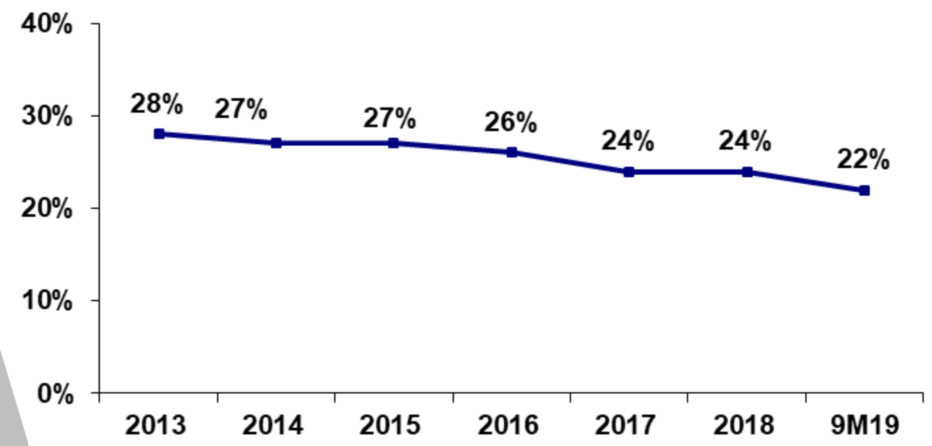
ACC: 2nd Largest Cement Player in Taiwan

- **ACC: Cement & Clinker Sales Volume**

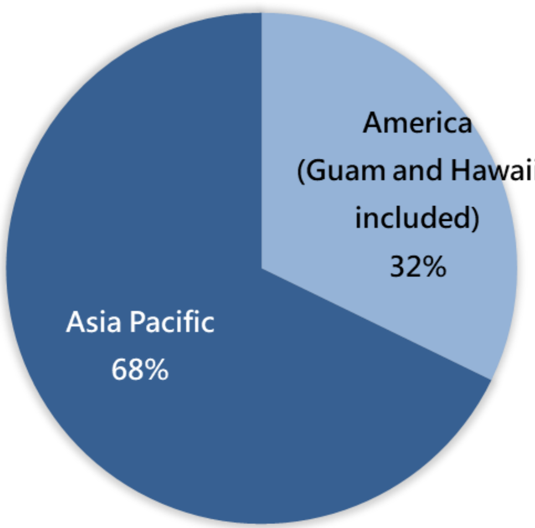


- Stable local market share and shipments
- Pressure from imports still exist.

- **Domestic market shares**

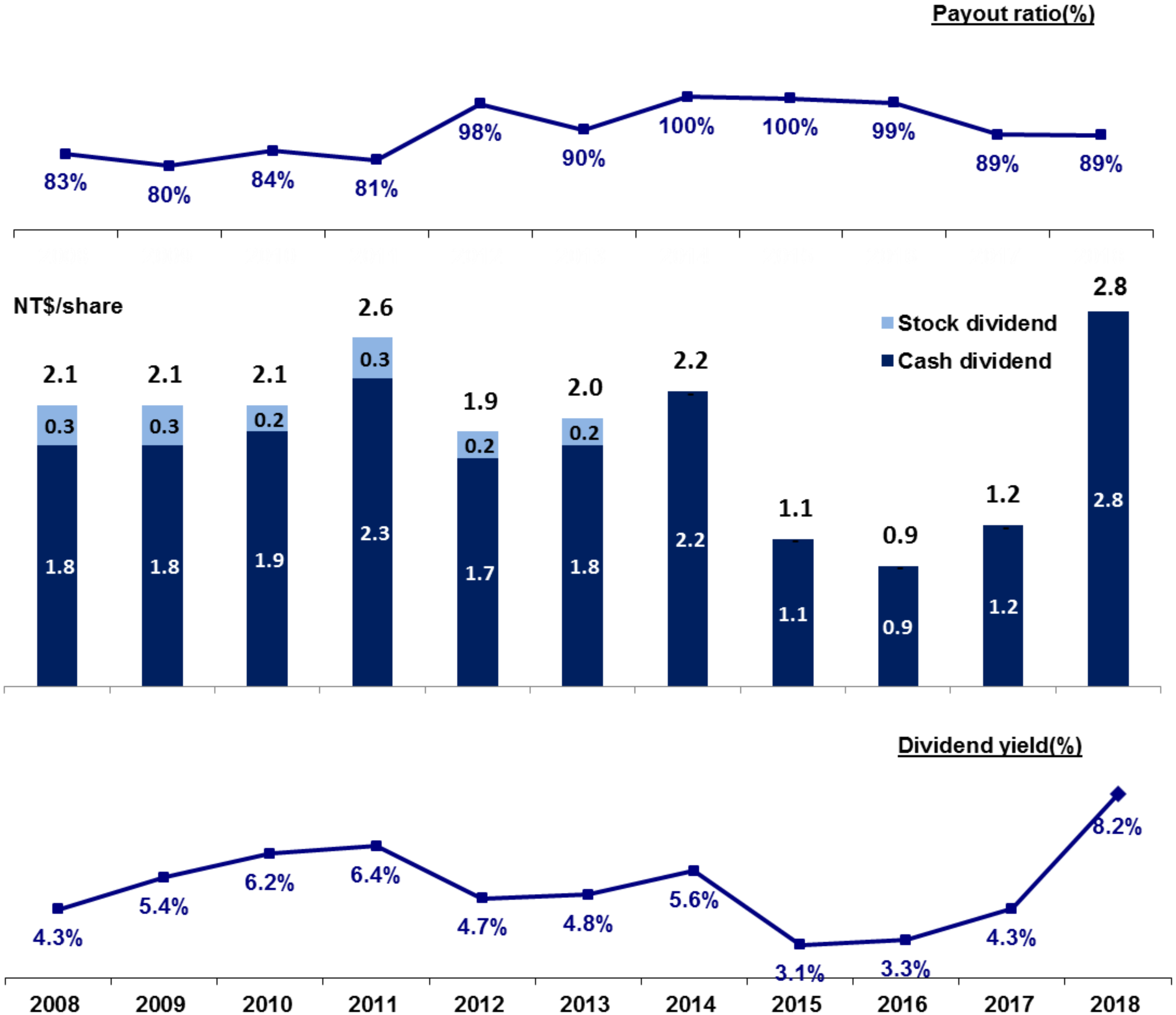


- **9M19 Export market coverage**



Dividend & Financials

Steady Payout with Enjoyable Yields



- Payout guide: >= 80%

Note1: Payable EPS= Net income – Investment property adjustment

Note2: Dividend yield= Cash dividend / Last 12-month average share price

Operating Performance (IFRS-consolidated basis)

NT$ mn

	2Q19	2Q18	YoY	1H19	1H18	YoY
Operating Revenue	**24,420**	**22,435**	*9%*	**43,806**	**39,009**	*12%*
Operating Cost	16,344	16,435	*-1%*	31,071	29,680	*5%*
Net Gross Profit	8,076	6,000	*35%*	12,735	9,330	*36%*
SG&A expenses	985	949	*4%*	1,866	1,605	*16%*
Operating profit	**7,091**	**5,051**	*40%*	**10,869**	**7,725**	*41%*
Non-operating income(net)	2,833	1,737		3,798	2,114	
Equity Income	2,046	1,564	*31%*	2,380	2,293	*4%*
Net Interest Expense	(198)	(327)		(459)	(683)	
Dividend Income	418	423		421	425	
Gain (loss) on Investment Property	46	25		81	52	
Gain (loss) on exchange	71	168		93	72	
Gain (loss) on FVTPL Financial Assets and Liabilities	405	136		1,164	251	
Others	45	(251)		118	(296)	
Pre tax Income	9,923	6,788		14,667	9,839	
Tax	2,299	1,423		3,232	2,058	
Net income	**7,625**	**5,366**	*42%*	**11,435**	**7,781**	*47%*
Profit Attributable to Owners of Parent	6,190	4,330	*43%*	9,119	6,227	*46%*
EPS (NT$/share)	**1.97**	**1.38**	*43%*	**2.91**	**1.98**	*47%*
Gross margin	**33.1%**	**26.7%**		**29.1%**	**23.9%**	
Operating margin	29.0%	22.5%		24.8%	19.8%	
EBITDA margin	34.1%	27.5%		30.5%	25.9%	
EBITDA	8,324	6,173		13,341	10,088	

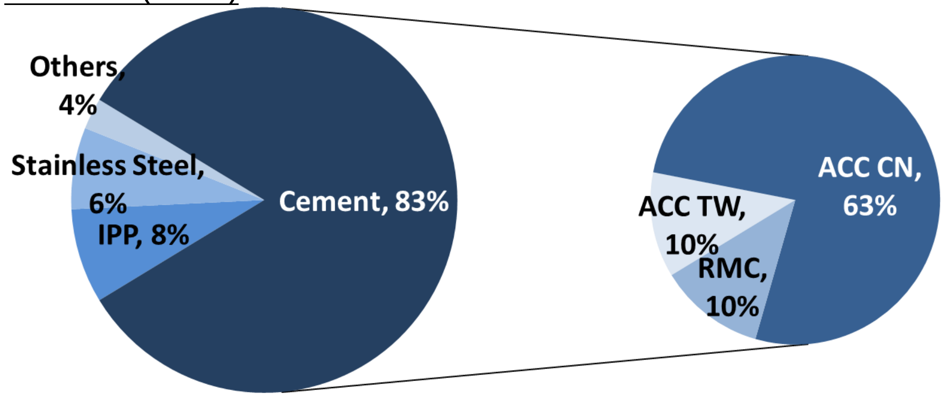
Performance by Segments (IFRS-consolidated basis)

NT$ mn

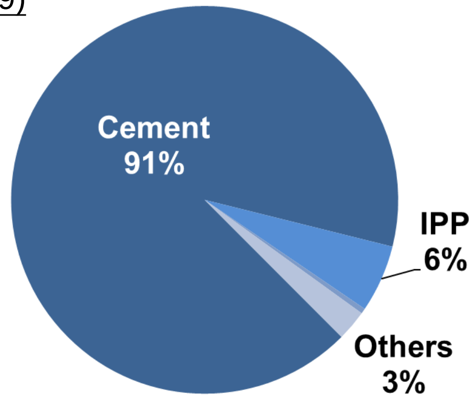
Note: Cement revenue= Taiwan cement operation(cement, RMC and other downstream value chain) + China cement operation

	2Q19	2Q18	YoY	1H19	1H18	YoY
Operating Revenue	**24,420**	**22,435**	*9%*	**43,806**	**39,009**	*12%*
Cement business	20,277	17,776	*14%*	35,918	30,374	*18%*
Power business	1,902	1,717	*11%*	3,479	3,034	*15%*
Stainless Steel business	1,349	2,005	*-33%*	2,998	3,930	*-24%*
Others	892	937	*-5%*	1,411	1,670	*-16%*
Operating Cost	16,344	16,435	*-1%*	31,071	29,680	*5%*
Net Gross Profit	8,076	6,000	*35%*	12,735	9,330	*36%*
SG&A expenses	985	949	*4%*	1,866	1,605	*16%*
Operating profit	**7,091**	**5,051**	*40%*	**10,869**	**7,725**	*41%*
Cement business	6,382	4,274	*49%*	9,932	6,476	*53%*
Power business	366	360	*2%*	612	583	*5%*
Stainless Steel business	17	78	*-78%*	47	133	*-64%*
Others	326	340	*-4%*	278	533	*-48%*

Revenue (1H19)



Operating Profit (1H19)



Summary of Balance Sheets (IFRS-consolidated basis)

NT$ mn

	2Q19	1Q19	2018
Current Assets	91,146	81,800	80,359
Cash&Cash equivalents	16,380	15,998	14,929
Short-term Investments	36,727	30,958	27,170
Others	38,039	34,844	38,259
Non-Current Assets	204,594	205,109	198,829
Long-term Investment	92,791	93,038	88,646
Fixed Assets	88,926	89,012	88,515
Intangible Assets	3,702	3,755	3,695
Other Assets	19,176	19,305	17,975
Total Assets	**295,740**	**286,910**	**279,188**
Current Liabilities	69,289	62,634	62,804
Short-term debt	47,885	51,385	50,655
Others	21,404	11,249	12,150
Non-Current Liabilities	63,805	58,306	57,335
Bonds Payable	18,737	12,215	12,193
Bank Loans	32,074	33,223	33,594
Others	12,995	12,868	11,549
Total Liabilities	**133,094**	**120,939**	**120,140**
Total Shareholders' Equity	162,646	165,970	159,048
Book Value(NT$/Share)	**41.9**	**42.7**	**41.0**
ROE	**10.2%**	**8.9%**	**8.4%**
Net Debt	45,588	49,867	54,341
Net Gearing Ratio	32.4%	34.7%	39.4%
Net Debt/EBITDA	1.7	2.1	2.4

Note: Net gearing = Nebt debt / (total shareholders' equity - minority interest)

Summary of Cash Flow Statement (IFRS-consolidated basis)

NT mn

	1H19	1H18	YoY	2018	2017	YoY
Net Income	9,119	6,227		11,117	5,469	
Depr&Amort	2,473	2,463		4,919	5,178	
Changes of non-cash WC	5,165	(4,459)		(8,926)	(3,786)	
Disposal/(Acquisition) of FVTPL FA(1)	1,316	160		(3,051)	37	
Other Ope. CF Items	(3,242)	(1,946)		5,205	1,278	
Operating Cash Flow	**14,830**	**2,444**	*507%*	**9,264**	**8,139**	*14%*
CAPEX	(2,128)	(486)		(4,275)	(1,157)	
Disposal/(Acquisition) of AC financial assets(2)	(9,446)	1,886		(9,538)	(2,037)	
Disposal/(Acquisition) of FVTOCI financial assets	(57)	(347)		(556)	(1,110)	
Other Inv. CF Items	(2,260)	8		(90)	(2,447)	
Investing Cash Flow	**(13,890)**	**1,062**	*-1409%*	**(14,459)**	**(6,785)**	*-113%*
Changes in Debt/Borrowings	1,627	(1,739)		15,793	2,832	
Dividends Paid	-	-		(4,034)	(3,025)	
Other Fin. CF Items	(1,251)	(482)		679	(586)	
Financing Cash Flow	**375**	**(2,221)**	*117%*	**12,439**	**(780)**	*1696%*
Effect of FX	135	103		(54)	(285)	
Net Changes in Cash	**1,451**	**1,388**	*5%*	**7,190**	**289**	*2384%*
Free Cash Flow	**12,703**	**1,959**	*549%*	**4,989**	**6,982**	*-29%*

Note1: Under the IFRS 9 applied since 2018, mutual fund investment has been classified as operating activities.

Note2: Mainly over 3 months time deposit.

AC(China):Summary of P&L

R$ mn

	3Q19	3Q18	YoY	9M19	9M18	YoY
Operating revenue	3,139	2,943	*7%*	9,182	7,889	*16%*
Operating cost	1,880	1,808	*4%*	5,281	4,938	*7%*
Gross Profit	**1,258**	**1,135**	***11%***	**3,902**	**2,951**	***32%***
Other net income/(loss)	(13)	(26)		80	(8)	
Selling&marketing costs	108	109		330	328	
Administative expenses	94	72		336	217	
Operating income	**1,043**	**928**	*12%*	**3,316**	**2,398**	*38%*
Finance costs	68	55		211	173	
Shares of results of jointly controlled entities	2	2		5	6	
Pre tax Income	977	875		3,110	2,230	
Tax	229	213		814	578	
Net Income	**748**	**662**	*13%*	**2,297**	**1,652**	*39%*
Profit Attributable to Owners of Parent	**730**	**640**	***14%***	**2,240**	**1,598**	***40%***
Minority interests	18	22		56	54	
EPS (RMB/share)	**0.47**	**0.41**	*14%*	**1.43**	**1.02**	*40%*
Gross margin	**40.1%**	**38.6%**		**42.5%**	**37.4%**	
Operating margin	33.2%	31.5%		36.1%	30.4%	
Net margin	**23.8%**	**22.5%**		**25.0%**	**20.9%**	
EBITDA margin	43.6%	39.0%		44.2%	38.7%	
EBITDA	**1,369**	**1,149**	*19%*	**4,058**	**3,054**	*33%*

AC(China):Summary of Balance Sheets

R$ mn

	3Q19	2Q19	1Q19	2018
Current Assets	12,405	11,480	10,148	10,452
Inventories	729	737	699	726
Trade and other receivables	3,955	3,716	3,772	4,105
Bank balances and cash	7,575	6,878	5,527	5,009
Non-Current Assets	10,412	10,558	10,722	10,271
Property,Plant&Equipment	8,101	8,258	8,423	8,598
Total Assets	**22,817**	**22,037**	**20,870**	**20,722**
Current Liabilities	6,620	5,751	4,194	4,055
Borrowings- due within one year	5,058	4,422	2,888	2,475
Trade and other payables	969	943	864	988
Non-Current Liabilities	2,487	3,325	3,652	4,225
Borrowings- due after one year	2,285	3,133	3,486	4,155
Total Liabilities	**9,107**	**9,076**	**7,846**	**8,280**
Total Equity	**13,710**	**12,961**	**13,025**	**12,442**
Equity Attributable to Parent	13,357	12,627	12,656	12,088
Book Value(RMB/Share)	**8.5**	**8.1**	**8.1**	**7.7**
ROE	**24.9%**	**25.6%**	**23.4%**	**22.0%**
ROA	14.6%	15.4%	14.4%	13.0%
Net Gearing Ratio	**-1.8%**	**5.3%**	**6.7%**	**13.4%**
Net Debt	(241)	670	844	1,615

Note: Net gearing = Net debt / (total shareholders' equity – minority interests)

AC(China):Summary of Cash Flow

R$ mn

	3Q19	3Q18	*YoY*	9M19	9M18	*YoY*
Net Income						
Depr&Amort						
Changes of non-cash WC						
Other Ope. CF Items						
Operating Cash Flow	**1,028**	**552**	*86%*	**3,336**	**1,533**	*118%*
CAPEX						
Other Inv. CF Items						
Investing Cash Flow	**(34)**	**10**	*-439%*	**(242)**	**(9)**	*NA*
Changes in Debt/Borrowings						
Dividends Paid						
Other Fin. CF Items						
Financing Cash Flow	**(297)**	**1,753**	*-117%*	**(527)**	**825**	*-164%*
Effect of FX						
Net Changes in Cash	**697**	**2,314**	*-70%*	**2,567**	**2,349**	*9%*
Free Cash Flow						

Shanshui:Summary of P&L

R$ mn

	3Q19	3Q18	YoY	9M19	9M18	YoY
Operating revenue	6,611	5,844	*13%*	16,052	12,494	*28%*
Operating cost	4,414	3,992	*11%*	10,573	8,261	*28%*
Gross Profit	**2,197**	**1,853**	*19%*	**5,479**	**4,233**	*29%*
Other net income/(loss)	199	132		314	344	
Selling&marketing costs	200	187		474	388	
Administative expenses	364	391		1,548	1,327	
Operating income	**1,832**	**1,407**	*30%*	**3,770**	**2,862**	*32%*
Finance costs	114	166		358	567	
Shares of results of jointly controlled entities	18	16		37	25	
Pre tax Income	1,735	1,256		3,449	2,319	
Tax	372	275		880	627	
Net Income	**1,364**	**982**	*39%*	**2,570**	**1,693**	*52%*
Profit Attributable to Owners of Parent	1,304	954	*37%*	2,500	1,706	*47%*
Minority interests	61	28		70	(13)	
EPS (RMB/share)						
Gross margin	**33.2%**	**31.7%**		**34.1%**	**33.9%**	
Operating margin	27.7%	24.1%		23.5%	22.9%	
Net margin	**20.6%**	**16.8%**		**16.0%**	**13.5%**	
EBITDA margin						
EBITDA						

Shanshui:Summary of Balance Sheets

R$ mn

	3Q19	2018	2017
Current Assets	7,516	5,858	4,337
Inventories		1,459	1,507
Trade and other receivables		2,127	1,806
Bank balances and cash		1,304	308
Non-Current Assets	20,284	20,215	20,753
Property,Plant&Equipment		18,131	19,012
Total Assets		**26,073**	**25,090**
Current Liabilities	12,371	13,228	19,745
Borrowings- due within one year		5,919	12,505
Trade and other payables		3,240	3,226
Non-Current Liabilities	3,353	3,258	1,328
Borrowings- due after one year		2,501	801
Total Liabilities	**15,724**	**16,486**	**21,072**
Total Equity	**12,077**	**9,586**	**4,018**
Equity Attributable to Parent		9,522	3,915
Book Value(RMB/Share)		**2.2**	**1.2**
ROE		**32.7%**	**17.1%**
ROA		8.6%	2.4%
Net Gearing Ratio		**67.8%**	**330.4%**
Net Debt		6,452	12,935

Note: Net gearing = Net debt / (total shareholders' equity – minority interests)

Shanshui:Summary of Cash Flow

R$ mn

	1H19	2018	2017
Net Income	1,196	2,197	601
Depr&Amort	721	1,395	1,442
Changes of non-cash WC	(401)	(1,350)	(133)
Other Ope. CF Items	126	(25)	1,334
Operating Cash Flow	**1,642**	**2,216**	**3,243**
CAPEX	(682)	(713)	(463)
Other Inv. CF Items	(76)	(136)	(115)
Investing Cash Flow	**(758)**	**(849)**	**(577)**
Changes in Debt/Borrowings	(819)	(1,639)	(1,317)
Issuance of Common Stock	-	339	-
Dividends Paid	-	-	-
Other Fin. CF Items(1)	(11)	917	63
Financing Cash Flow	**(830)**	**(384)**	**(1,253)**
Effect of FX	(2)	13	(3)
Net Changes in Cash	**54**	**983**	**35**
Free Cash Flow	**960**	**1,503**	**2,781**

Note1: 2018 Mainly increase of Proceed from bills discounted.

CSR Achievement

ESG Awards: ACC

Taiwan Corporate Sustainability Awards:

2018 Top 50

Included as a member of the FTSE4Good TIP Taiwan Index by FTSE Russel

Asia Responsible Entrepreneurship Awards:

Winner of Green Leadership

5 years listed in

"Taiwan Corporate Governance 100 Index" and

"Taiwan High Salary 100 Index"

by TWSE

Ministry of Economics Affairs:

6 times award winner of Excellent Company in GHG Reduction

Carbon Disclosure Project:

2018 B List

Sustainable Green Cycling

Local Communication

- Conducting “mining area safety” hearing in Fushi village.
- Create LINE group talk for instant message and communicating.

Mining Area Safety

- Feelingless explosion：Vibration value under 1.5mm/s.
- Water draining and flood detention.
- Slope stability enhancement.

Mining Mountain Greenery

- Mimic natural eco vegetation.
- 23.7 thousand tons of CO_2 reduction.
- 25% waste heat power used in the plant.

Community Caring

- 25% aboriginal hiring in Hualien plant.
- Electric bill subsidy and property repair.
- Promoting tribe education.

ESG Awards: AC(China)

Awards/Recognition

- Jiangxi Yadong and Huanggang Yadong awarded the third prize of **Green Mines Techniques** by **Green Mine Industry Alliance**
- Jiangxi Yadong awarded the name **Remarkable Eco-friendly Cement Corporation** by **China Cement Association**
- AC(China) assessed by **China Building Materials Federation** to be the **Demonstration Company of Energy conservation and Emission Reduction**

Low-carbon Green Intelligent Manufacturing

- Greatly **reduce the use of ammonia water and NO_x** by applying the denitrification techniques of low-nitrogen combustion.
- Reduced the amount of clinker used and saved electricity, equivalent to **decrease of 0.21mt on CO_2 emission** in 2018.
- **29.6% waste heat** power used in the plant.
- Emissions of pollutants all **above the national requirements**.

Sustainable Mines

Completed the experimental scheme for **green mines** in 2018.

Circular Economy

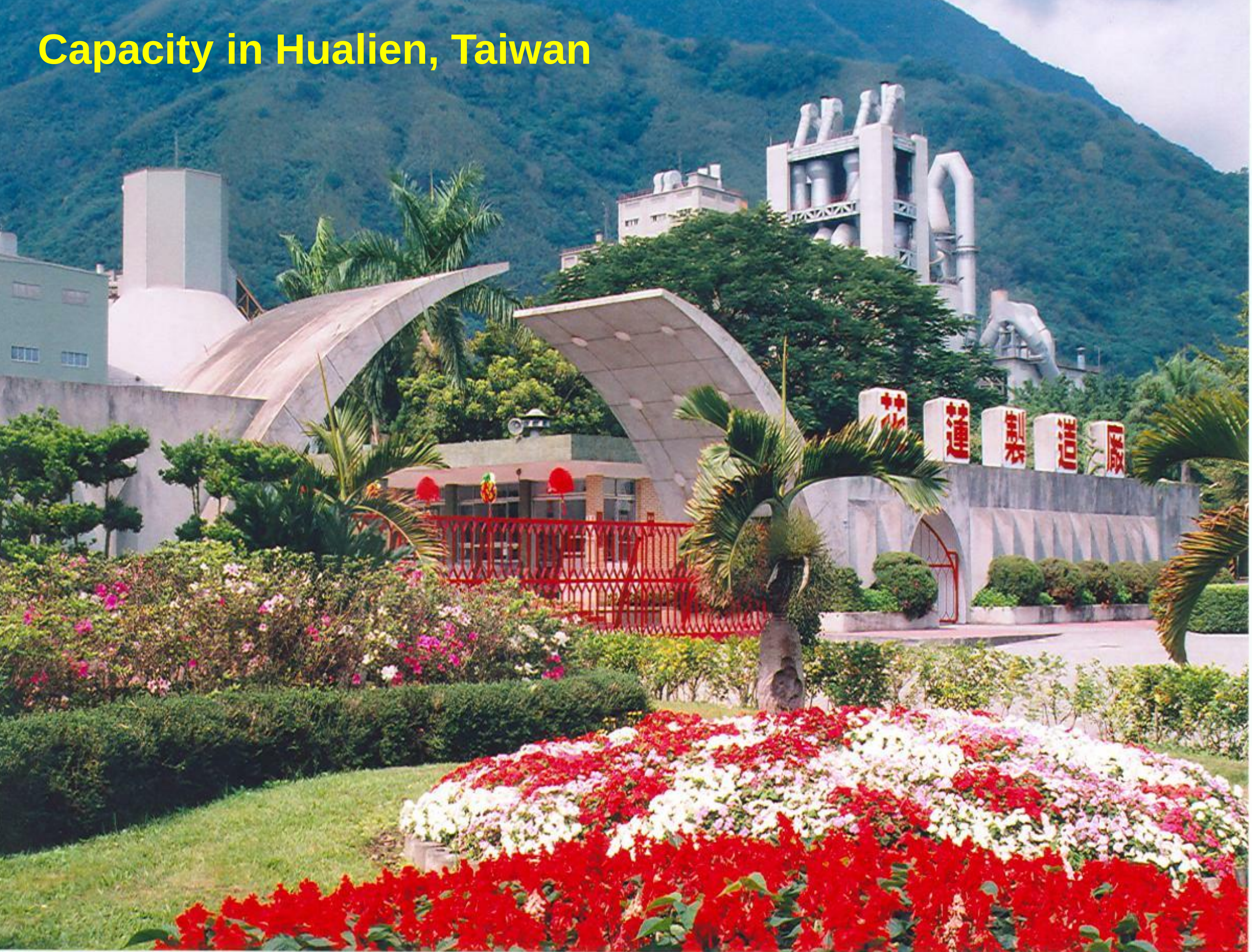
Disposed **12 thousand tons** of wastes in 2018 and strictly follow **classification, recycling, and reuse**. Actively engage in waste co-processing.

Social Care

Donate cement to the neighboring communities, **help the disadvantaged**, and actively participate in charity activities.

Capacity in Jiangxi, China

Capacity in Hualien, Taiwan



Thank you

ir@acc.com.tw

http:// www.acc.com.tw

Q&A: Mining Concerns

ACC Eco-friendly Achievements

Download: ACC Financials