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
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Nov 2020

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Company Snapshot

Company Snapshot

Market Cap: US$ 5.1 bn / NT$ 147 bn (as of 13 Nov 2020)

Asia Cement
(1102 TT)

Consolidated Entities

ACC Taiwan
- Established in 1957
- 2nd largest cement producer
- Cement capacity: 5.0 mtpa.

AC(China) *(743 HK)*
- 10th largest cement producer
- In Central and Southwest China
- Cement capacity: 33.0 mtpa.

Other Business
- LNG fired IPP (8% of revenue)
- Cold rolled stainless steel (6% of revenue)

Equity Investments

FENC *(1402 TW)*

U-Ming Marine *(2606 TW)*

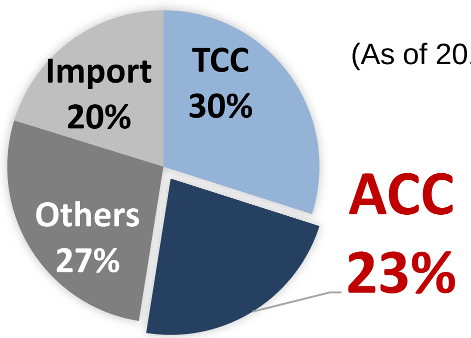
Shanshui Cement *(691 HK)*

ACC(Taiwan) & Other Business

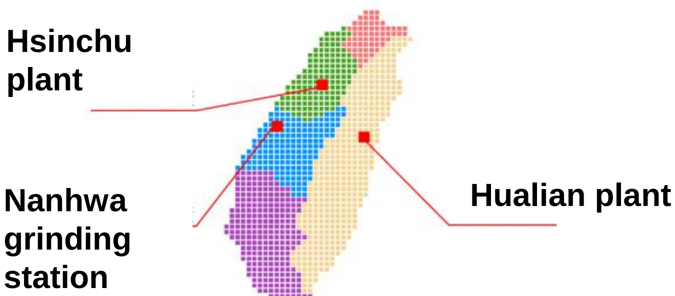
1. **Cement:** 2nd Largest Cement Player in Taiwan.
2. **IPP:** Expanding phase II project with 500MW, COD on 1Q21.
3. **Stainless Steel:** Producing 300 and 400 series products, export oriented.

Cement market share in TW

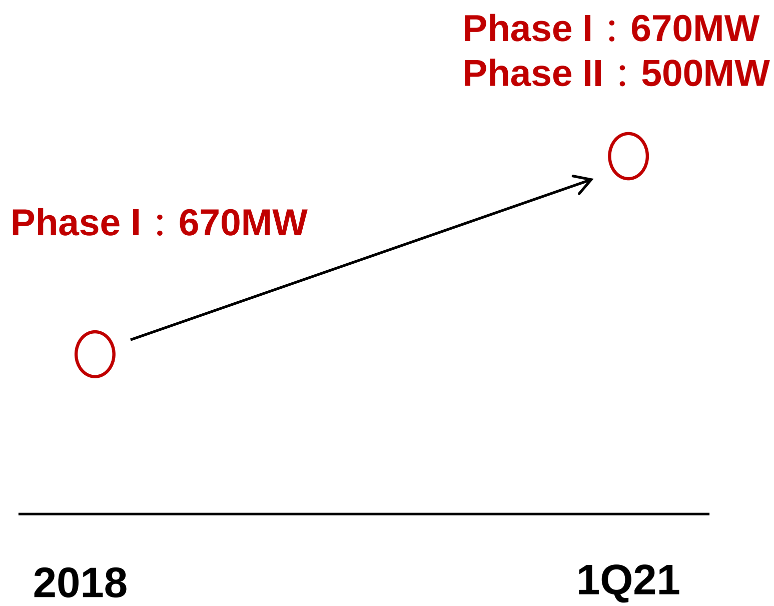
(As of 2019)



Capacity in TW

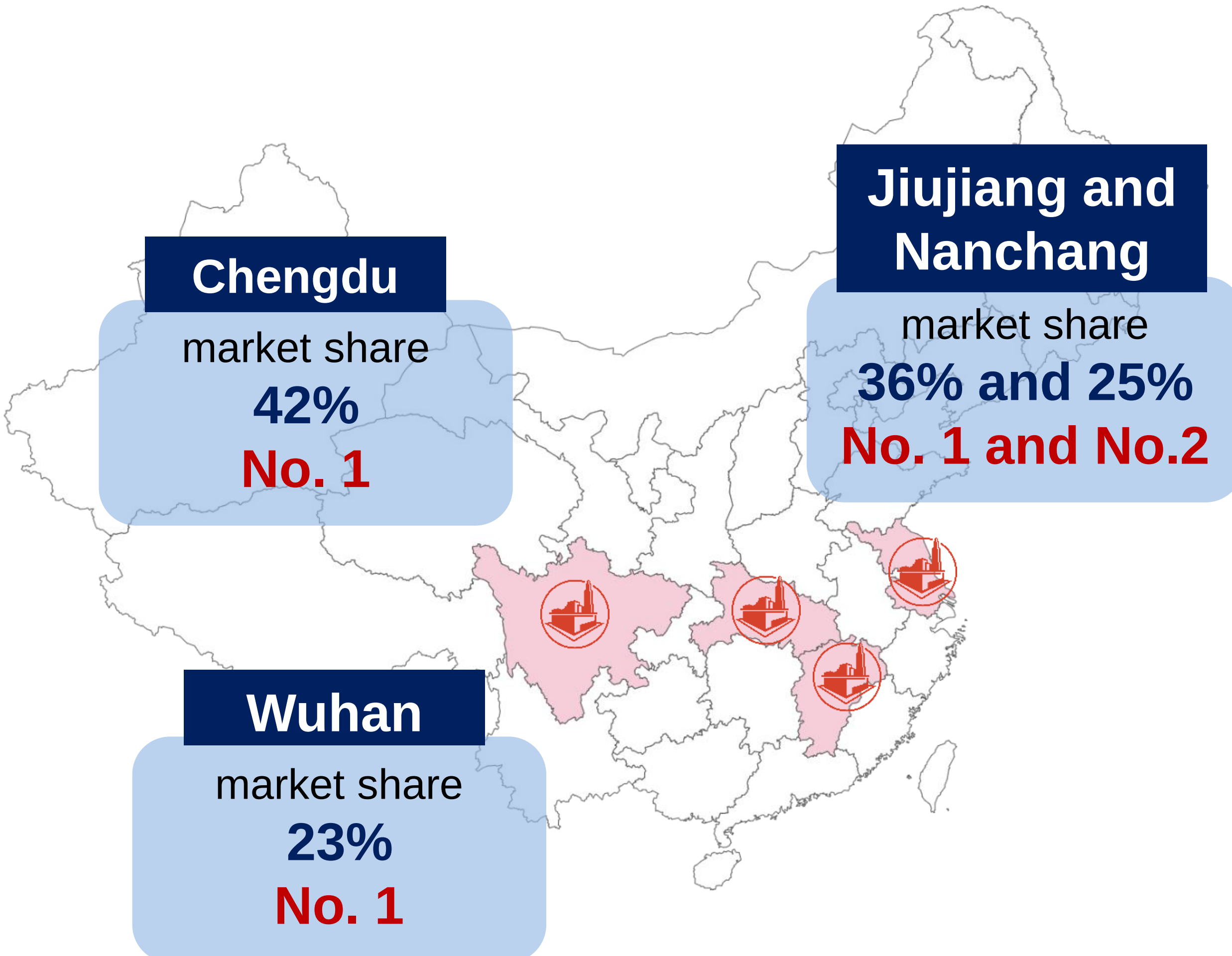


IPP Phase II project in TW

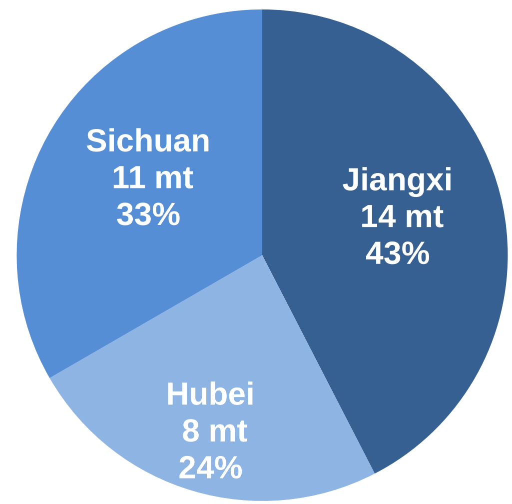


AC(China) Overview

1. Located in the Yangtze River Economic Belt.
2. Leading player in top-tier cities of each operating province.

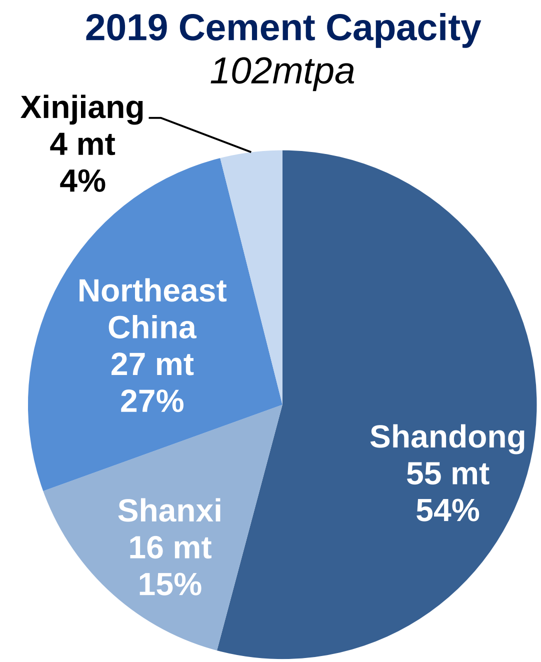


2019 Cement Capacity
33mtpa



Shanshui Cement Overview

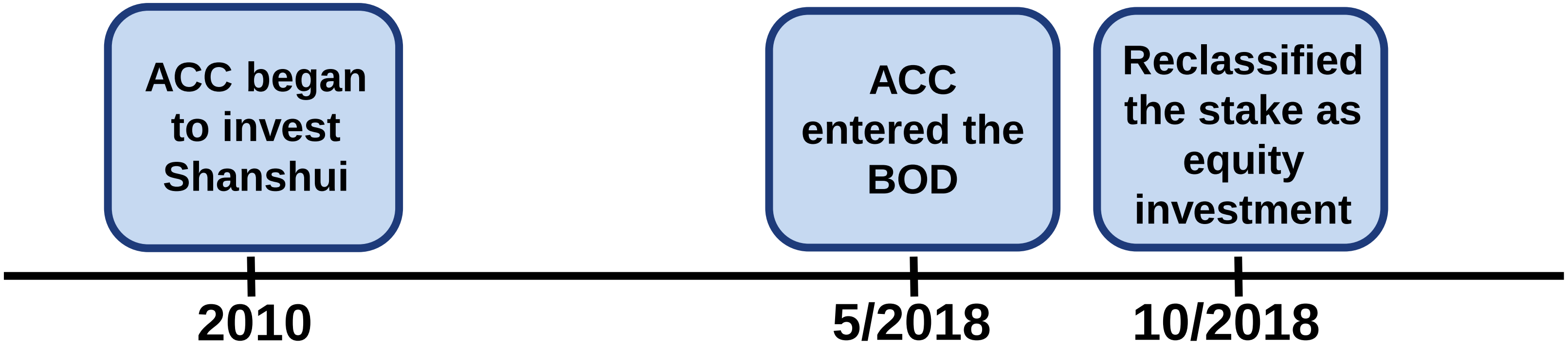
1. One of the major cement producers in Northern China.
2. 7th largest National wide and 2nd largest in Shandong province.



Note: Northeast China region includes Liaoning province and Inner Mongolia.
Source: China Shanshui Cement Group Ltd. 2019 financial report and 2019 annual report.

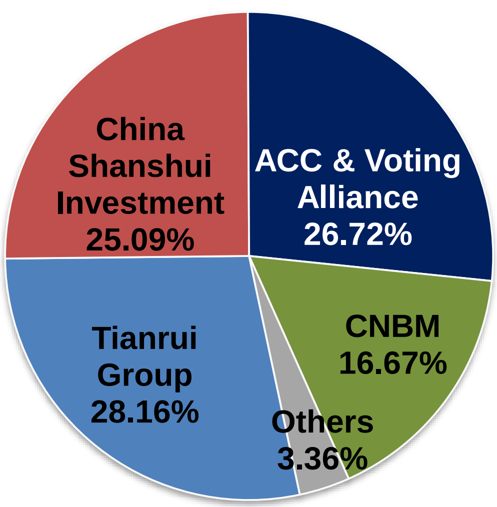
Investment in Shanshui

Timeline

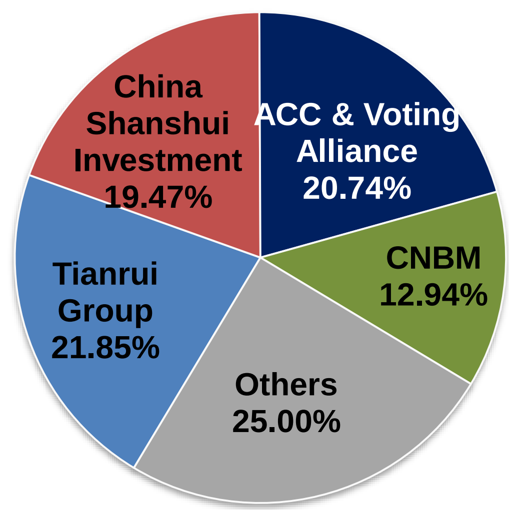


Shanshui Shareholder Structure

Prior EGM 2018/10/30



Current



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.

Investment Portfolio in Far Eastern Group

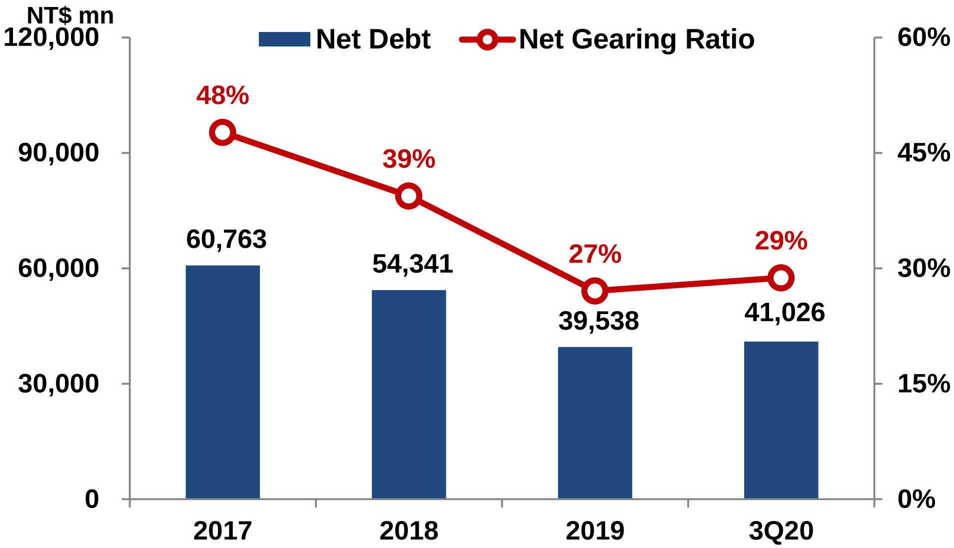
NT$ mn

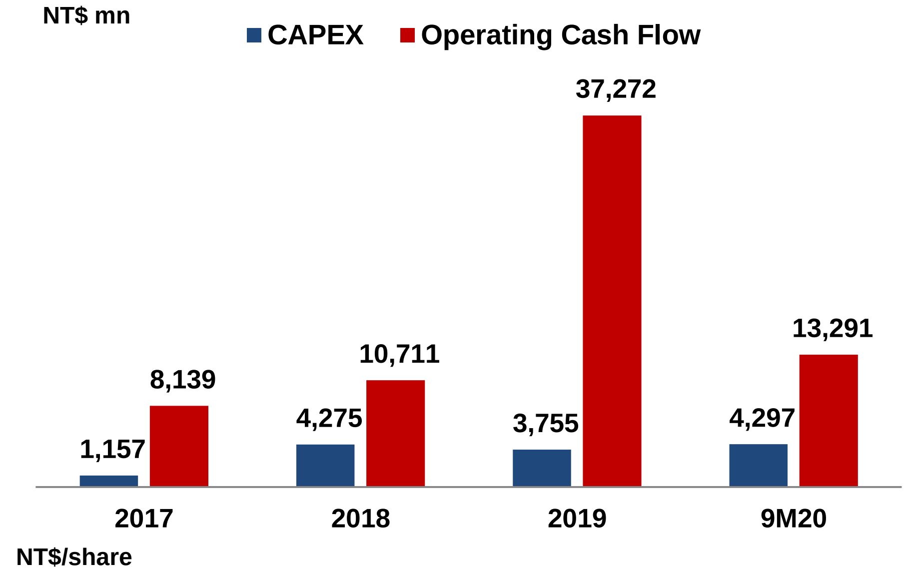
Incor-porated Year	Investees	Stock Code	Holdings	Category	Company Introduction
2004	Asia Cement (China) Holdings Corp.	743 HK	67.7%	Consolidation	Top 10 cement producer in China
1997	Far EasTone Telecommunications Ltd.	4904 TT	1.0%	FVTOCI	Top 3 telecom company in Taiwan
1992	Far Eastern International Bank	2845 TT	2.4%	FVTOCI	Provide diversified financial services in Greater China
1975	Oriental Union Chemical Corp.	1710 TT	7.2%	FVTOCI	Important supplier of EG and chemical products in Asia-Pacific
1968	U-Ming Marine Transport Corp.	2606 TT	39.3%	Equity Method	Largest dry bulk carrier in Taiwan
1967	Far Eastern Department Stores Ltd.	2903 TT	5.7%	FVTOCI	Leading retailer of department store and supermarket in Taiwan
1949	Far Eastern New Century Corp.	1402 TT	23.8%	Equity Method	Holding Company of Far East Group. Core business integrated from petrochemical to textile.

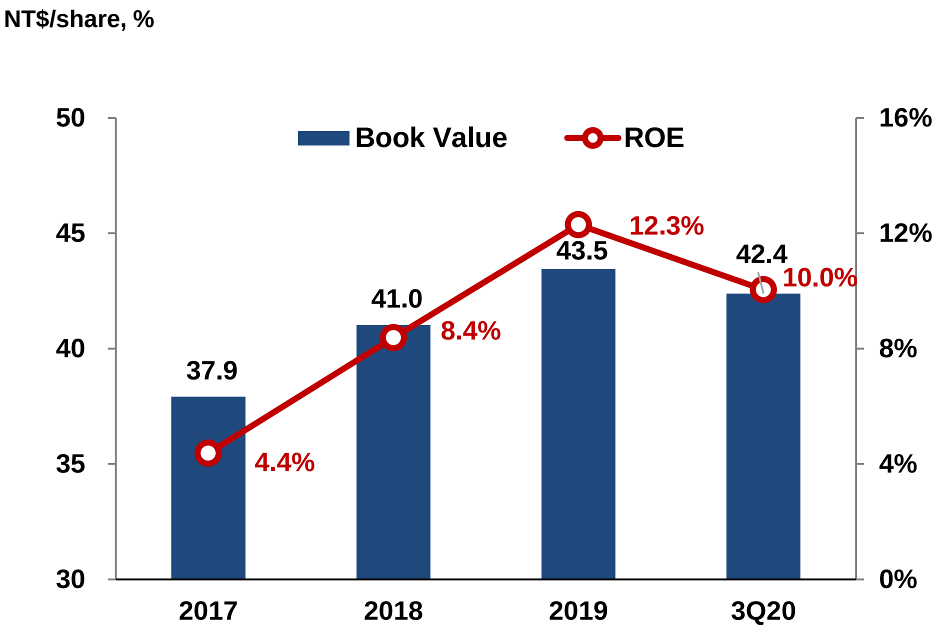
Note: Asia Cement comprehensively holds 72.0% of Asia Cement(China) Holdings.
(100%-owned AC(Singapore) holds a 4.1% stake and Asia Engineering Pte. holds a 0.2% stake of Asia Cement(China))

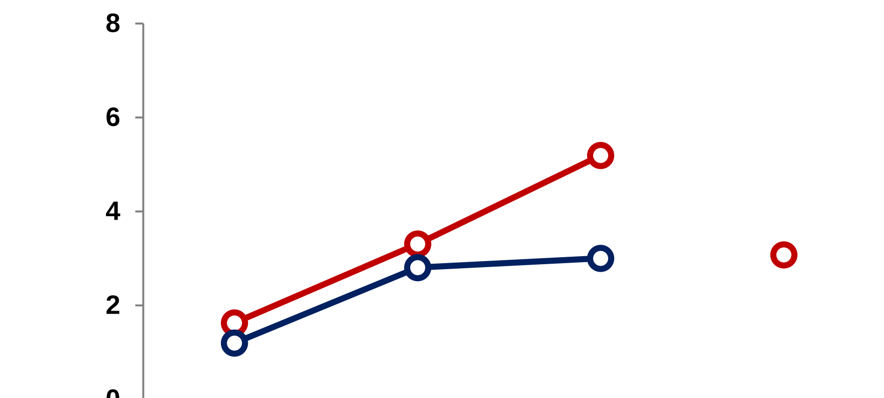
Financial Highlights

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





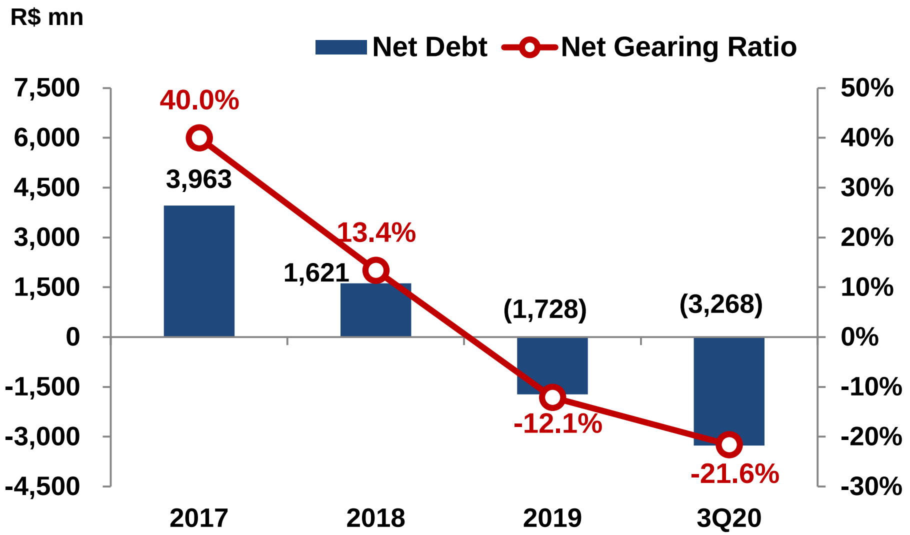


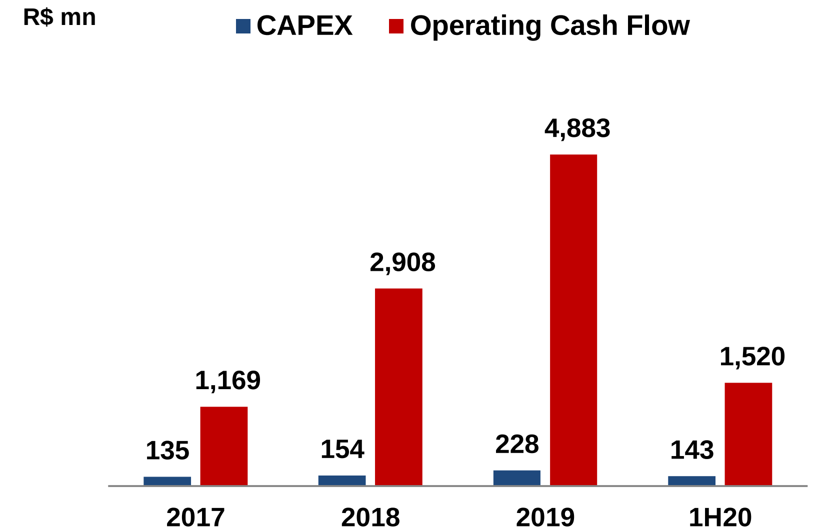


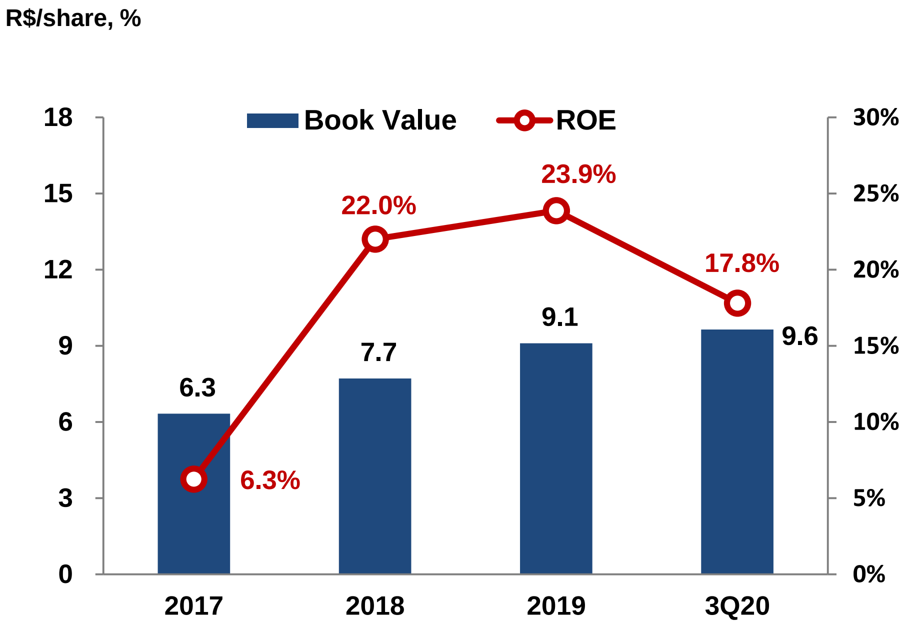
	2017	2018	2019	9M20
EPS	1.63	3.31	5.19	3.08
DPS	1.20	2.80	3.00	

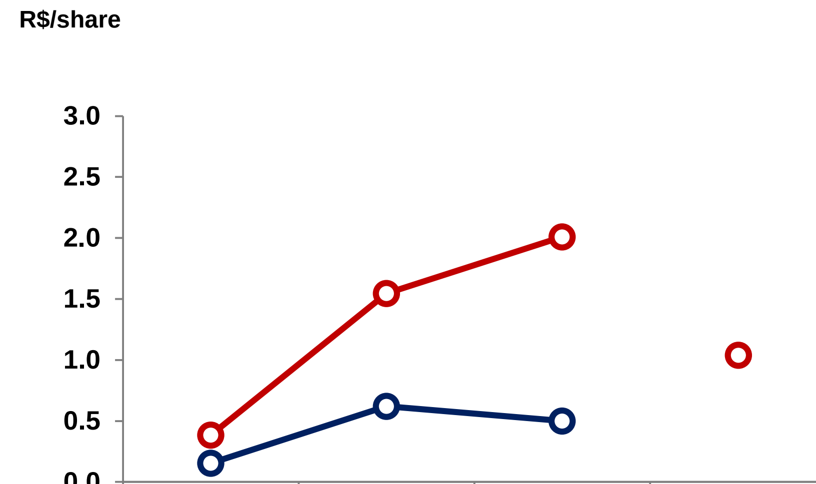
Note: EPS is calculated using total outstanding shares.

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







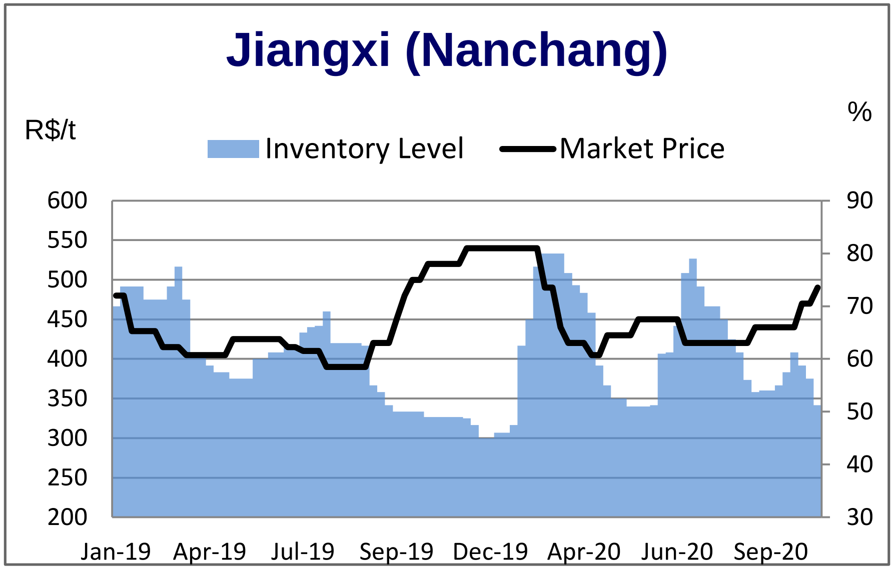


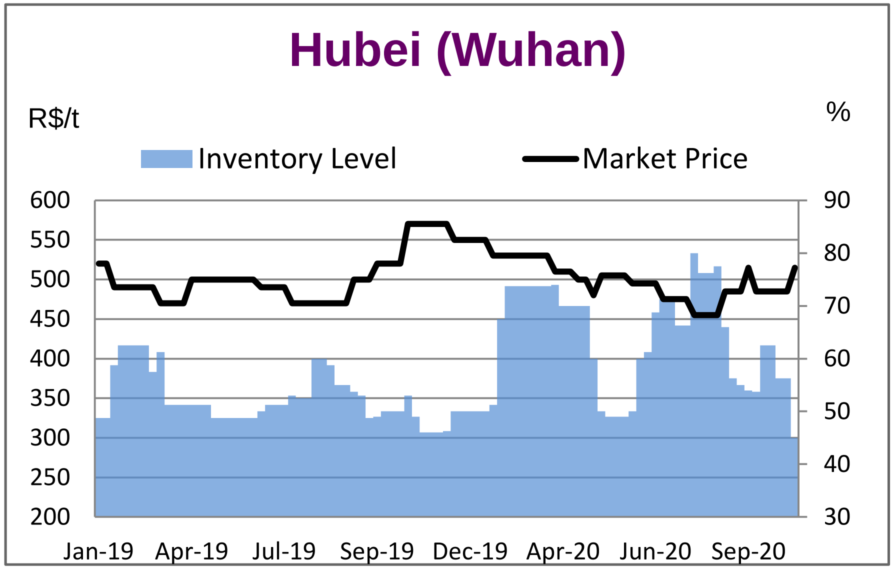
	2017	2018	2019	9M20
EPS	0.38	1.55	2.01	1.04
DPS	0.16	0.62	0.50	

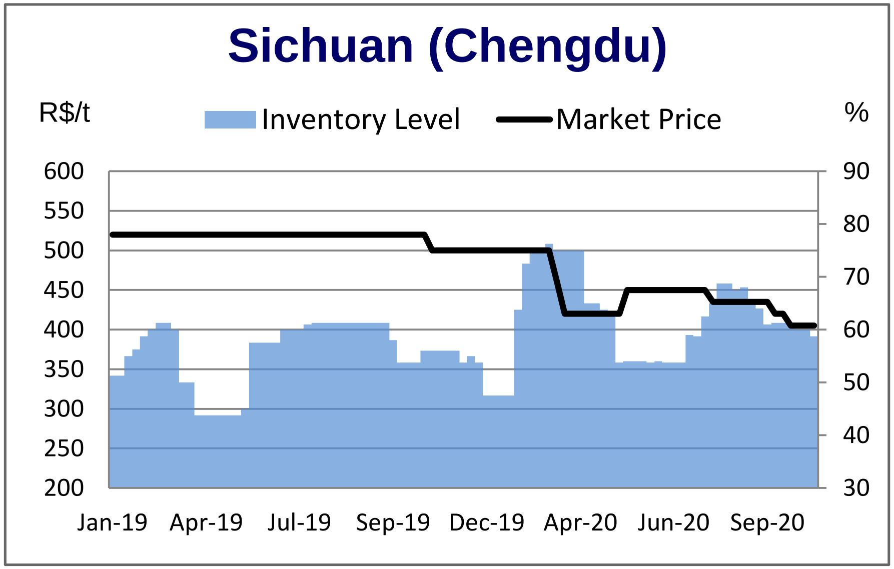
Asia Cement (China) Operating Data

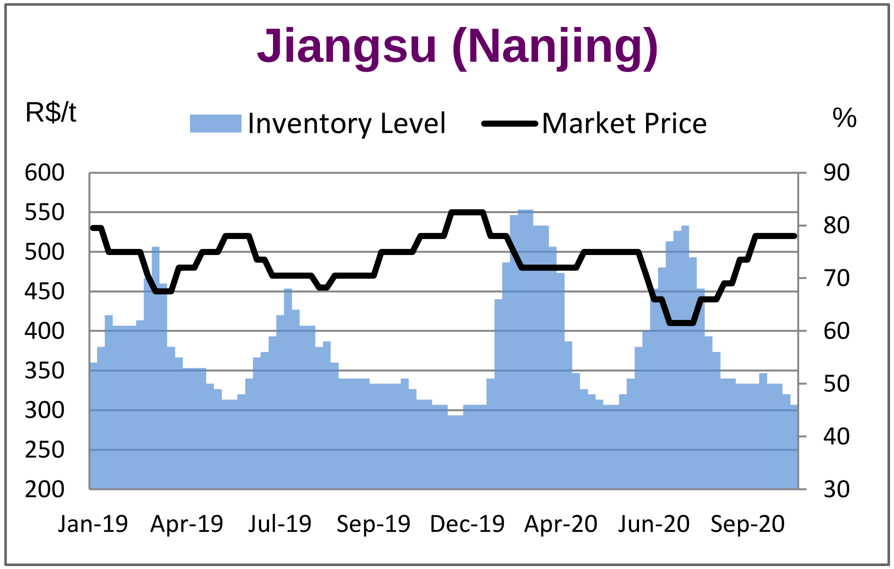
AC(China): Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %



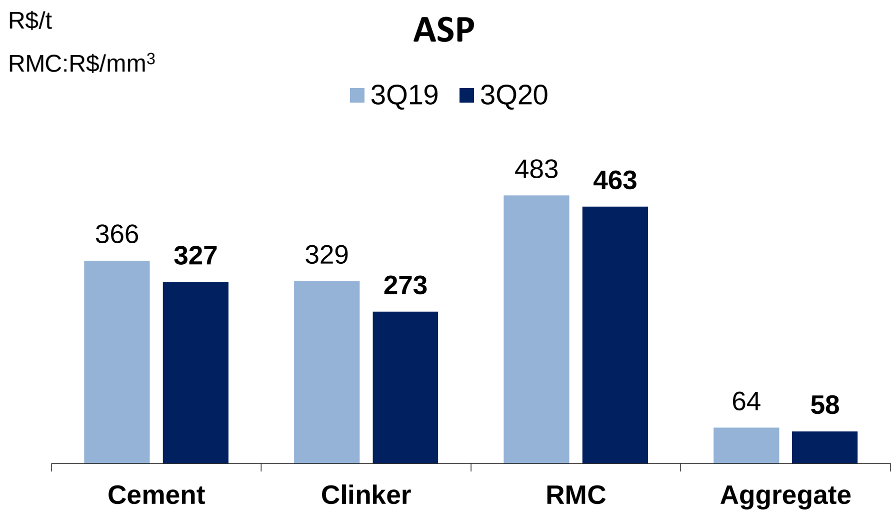




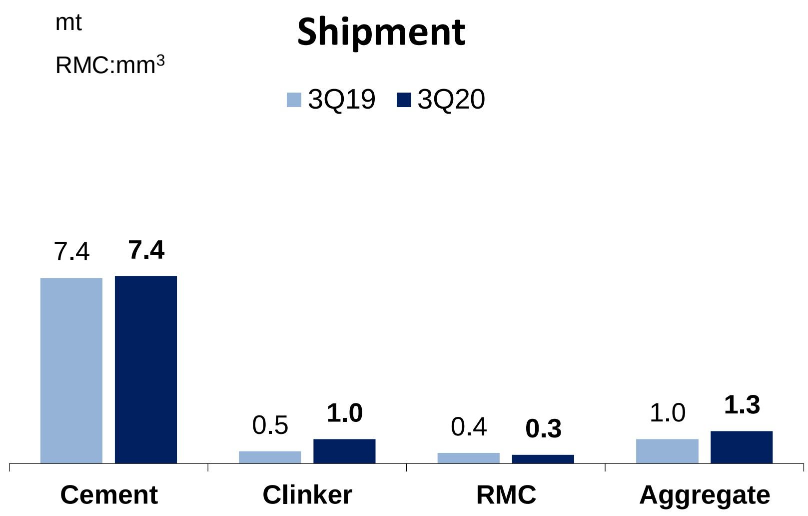


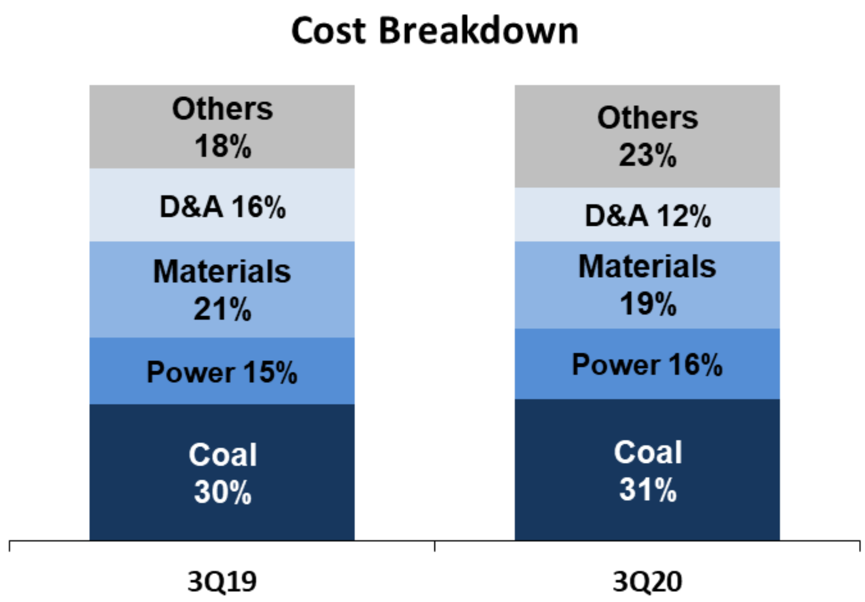
Source: Digit Cement. Inventory level is based on the average of province.

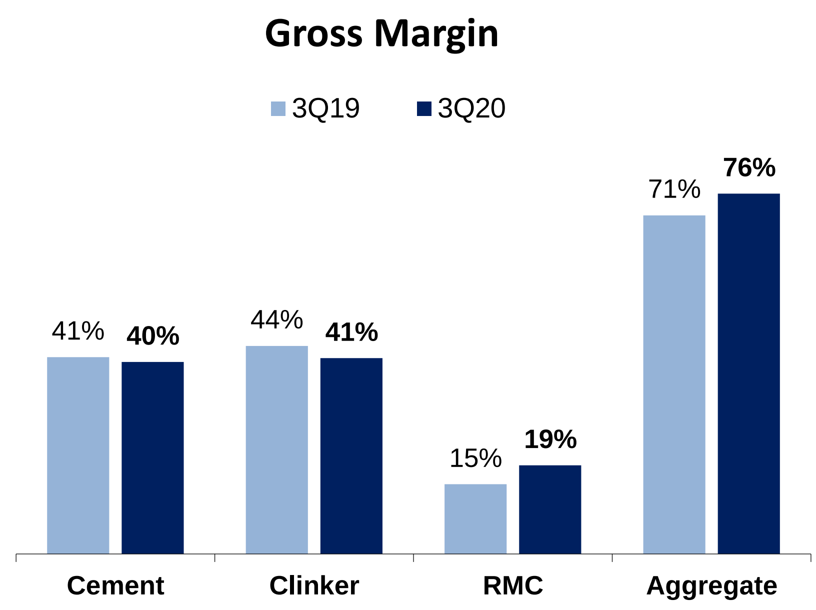
AC(China): 3Q20 Operating Data



Note: Net of VAT

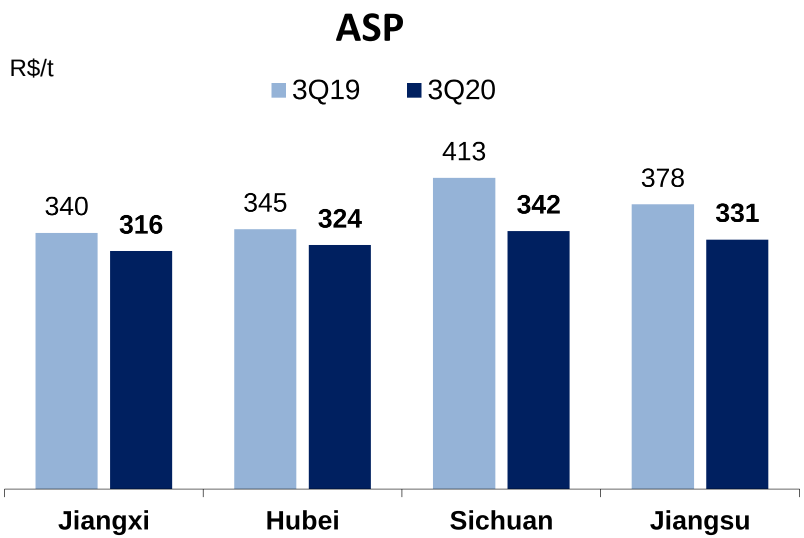


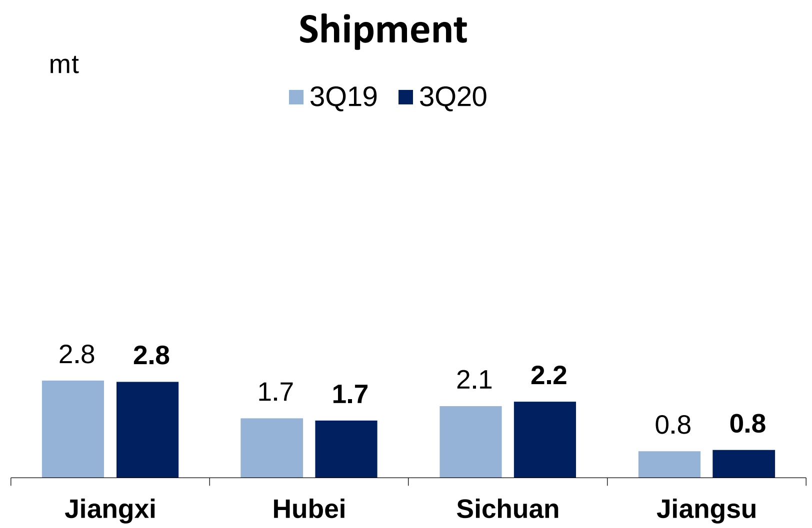




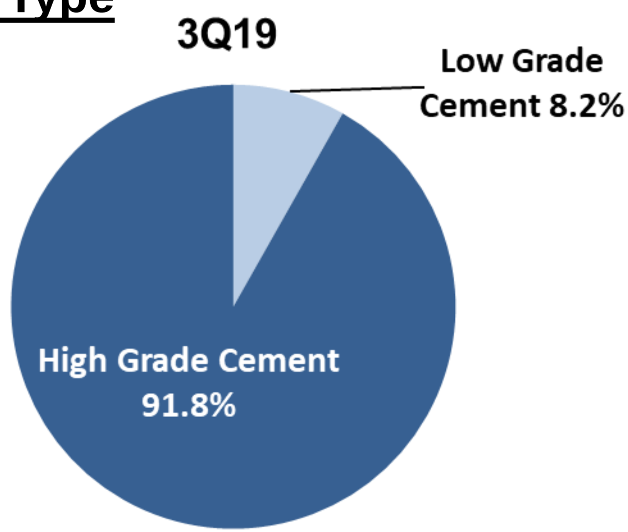
AC(China): 3Q20 Operating Data

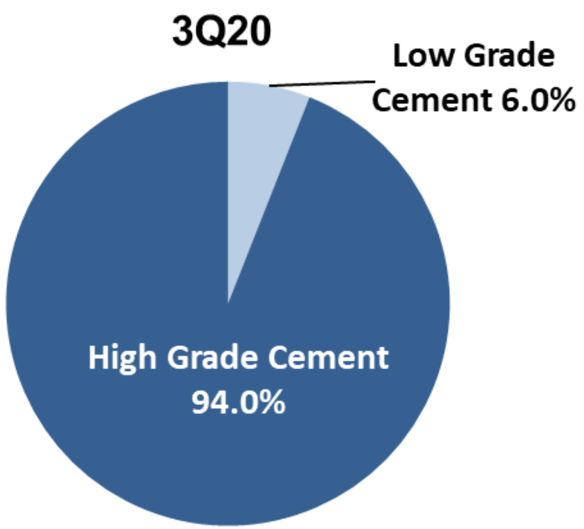
Cement Product by Regions



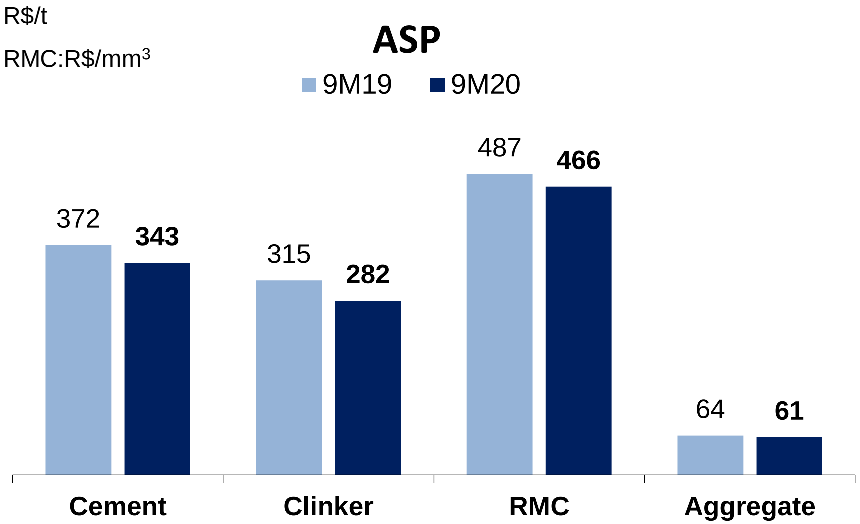


Product Type

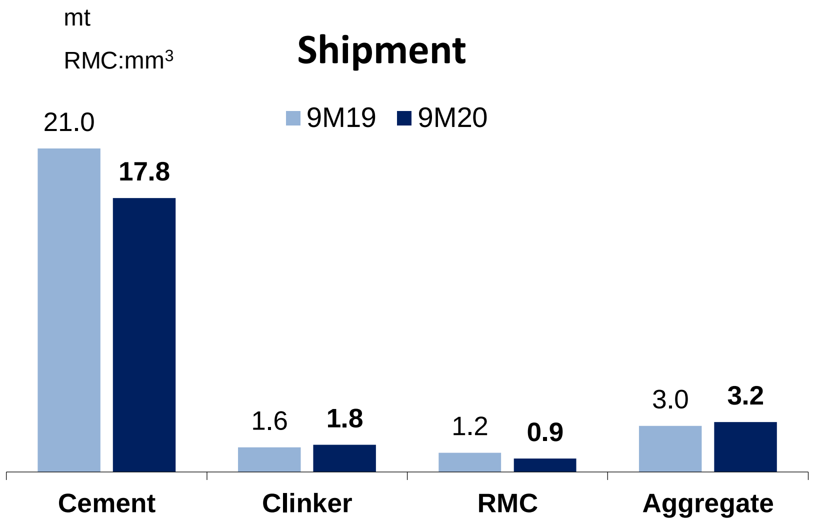


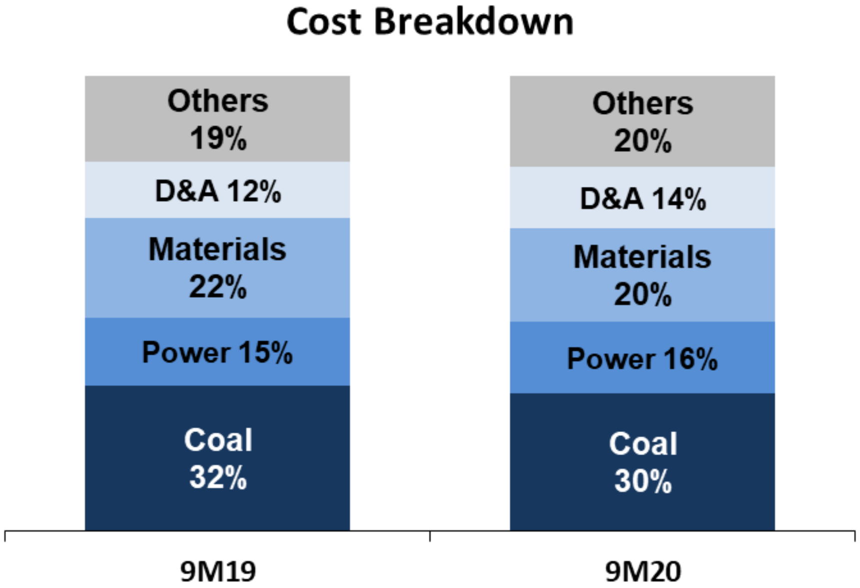


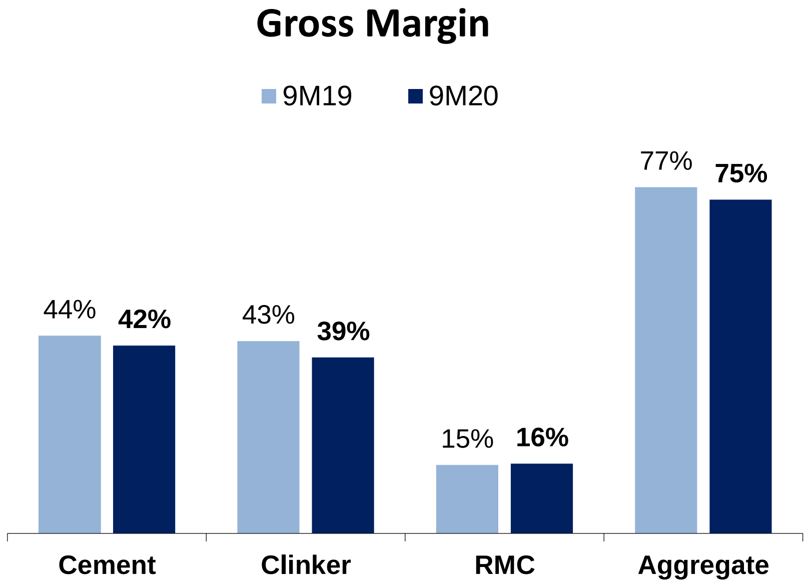
AC(China): 9M20 Operating Data



Note: Net of VAT

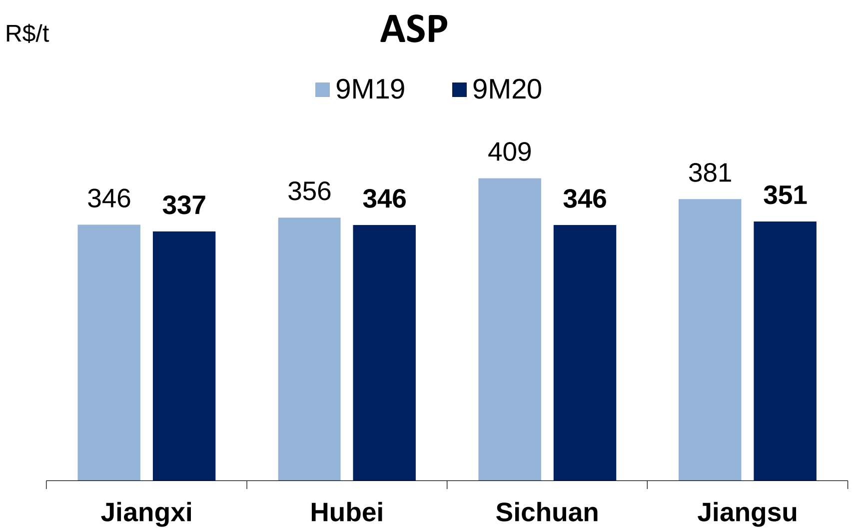


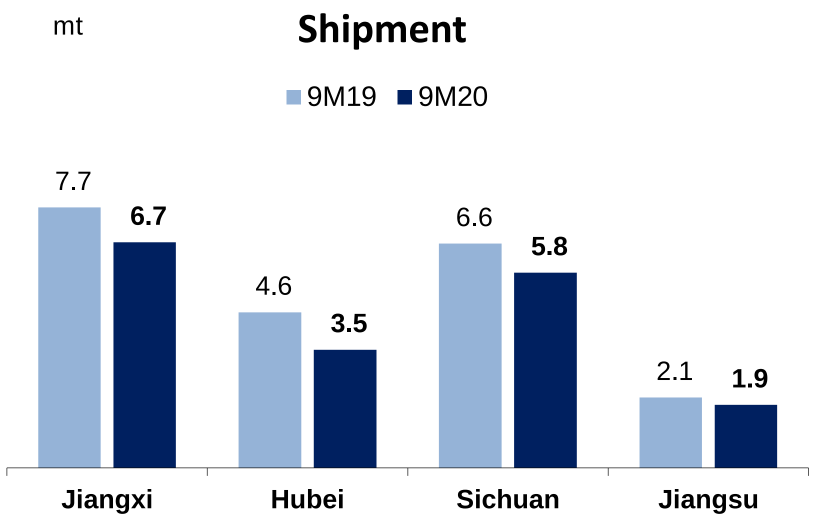




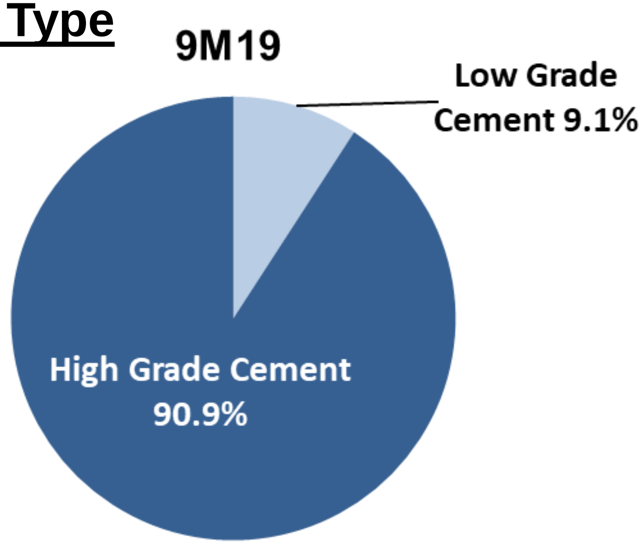
AC(China): 9M20 Operating Data

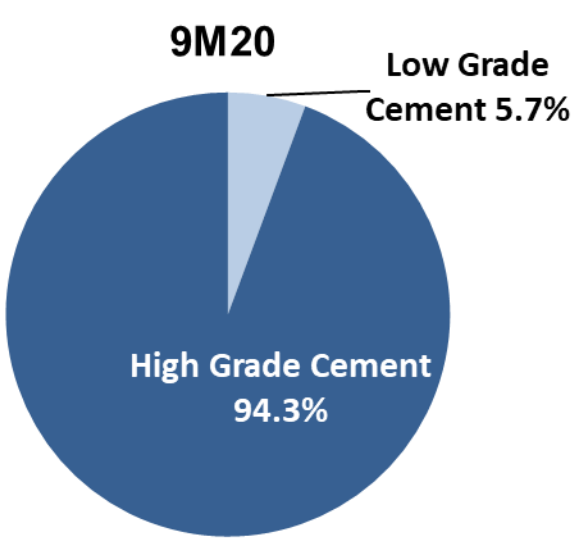
Cement Product by Regions





Product Type

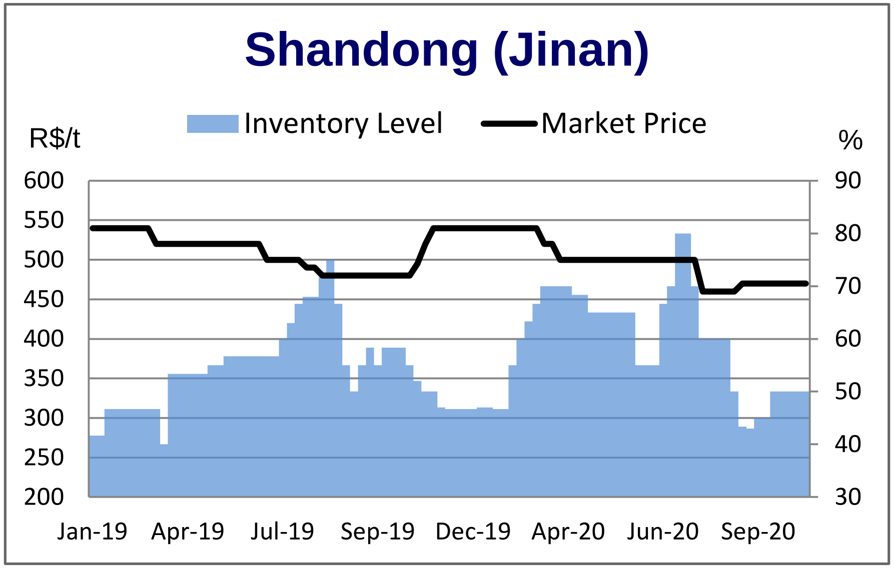


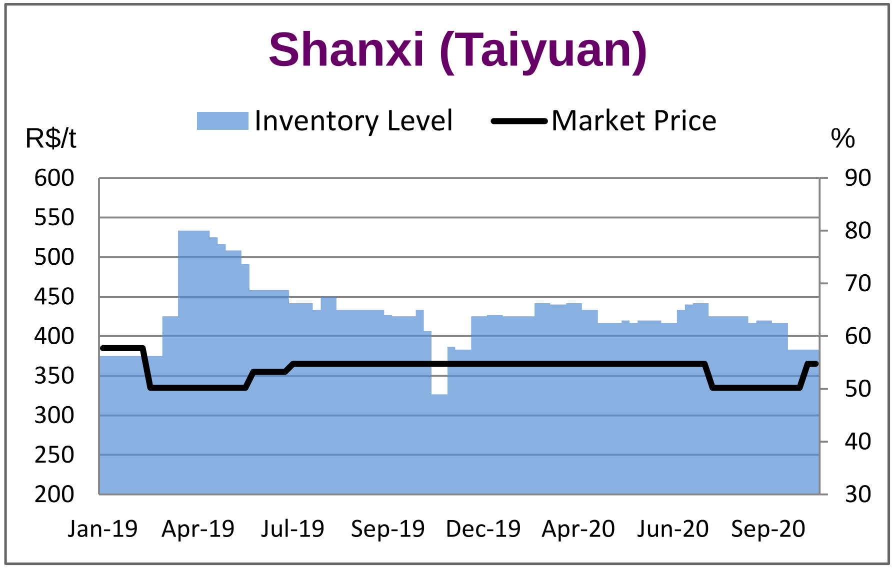


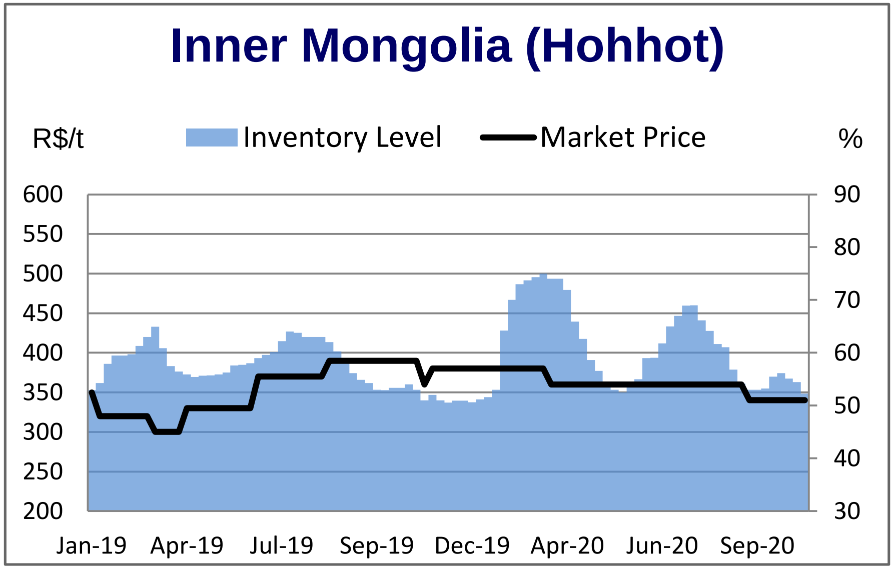
Shanshui Cement Operating Data

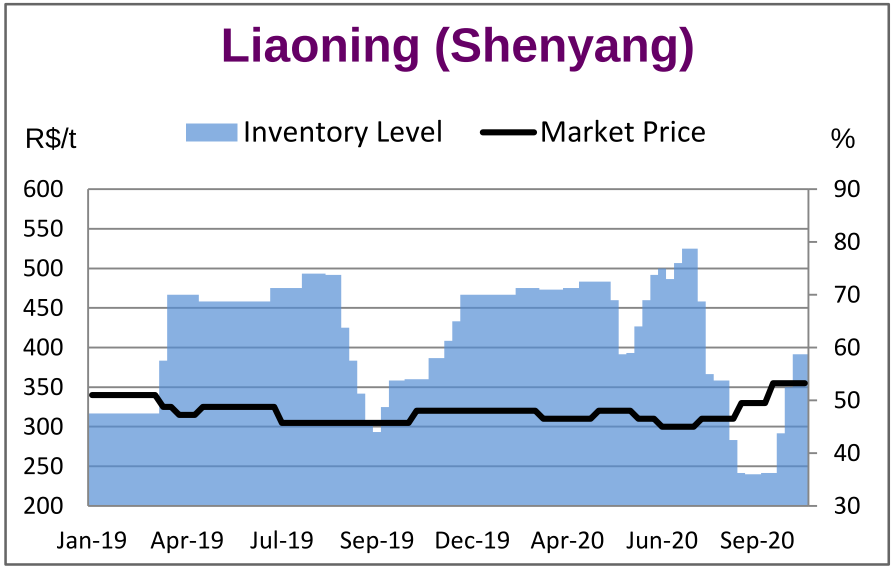
Shanshui: Regional P.O42.5 Price & Inventory Level

Unit: R$/t ; %



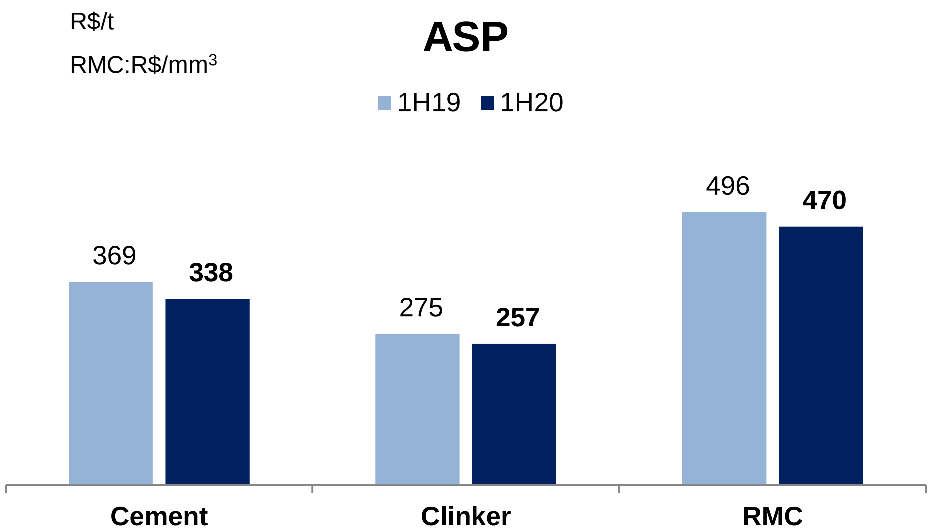


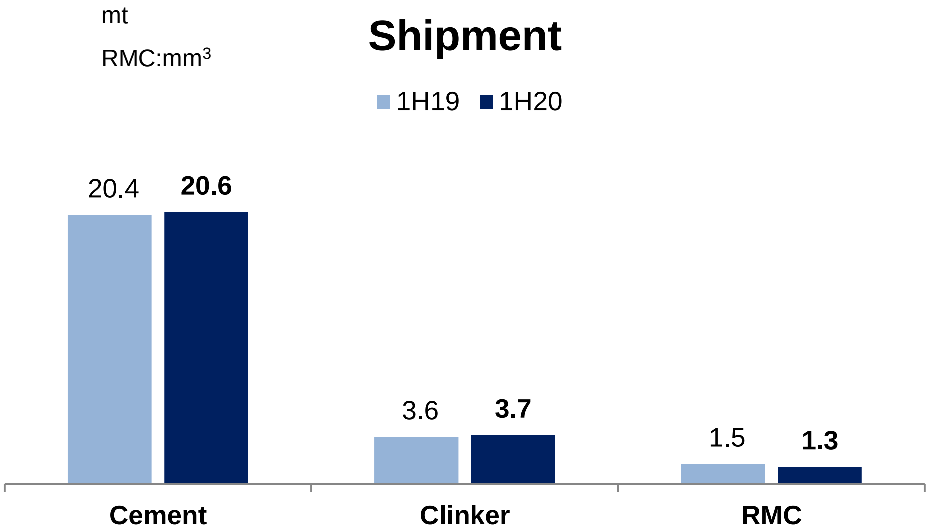




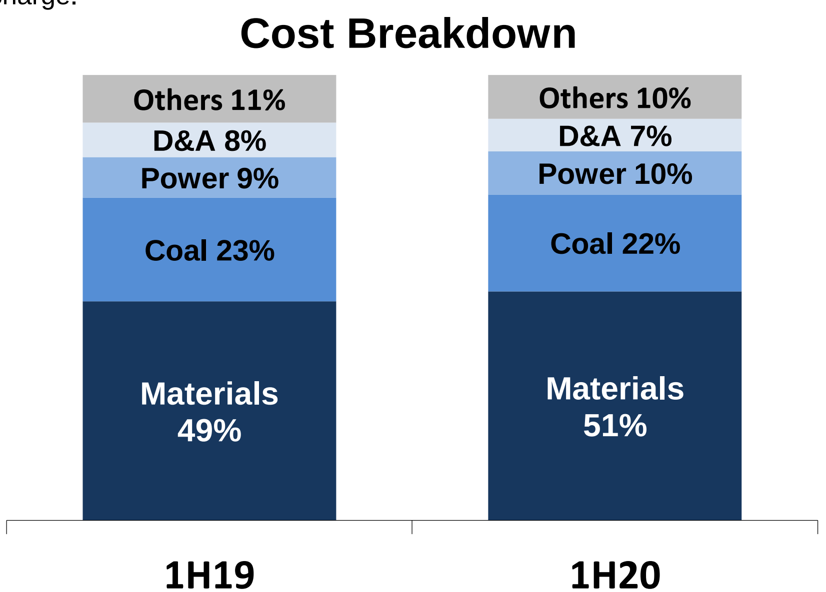
Source: Digit Cement. Inventory level is based on the average of province.

Shanshui: 1H20 Operating Data





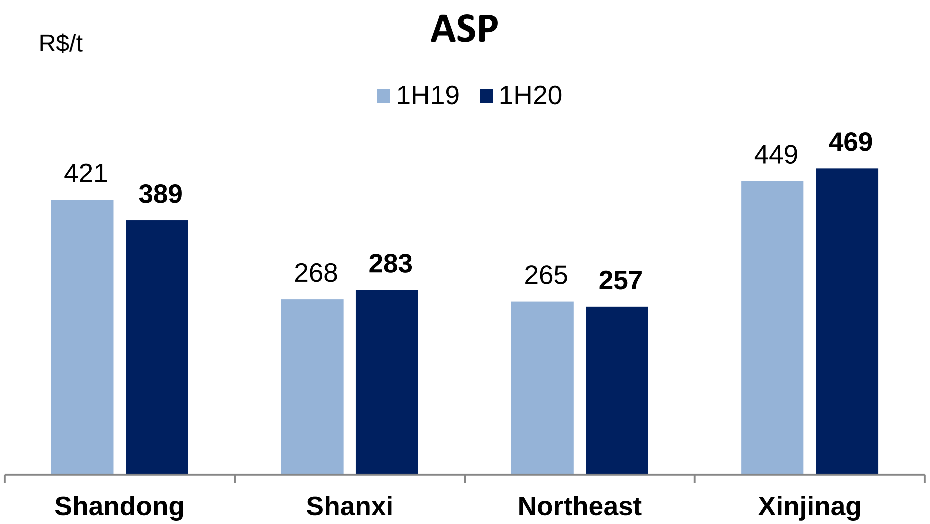
Note: Net of sales tax and surcharge.

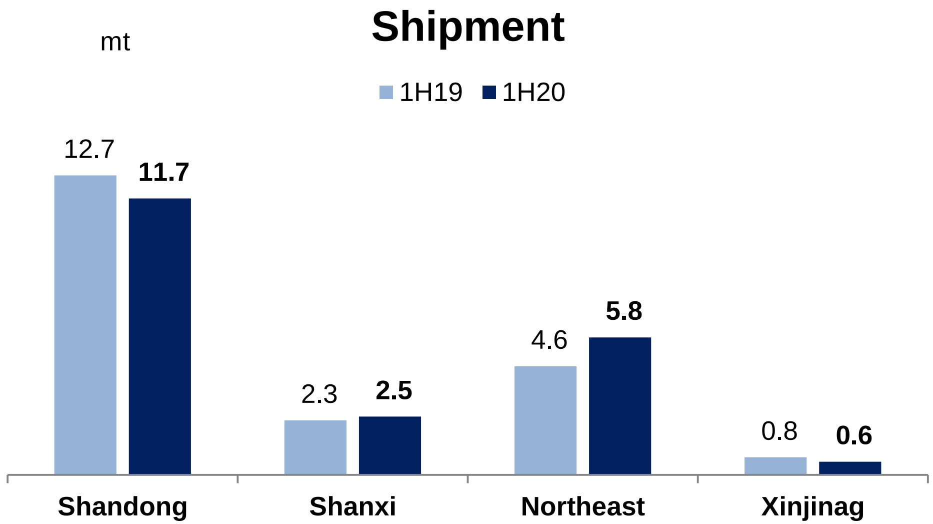


Source: China Shanshui Cement Group Ltd. 2020 interim report.

Shanshui: 1H20 Operating Data

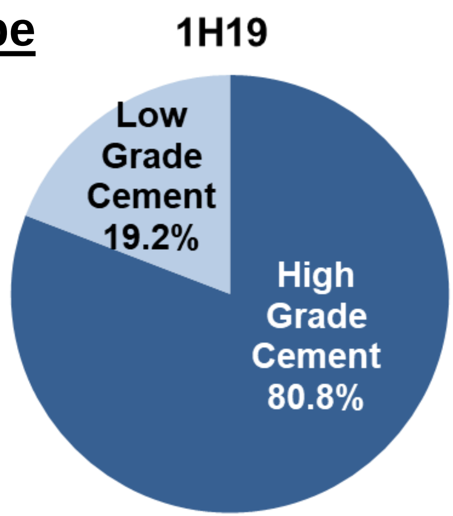
Cement Product by Regions

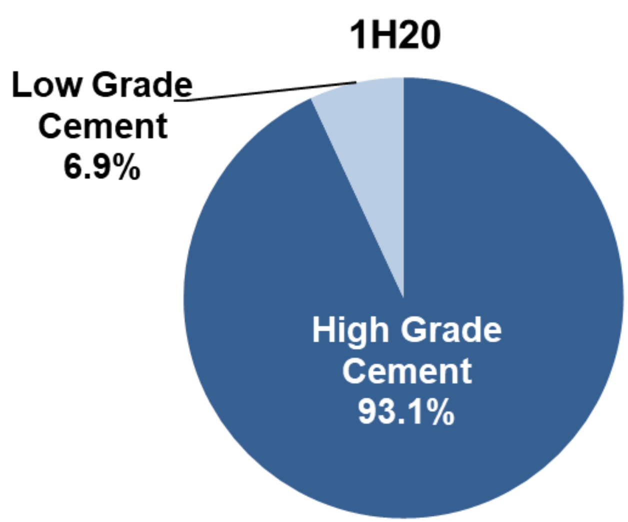




Note: Net of sales tax and surcharge.

Product Type

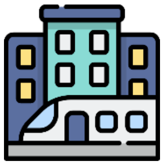




Source: China Shanshui Cement Group Ltd. 2020 interim report

PRC Industry Overview

China Cement Demand Outlook

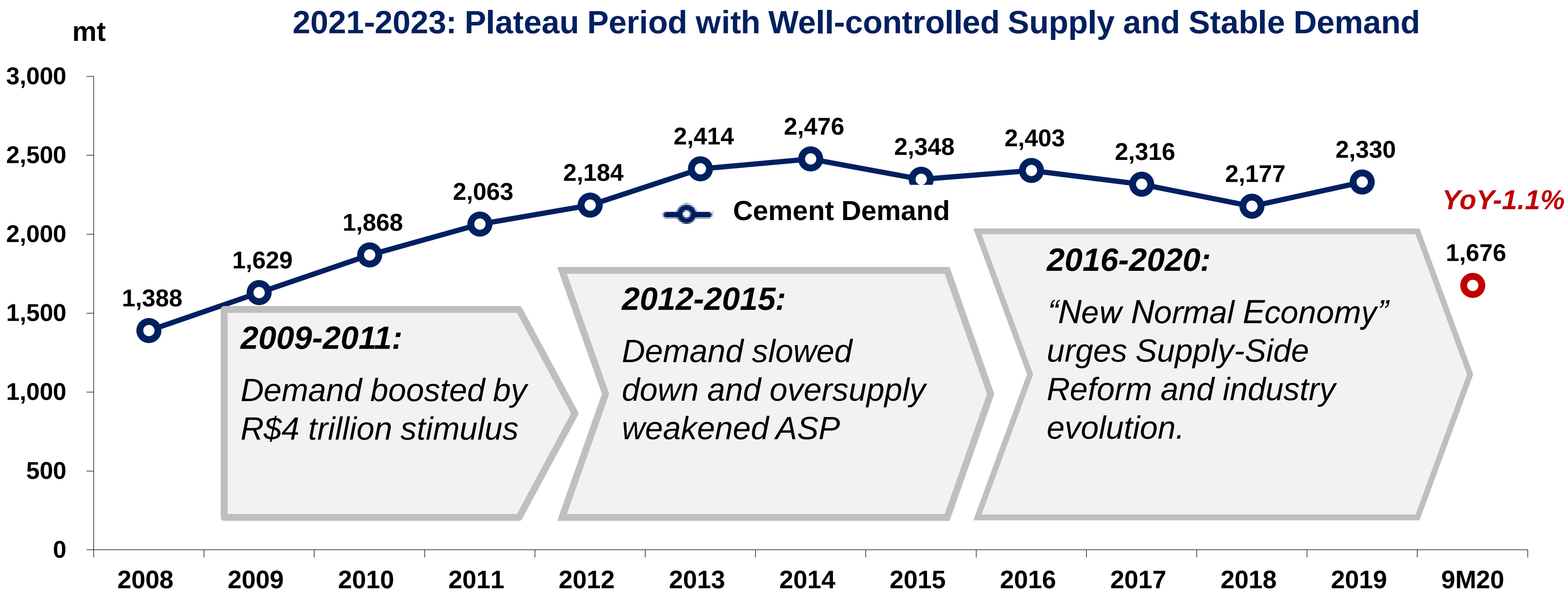


Infrastructure:

- RMB$3.75 tn local government special bond for 2020 (RMB$2.15 tn for 2019) and RMB$1 tn special central government bond all indicate sufficient funding for infrastructure investment growth in 2H20 and 2021.

Property:

- Rigid demand for real estate in Tier 1&2 cities.
- Construction activities are expected to continue to accelerate in 2H20.



Source: ccement, National Bureau of Statistics

China Cement Industry Policy Trend

Control capacity expansion

1. Prohibit using outdated pipelines for capacity swap.
2. Tightening regulation for cross-provincial capacity swap.

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.

Blue sky protection campaign carries on

1. Production halt has continued to contribute to supply discipline since 2016.
2. Stricter regulations developing into ultra low emission and differentiation.

Encourage consolidation

1. M&A, cross holding, JVs, sales platform
2. Subsidizing the exiting capacity with de-capacity funds.

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”

Jiangxi: Guaranteed Mid-long Term Demand

Nanchang-Jiujiang to be an important section of the national project Beijing-HK HSR

1. 2020 annual investment plan reached RMB$239 bn, YoY+16.5%.
2. Major projects:

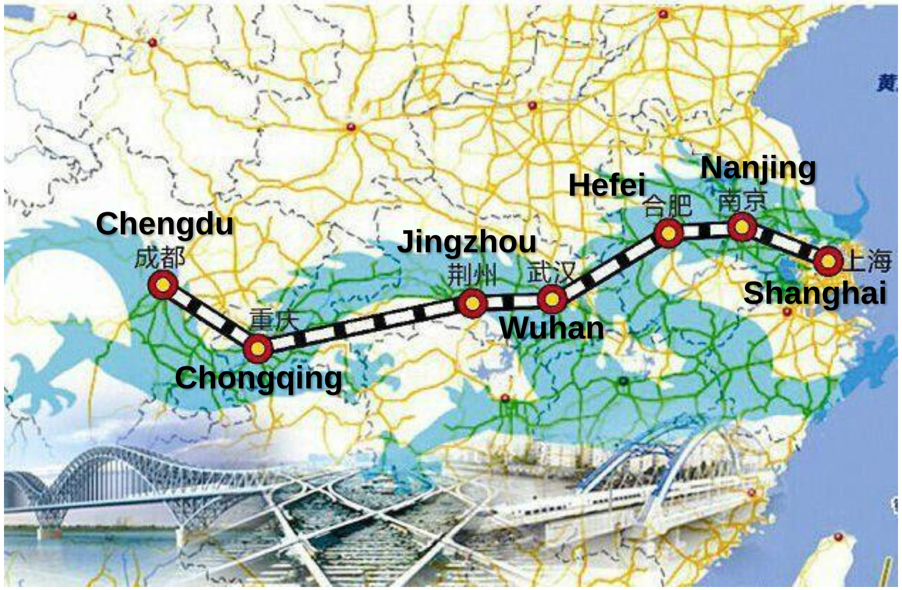
Projects	Estimated Construction Period
Nanchang-Jiujiang High-speed Railway	2020~2023
Anqing-Jiujiang High-speed Railway	2018~2022
Nanchang-Huangshan High-speed Railway	2019~2023
Expansion of Nanchang City Ring Expressway	2020~TBD

Source: Jiangxi Provincial Development and Reform Commission, Sina news, people.cn

Sichuan: Gateway to the West

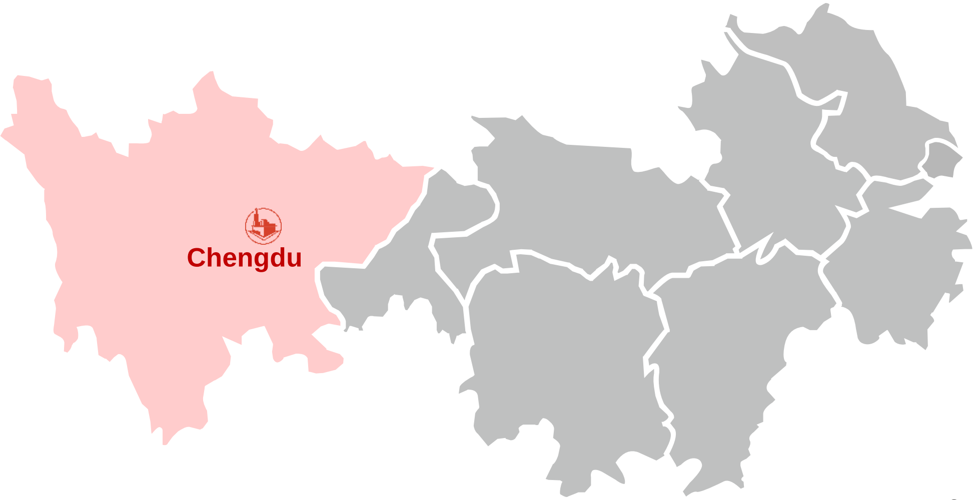
Sichuan-Tibet Railway

High-speed Railways along the Yangtze River



1. Hub of coordinated development between eastern and western regions.
2. Primary beneficiary of Western Development.
3. Major projects:

Projects	Estimated Construction Period
Sichuan-Tibet Railway	2013~2026
High-speed railways along the Yangtze River	2020~2025
Xian-Chengdu High-Speed Railway	2019~2025
Transportation Integration of Chengdu-Chongqing Twin Cities Economic Circle	2020~2022



Source: National Development and Reform Commission, Xinhua news agency, ccement, itw01.com

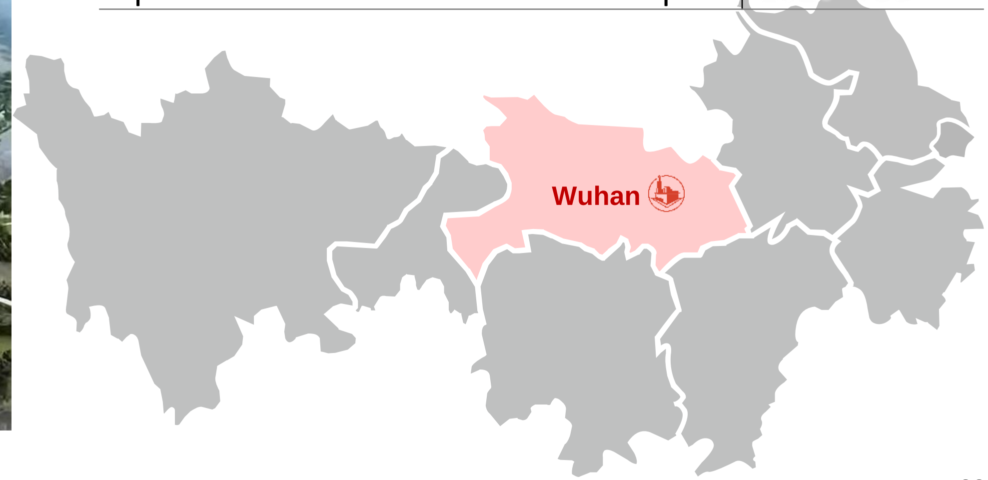
Hubei: Post-pandemic Surge of Infrastructure Projects

Two Great Bridges to Be Constructed in Wuhan

Wuhan West Railway Station

1. Great stimulus especially in transportation infrastructure after Covid-19
2. 14th Five-Year Comprehensive Transportation Plan of Wuhan
3. Major projects:

Projects	Estimated Construction Period
Wuhan west railway station	2021~TBD
Wuhan-Dawu Highway	2018~2021
Wuhan-Yangxin Expressway	2018~2020
Shuangliu Yangtze Great Bridge	2020~TBD
Guanggu Yangtze Great Bridge	2020~TBD
Expansion of Tianhe International Airport	2020~TBD

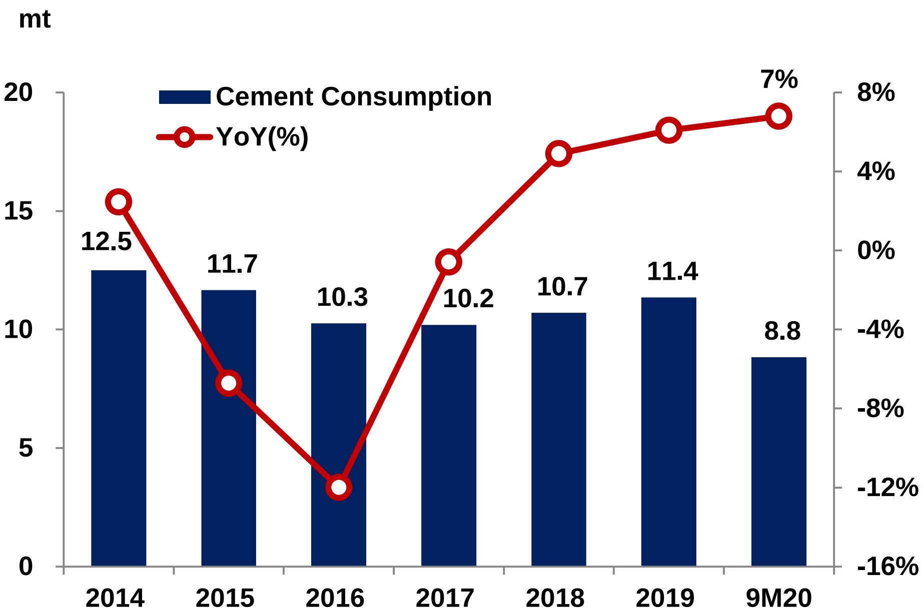


Source: Hubei Provincial Development and Reform Commission, ccement, Fang.com, Tencent news

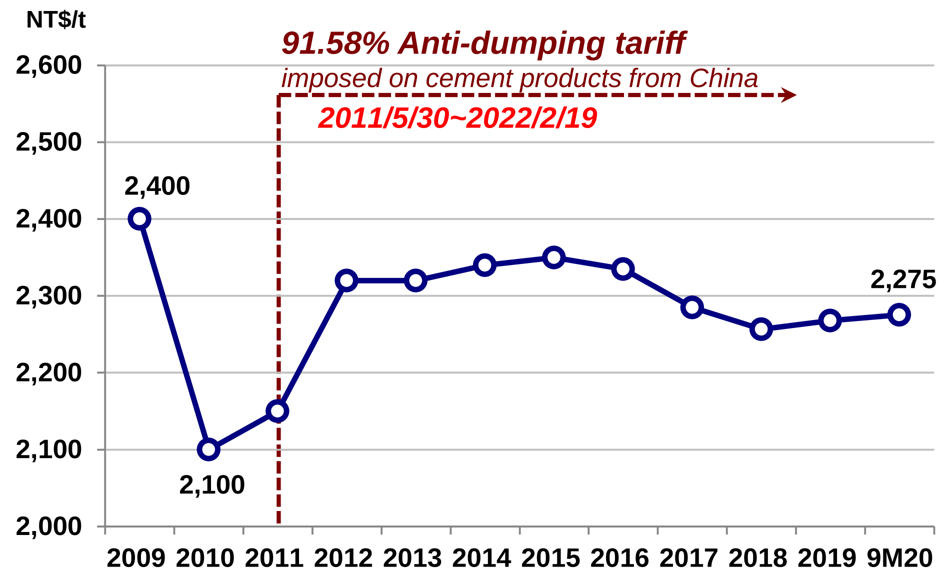
Taiwan Industry Overview

Taiwan Cement Market

Demand getting warm since 2018



ASP remain steady



1. Central government proposed the Forward-looking Infrastructure Development Program (2018-2021) with a budget of NT$420 bn.
2. Trade frictions prompt Taiwanese corporate to return to invest in Taiwan.

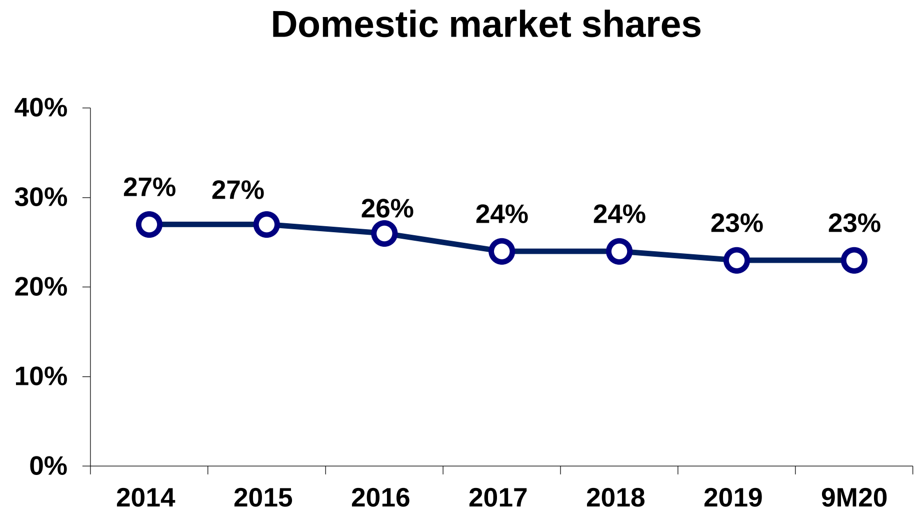
1. ASP remains steady since anti-dumping tariff blocked import from China.

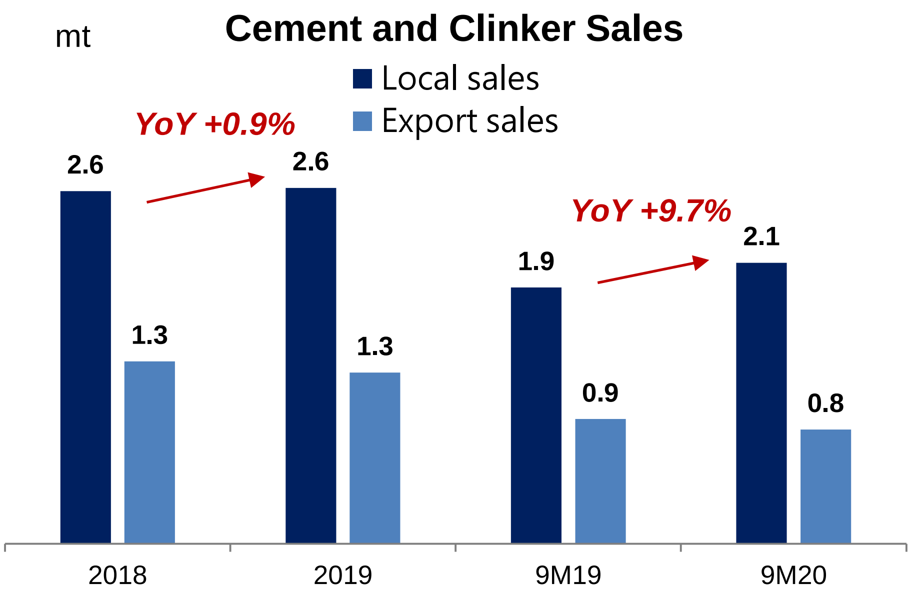
Note: consumption＝local＋imports

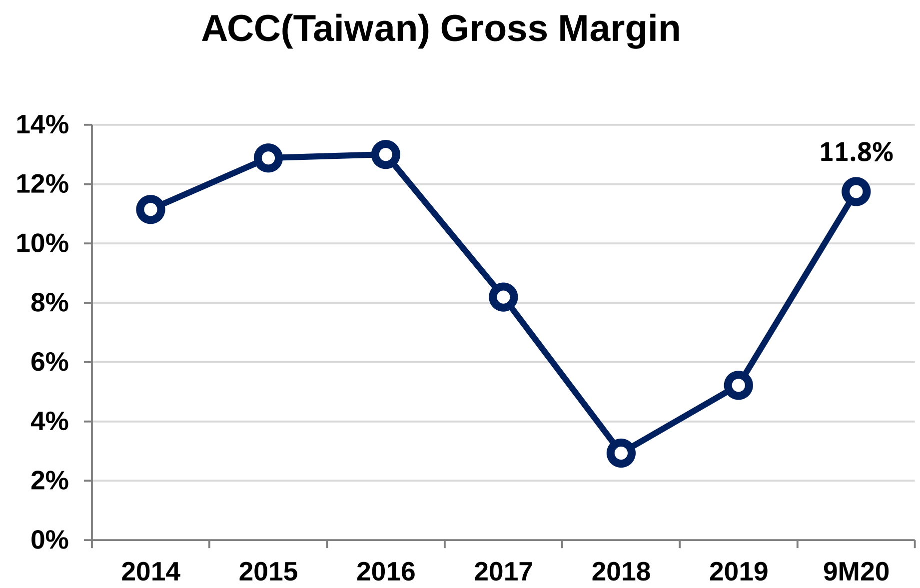
Source: National Development Council, Taiwan Cement Manufacturers' Association

ACC(Taiwan) Outlook: Improving sales and margins

1. Local sales improved in 2020.
2. Gross margin continued to pick up on lower coal cost.

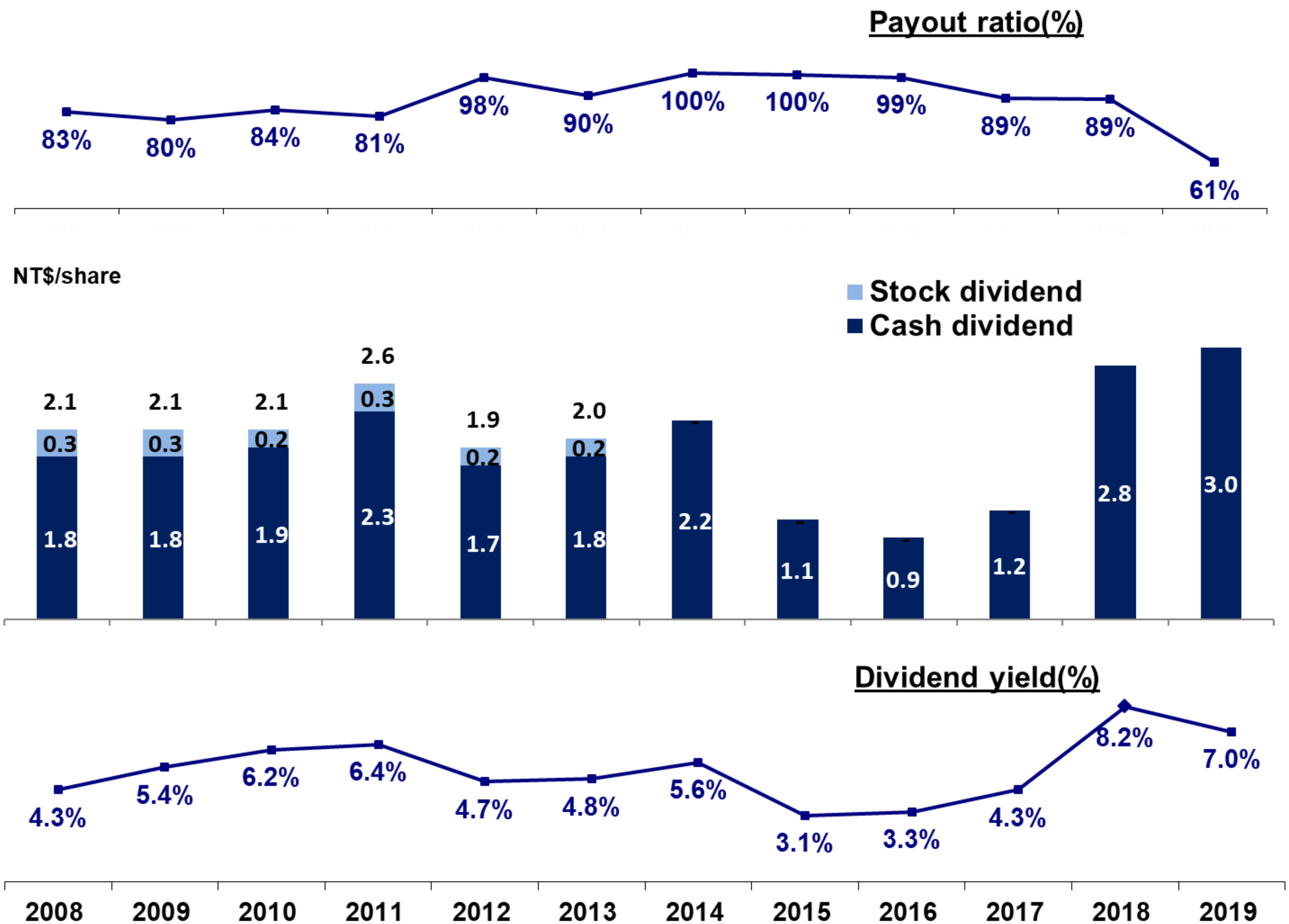






Financials

Steady Payout with Enjoyable Yields



Note1: Payable EPS= Net income – Investment property adjustment

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

Summary of P&L

NT$ mn

	3Q20	3Q19	YoY	9M20	9M19	YoY
Operating Revenue	**20,736**	**22,401**	***-7%***	**54,564**	**66,207**	***-18%***
Operating Cost	14,333	16,031	*-11%*	38,786	47,102	*-18%*
Net Gross Profit	**6,403**	**6,370**	***1%***	**15,778**	**19,105**	***-17%***
SG&A expenses	758	1,038	*-27%*	2,701	2,905	*-7%*
Operating profit	**5,645**	**5,332**	***6%***	**13,077**	**16,200**	***-19%***
Non-operating income(net)	1,933	1,525	*27%*	3,785	5,323	*-29%*
Equity Income	1,599	1,980	*-19%*	3,590	4,361	*-18%*
Far Eastern New Century Corp.	425	469	*-9%*	1,000	1,318	*-24%*
U-Ming Marine Transport Corp.	292	338	*-14%*	180	388	*-54%*
Shanshui Cement Co. Ltd.	719	885	*-19%*	1,573	1,835	*-14%*
Others	163	288	*-44%*	837	819	*2%*
Net Interest Income (Expense)	13	(145)		(74)	(604)	
Dividend Income	32	27		332	448	
Gain (loss) on exchange	(6)	(20)		(114)	73	
Gain (loss) on FVTPL Financial Assets and Liabilities	171	(405)		(252)	759	
Gain (loss) on Investment Property	100	64		230	145	
Others	25	24		73	142	
Pre tax Income	7,578	6,857		16,862	21,524	
Net income	**6,154**	**5,502**	***12%***	**12,988**	**16,937**	***-23%***
Profit Attributable to Owners of Parent	**4,930**	**4,340**	***14%***	**10,341**	**13,459**	***-23%***
EPS (NT$/share)	**1.47**	**1.29**	***14%***	**3.08**	**4.00**	***-23%***
Gross margin	**30.9%**	**28.4%**		**28.9%**	**28.9%**	
Operating margin	**27.2%**	**23.8%**		**24.0%**	**24.5%**	
Net margin	**23.8%**	**19.4%**		**19.0%**	**20.3%**	

Note: EPS is calculated using total outstanding shares.

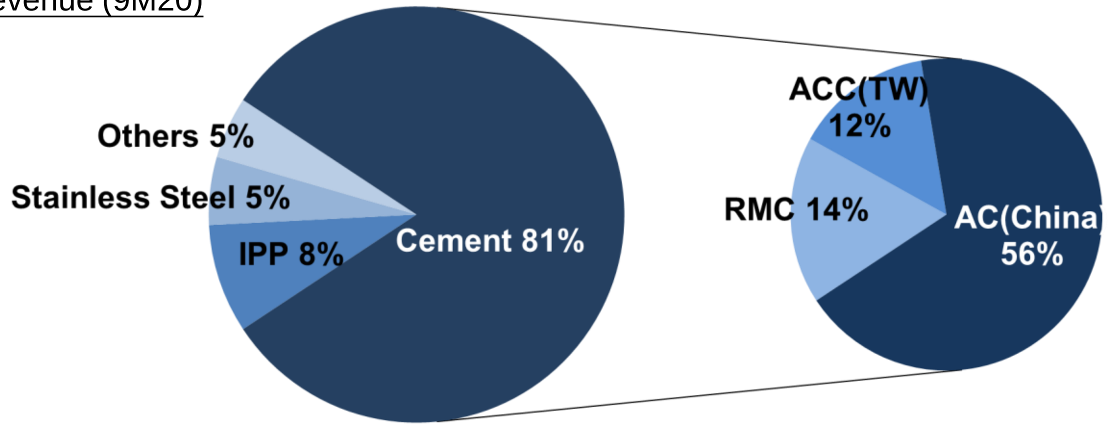
Performance by Segments

NT$ mn

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

	3Q20	3Q19	YoY	9M20	9M19	YoY
Operating Revenue	**20,736**	**22,401**	***-7%***	**54,564**	**66,207**	***-18%***
Cement business	17,168	18,072	*-5%*	44,588	53,990	*-17%*
Power business	1,744	2,215	*-21%*	4,629	5,694	*-19%*
Stainless Steel business	860	1,213	*-29%*	2,878	4,211	*-32%*
Others	964	901	*7%*	2,469	2,313	*7%*
Operating Cost	14,333	16,031	*-11%*	38,786	47,102	*-18%*
Net Gross Profit	**6,403**	**6,370**	***1%***	**15,778**	**19,105**	***-17%***
SG&A expenses	758	1,038	*-27%*	2,701	2,905	*-7%*
Operating profit	**5,645**	**5,332**	***6%***	**13,077**	**16,200**	***-19%***
Cement business	4,558	4,523	*1%*	10,789	14,455	*-25%*
Power business	659	533	*24%*	1,383	1,145	*21%*
Stainless Steel business	0	12	*-98%*	(28)	59	*NA*
Others	427	263	*62%*	933	541	*72%*

Revenue (9M20)



Summary of Balance Sheets

NT$ mn

	3Q20		2Q20		2019	
	Amount	%	Amount	%	Amount	%
Current Assets	93,074	31%	92,590	31%	89,242	30%
Cash&Cash equivalents	37,610	12%	20,375	7%	24,735	8%
Short-term Investments	29,871	10%	43,251	15%	31,724	11%
Others	25,593	8%	28,964	10%	32,783	11%
Non-Current Assets	208,997	69%	203,678	69%	208,036	70%
Long-term Investment	93,688	31%	92,136	31%	96,140	32%
Fixed Assets	87,864	29%	87,130	29%	86,858	29%
Intangible Assets	7,209	2%	6,713	2%	7,000	2%
Other Assets	20,235	7%	17,699	6%	18,038	6%
Total Assets	**302,070**	**100%**	**296,268**	**100%**	**297,279**	**100%**
Current Liabilities	71,967	24%	75,561	26%	74,336	25%
Short-term debt	58,409	19%	52,365	18%	55,895	19%
Others	13,558	4%	23,196	8%	18,440	6%
Non-Current Liabilities	63,411	21%	61,188	21%	53,494	18%
Bonds Payable	29,400	10%	32,525	11%	19,281	6%
Bank Loans	20,698	7%	15,387	5%	20,821	7%
Others	13,313	4%	13,276	4%	13,392	5%
Total Liabilities	**135,378**	**45%**	**136,749**	**46%**	**127,829**	**43%**
Total Shareholders' Equity	**166,692**	**55%**	**159,519**	**54%**	**169,449**	**57%**
Book Value(NT$/Share)	**42.4**		**40.7**		**43.5**	
ROE	**10.0%**		**9.9%**		**12.3%**	
Net Gearing Ratio	28.8%		26.8%		27.1%	
Net Debt	41,026		36,651		39,538	
Net Debt/EBITDA	1.6		1.5		1.4	

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

Summary of Cash Flow Statement

NT$ mn

	3Q20	3Q19	YoY	9M20	9M19	YoY
Net Income	4,930	4,340		10,341	13,459	
Depr&Amort	1,256	1,210		3,685	3,682	
Changes of non-cash WC	425	(470)		3,609	4,695	
Disposal/(Acquisition) of FVTPL FA(1)	(4,427)	4,383		(5,261)	5,699	
Other Ope. CF Items	3,487	4,204		917	962	
Operating Cash Flow	**5,671**	**13,666**	*-59%*	**13,291**	**28,496**	*-53%*
CAPEX	(1,150)	(340)		(4,297)	(2,468)	
Disposal/(Acquisition) of AC FA(2)	17,479	(1,310)		6,776	(10,756)	
Disposal/(Acquisition) of FVTOCI FA	(359)	0		(1,476)	(57)	
Other Inv. CF Items	(2,198)	(33)		(2,214)	(2,293)	
Investing Cash Flow	**13,773**	**(1,683)**	*NA*	**(1,211)**	**(15,573)**	*NA*
Changes in Debt/Borrowings	8,450	836		13,014	2,463	
Dividends Paid	(10,085)	(9,412)		(10,085)	(9,412)	
Other Fin. CF Items	(402)	(317)		(1,508)	(1,568)	
Financing Cash Flow	**(2,036)**	**(8,893)**	*NA*	**1,421**	**(8,517)**	*NA*
Effect of FX	(173)	(419)		(627)	(284)	
Net Changes in Cash	**17,234**	**2,671**	*545%*	**12,874**	**4,122**	*212%*
Free Cash Flow	**4,521**	**13,326**	*-66%*	**8,994**	**26,029**	*-65%*

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

RMB$ mn

	3Q20	3Q19	YoY	9M20	9M19	YoY
Operating revenue	2,953	3,139	*-6%*	7,267	9,182	*-21%*
Operating cost	1,772	1,880	*-6%*	4,299	5,281	*-19%*
Gross Profit	**1,182**	**1,258**	***-6%***	**2,968**	**3,902**	***-24%***
Other net income/(loss)	40	(13)		113	80	
Selling&marketing costs	119	108		297	330	
Administative expenses	67	94		317	336	
Operating income	**1,036**	**1,043**	***-1%***	**2,467**	**3,316**	***-26%***
Finance costs	26	68		121	211	
Shares of results of jointly controlled entities	0	2		1	5	
Pre tax Income	1,011	977		2,347	3,110	
Tax	240	229		667	814	
Net Income	**771**	**748**	***3%***	**1,680**	**2,297**	***-27%***
Profit Attributable to Owners of Parent	**749**	**730**	***3%***	**1,627**	**2,240**	***-27%***
Minority interests	22	18		53	56	
EPS (RMB$/share)	**0.48**	**0.47**	***3%***	**1.04**	**1.43**	***-27%***
Gross margin	**40.0%**	**40.1%**		**40.8%**	**42.5%**	
Operating margin	35.1%	33.2%		33.9%	36.1%	
Net margin	**25.4%**	**23.8%**		**22.4%**	**25.0%**	
EBITDA margin	42.8%	43.6%		43.4%	44.2%	
EBITDA	**1,264**	**1,369**	***-8%***	**3,152**	**4,058**	***-22%***

Note: According to IFRS, losses on work stoppages, which is the fixed operating cost RMB 115mn in 1Q20, were recognized as operating expense.

AC(China): Summary of Balance Sheets

RMB$ mn

	3Q20		2Q20		2019	
	Amount	%	Amount	%	Amount	%
Current Assets	12,728	53%	12,274	52%	12,620	53%
Inventories	718	3%	726	3%	674	3%
Trade and other receivables	2,453	10%	2,367	10%	3,963	17%
Bank balances and cash	9,534	40%	9,157	39%	7,943	33%
Non-Current Assets	11,073	47%	11,112	48%	11,366	47%
Property,Plant&Equipment	7,691	32%	7,803	33%	8,077	34%
Total Assets	**23,801**	**100%**	**23,387**	**100%**	**23,986**	**100%**
Current Liabilities	5,303	22%	6,199	27%	7,695	32%
Borrowings- due within one year	3,437	14%	4,592	20%	4,770	20%
Trade and other payables	1,208	5%	1,246	5%	2,174	9%
Non-Current Liabilities	3,037	13%	2,497	11%	1,647	7%
Borrowings- due after one year	2,829	12%	2,295	10%	1,444	6%
Total Liabilities	**8,340**	**35%**	**8,696**	**37%**	**9,343**	**39%**
Total Equity	**15,461**	**65%**	**14,690**	**63%**	**14,643**	**61%**
Equity Attributable to Parent	15,108	63%	14,359	61%	14,264	59%
Book Value(RMB/Share)	**9.6**		**9.2**		**9.1**	
ROE	**17.8%**		**18.6%**		**23.9%**	
ROA	10.9%		11.1%		14.1%	
Net Gearing Ratio	**-21.6%**		**-15.8%**		**-12.1%**	
Net Debt	(3,268)		(2,270)		(1,728)	

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

AC(China): Summary of Cash Flow Statement

RMB$ mn

	3Q20	3Q19	*YoY*	9M20	9M19	*YoY*
Net Income						
Depr&Amort						
Changes of non-cash WC						
Other Ope. CF Items						
Operating Cash Flow	**1,159**	**1,028**	***13%***	**2,679**	**3,336**	***-20%***
CAPEX						
Other Inv. CF Items						
Investing Cash Flow	**(135)**	**(34)**	***NA***	**(156)**	**(242)**	***NA***
Changes in Debt/Borrowings						
Dividends Paid						
Other Fin. CF Items						
Financing Cash Flow	**(647)**	**(297)**	***NA***	**(932)**	**(527)**	***NA***
Net Changes in Cash	**377**	**697**	***-46%***	**1,591**	**2,567**	***-38%***

Shanshui: Summary of P&L

RMB$ mn

	3Q20	3Q19	YoY	9M20	9M19	YoY
Operating revenue	6,565	6,611	*-1%*	15,311	16,052	*-5%*
Operating cost	4,511	4,414	*2%*	10,236	10,573	*-3%*
Gross Profit	**2,054**	**2,197**	***-7%***	**5,076**	**5,479**	***-7%***
Other net income/(loss)	92	199		388	314	
Selling&marketing costs	210	200		461	474	
Administative expenses	393	364		1,500	1,548	
Operating income	**1,543**	**1,832**	***-16%***	**3,502**	**3,770**	***-7%***
Finance costs	143	114		328	358	
Shares of results of jointly controlled entities	18	18		27	37	
Pre tax Income	1,418	1,735		3,202	3,449	
Tax	326	372		786	880	
Net Income	**1,092**	**1,364**	***-20%***	**2,416**	**2,570**	***-6%***
Profit Attributable to Owners of Parent	**1,035**	**1,304**	***-21%***	**2,332**	**2,500**	***-7%***
Minority interests	57	61		84	70	
EPS (RMB/share)	**0.24**			**0.54**		
Gross margin	**31.3%**	**33.2%**		**33.1%**	**34.1%**	
Operating margin	23.5%	27.7%		22.9%	23.5%	
Net margin	**15.8%**	**20.6%**		**15.2%**	**16.0%**	

Shanshui: Summary of Balance Sheets

RMB$ mn

	3Q20		2Q20		2019	
	Amount	%	Amount	%	Amount	%
Current Assets	8,428	30%	7,421	27%	6,217	23%
Inventories			2,226	8%	1,995	7%
Trade and other receivables			2,427	9%	1,937	7%
Bank balances and cash			1,754	6%	1,364	5%
Non-Current Assets	20,113	70%	20,364	73%	20,611	77%
Property,Plant&Equipment			17,982	65%	18,331	68%
Total Assets	**28,541**	**100%**	**27,784**	**100%**	**26,828**	**100%**
Current Liabilities	10,749	38%	11,105	40%	11,182	42%
Borrowings- due within one year			3,372	12%	3,911	15%
Trade and other payables			4,011	14%	3,742	14%
Non-Current Liabilities	2,679	9%	2,770	10%	3,046	11%
Borrowings- due after one year			2,021	7%	2,249	8%
Total Liabilities	**13,428**	**47%**	**13,876**	**50%**	**14,227**	**53%**
Total Equity	**15,113**	**53%**	**13,909**	**50%**	**12,600**	**47%**
Equity Attributable to Parent			13,778	50%	12,497	47%
Book Value(RMB/Share)			**3.2**		**2.9**	
ROE			**25.1%**		**27.0%**	
ROA			11.3%		11.2%	
Net Gearing Ratio			**24.2%**		**36.5%**	
Net Debt			3,329		4,567	

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

Shanshui: Summary of Cash Flow Statement

RMB$ mn

	1H20	1H19	YoY	2019	2018	YoY
Net Income	1,297	1,196		2,973	2,197	
Depr&Amort	737	721		1,533	1,395	
Changes of non-cash WC	(465)	(401)		(181)	(1,645)	
Other Ope. CF Items	33	126		(158)	234	
Operating Cash Flow	**1,602**	**1,642**	***-2%***	**4,167**	**2,180**	***91%***
CAPEX	(505)	(682)		(1,105)	(713)	
Other Inv. CF Items	50	(76)		(461)	(136)	
Investing Cash Flow	**(456)**	**(758)**	***NA***	**(1,567)**	**(849)**	***NA***
Changes in Debt/Borrowings	(751)	(819)		(2,563)	(1,639)	
Issuance of Common Stock	0	0		0	339	
Dividends Paid	0	0		0	0	
Other Fin. CF Items(1)	9	(11)		9	952	
Financing Cash Flow	**(742)**	**(830)**	***NA***	**(2,554)**	**(349)**	***NA***
Effect of FX	(14)	(2)		14	13	
Net Changes in Cash	**404**	**54**	***647%***	**46**	**983**	***-95%***
Free Cash Flow	**1,097**	**960**		**3,061**	**1,467**	

CSR Achievements

ACC: Sustainable Mining Mountain

Mining Monitoring

- 24/7 vibration monitoring to make explosion feelingless.

Safe Mining Technique

- Inward stepping down method to lower the impact to the landscape.

Green Manufacturing

- Realizing waste reduction and energy reuse in production.

Flood Detention

- No landslide caused by the mining for 40 years.

Source: ACC CSR report

ACC: Local Care and Interactions

Providing job opportunities to local aboriginal people

Type	Total	Local Employees		Aboriginal People	
		Number	%	Number	%
Employee	306	293	96%	86	28%
Subcontractor	898	268	30%	446	50%
Total	1,204	561	47%	532	44%

Communicating with outside and eliminating the doubts
A global model mining mountain

Periodically inviting local people to visit the limestone quarry and reporting water/soil preservation work, greening with vegetation, mining site safety
Highly recognized by scholars from Japan, Australia, etc

Satisfying the needs of the community by applying the engineering expertise

Offering house repairing service, installing water tank and mountain spring water pipes, and electricity bill subsidy free of charge

Supporting the education for aboriginal youth

Aboriginal students' after-school learning

Source: ACC CSR report

ACC: ESG Awards

Taiwan & Global Corporate Sustainability Award:

2019 TCSA Top 50

2019 GCSA Great Practice

FTSE4Good TIP Taiwan ESG Index

2019 Included as a member of the FTSE4Good TIP Taiwan Index by **FTSE Russel**

Asia Responsible Entrepreneurship Awards:

2019 Winner of

Green Leadership

6 years listed in

“Taiwan Corporate Governance 100 Index” and

“Taiwan High Salary 100 Index”

by TWSE

TWSE Corporate Governance Evaluation:

Top 6%~20%

Carbon Disclosure Project:

2019 B List

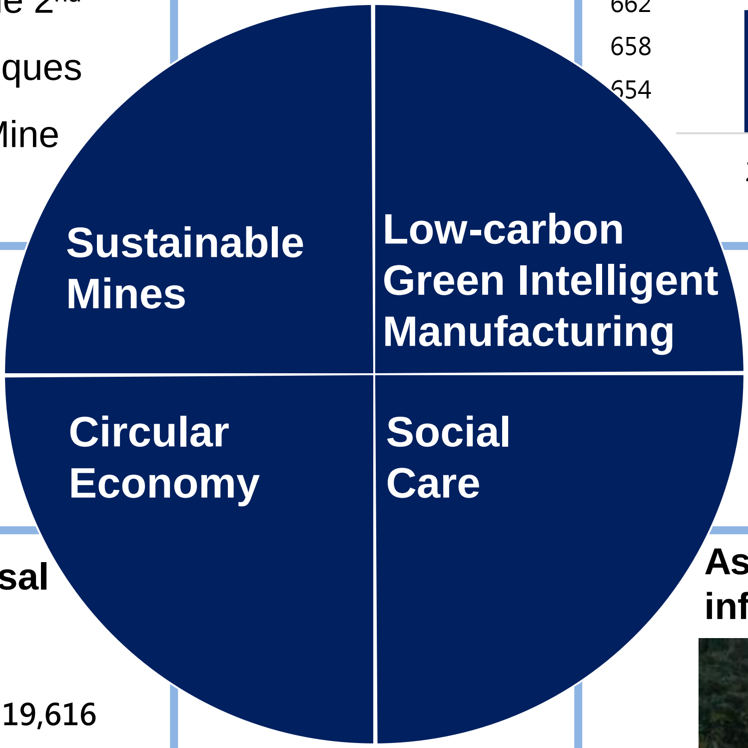
Ministry of Economics Affairs:

6 times award winner of Excellent Company in GHG Voluntary Reduction

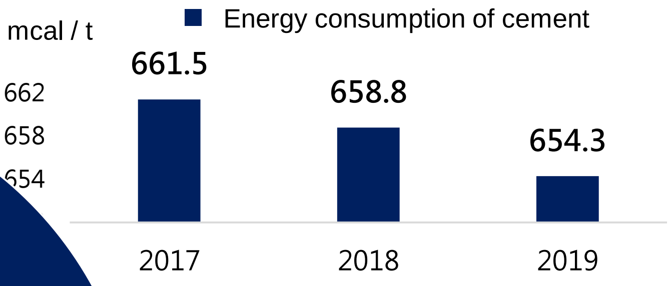
Source: ACC CSR report

AC(China): Sustainable Green Cycling

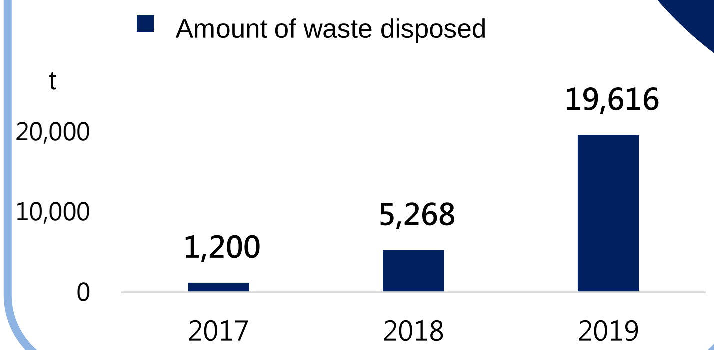
- 4 mines listed as 2019 National Green Mine
- Jiangxi Yadong awarded the 2nd prize of Green Mine Techniques by Zhongguancun Green Mine Industry Alliance



Strive to improve energy efficiency



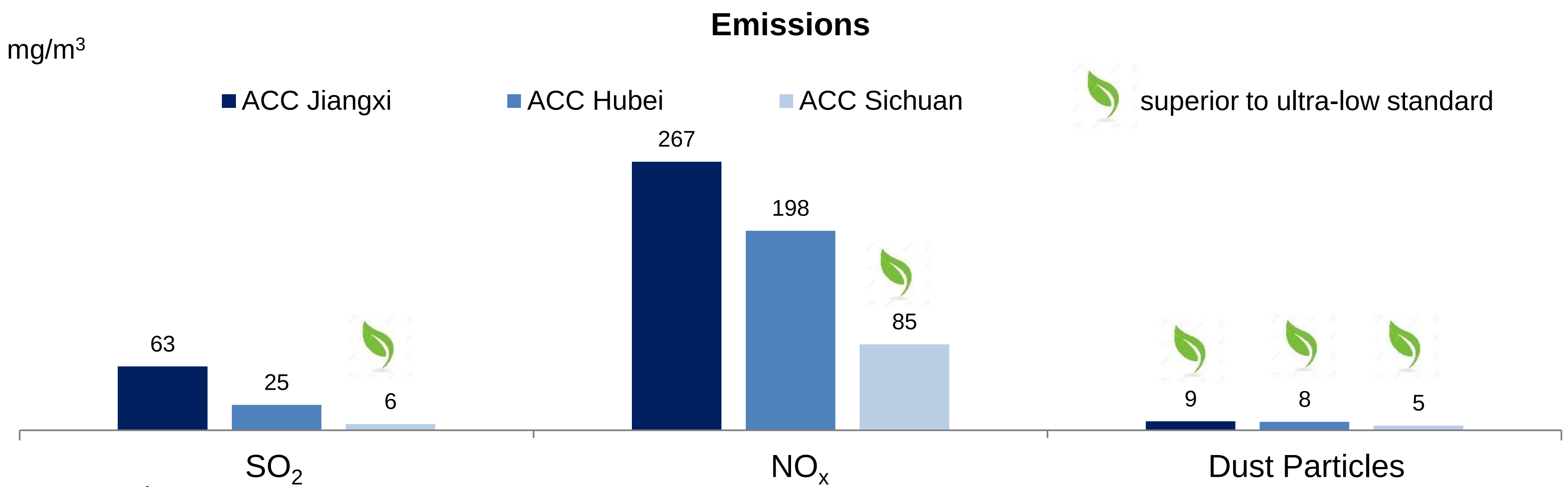
Performance of Waste Disposal



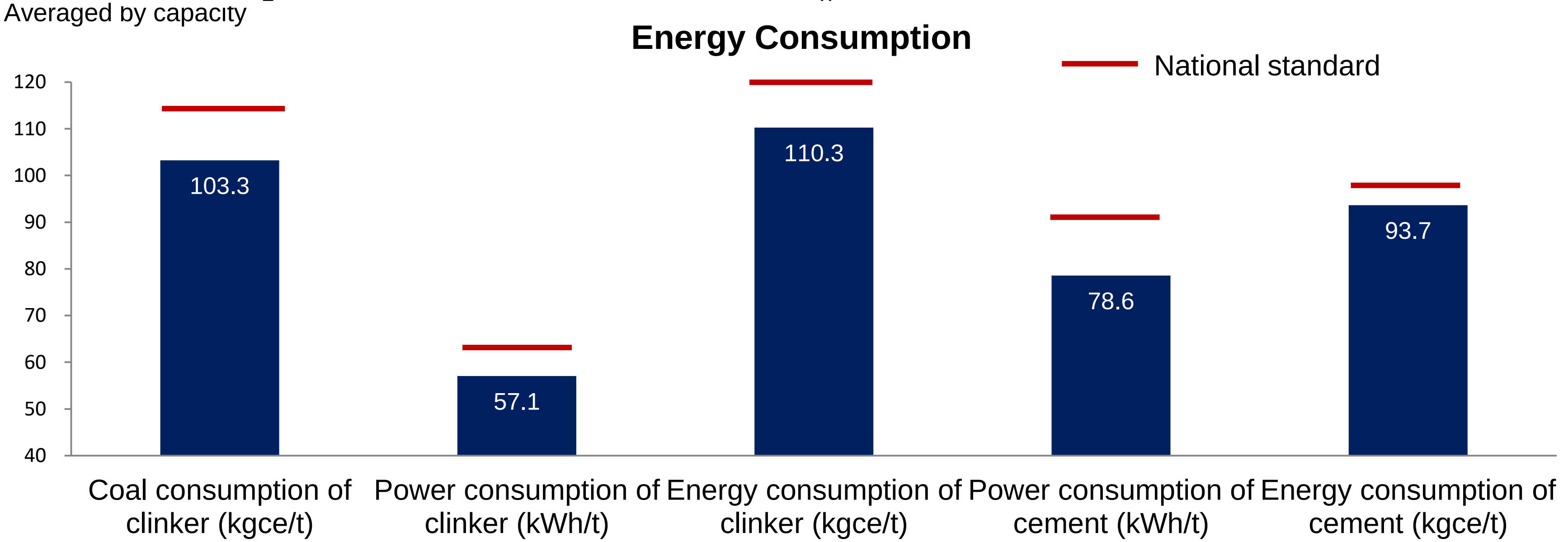
Assisting in community infrastructure

Source: AC(China) CSR report

AC(China): Lower Emissions and Energy Consumption



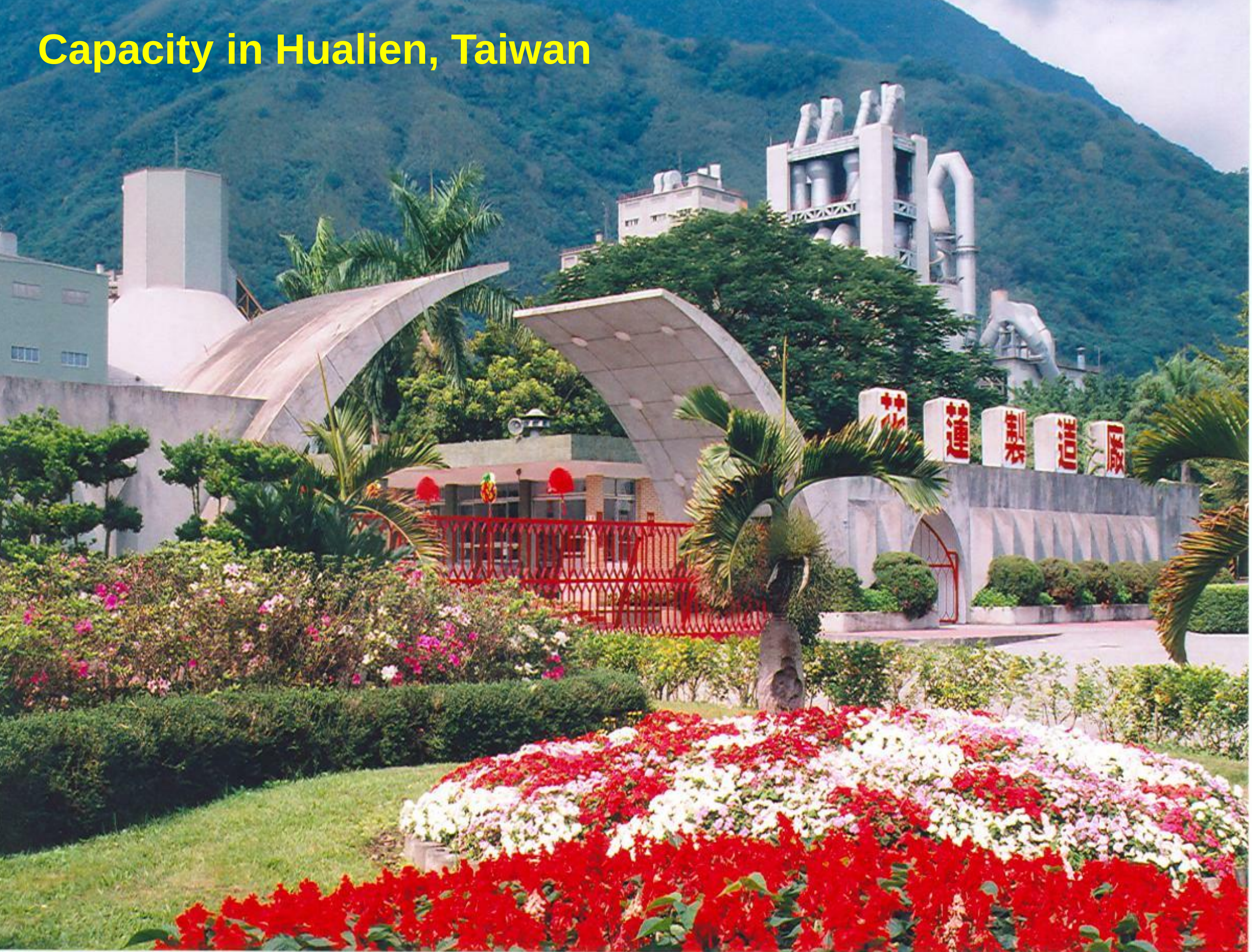
Note: Averaged by capacity



Source: AC(China) CSR report

Capacity in Jiangxi, China

Capacity in Hualien, Taiwan



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Q&A: Mining Concerns

ACC Eco-friendly Achievements

Download: ACC Financials