

2017

Corporate Social Responsibility Report

Asia Cement (China) Holdings Corporation



content



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Editing Guideline

Dear Readers

The “2017 Asia Cement (China) Corporate Social Responsibility Report” is elaborately prepared for the stakeholders to learn more about how Asia Cement (China) is devoted to establish a complete sustainable corporate development. This report used the framework of Global Reporting Initiative (GRI) G4—Sustainability Reporting Guidelines and followed the report principles, standard disclosure, and implementation manual. And to provide reliable public information for readers.

Special Report

On the basis of combining Asia Cement (China)’s business and implementing the reporting principles, this report responses to the topics concerned by various parties, and present our effort put into economic, social and environmental aspects. This year, we specially added report on results of Asia Cement (China)’s efforts in issues concerned by stakeholders, such as sustainable mines, cement 4.0, circular economy, social care and environmental education, in a view to show stakeholders our commitment.

Report Scope

This report mainly provides the corporate sustainable management and performances in major operation sites of Asia Cement (China) from 1 January 2017 to 31 December 2017. The additional information of the domestic physical operating companies disclosed includes: Jiangxi Yadong, Jiangxi Yali, Nanchang Yadong, Nanchang Yali, Huanggang Yadong, Hubei Yadong, Hubei Yali, Wuhan Yadong, Wuhan Yali, Wuhan Yaxin, Sichuan Yadong, Sichuan Yali, Chengdu Yali, Sichuan Yali, Sichuan Lanfeng, Yangzhou Yadong, Taizhou Yadong, Shanghai Yali. The financial statement is published after being certified by the certified public accountant. Parts of the figures are quoted from the annual report, government sectors, and the public information disclosed on the relevant websites and is presented in the conventional manner. Exceptions will be elaborated in the contents of the report.

It is the forth year to issue this report, and the previous issuance date is June 2017. This report is issued once a year and the expected issuance date next time will be June 2019.

Interpretation

For the purpose of expression, in this report, “Asia Cement (China) Holdings Corporation” is also referred to as “Asia Cement (China)”, “the Company” or “We”.

Contact Us

If you have any opinion or suggestion, you are welcome to contact us.

Address:

No.6 Yadong Avenue Ma-Tou Town,
Ruichang City Jiangxi Province.

Company Website: <http://www.achc.com.cn/>

Liaison: DAI, Yongmao

Email: daiyongmao@achc.com.cn

Tel: 0792-4886999-6182

CSR Feedback and Complaint Box: achc@achc.com.cn

Fax: 0792-4886998

Operator Words

In 2017, China went through an economic upturn. The annual economic growth rate of 6.9% marked a rebound on growth rate after a 7-year consecutive decline, indicating that the overall economic situation was better than expected. With China's economy moves towards the goal of "maintaining medium-to-high speed of growth and achieving medium-to-high level of development", Asia Cement (China) must keep up with the pace of economic restructuring, accelerate the upgrading of its industrial structure and continue to play an important role in supporting national construction and social development. As one of the top 10 cement and clinker producers in China, Asia Cement (China) is an influential cement brand in the market and hence has the responsibility to lead the market to optimize market structure as well as upgrade technology level. As such, the Company will persist in conducting merger, acquisition ("M&A") and restructuring activities, with the aim to replace outdated production capacity through M&A and enhance market concentration and regional market dominance. Also, the Company will maintain healthy market competition, striving for high quality development and achieving a win-win situation for both the company and the industry.

Steady development was seen in 2017. The supply side reform policy was proactively implemented and measures like stricter environmental protection requirements and off-peak season production were carried out in an orderly manner under the guidance of the government and driven by the association and efforts of industry players. Facing changes in the macro environment of the cement industry, Asia Cement (China) has adopted a stringent management approach and a meticulous plan for production and sales in major cities along Yangtze River and those in Southwest China region. Cement sales volume in 2017 was stable. Selling prices rose significantly in the fourth quarter, resulting in an improved average cement price for the year when compared with that of 2016. Price upsurge and proper cost control increased gross profit per tonne of cement, leading to a significant improvement in overall profits. Consolidated revenue for the whole year amounted to RMB7.816 billion with net operating profit amounting to RMB1.236 billion.

To Asia Cement (China), operating results only account for part of corporate responsibility. With the entrepreneurship of "From the society, for the society", Asia Cement (China) actively sponsors charity every year, such as community building, assists vulnerable groups, disaster relief donations, persistently carrying out its sustainable social care.

"Industrial development and environmental protection are not mutually exclusive" is the idea we have insisted on over the years. Asia Cement (China) actively connects to the local government, assisting them in the coordination of waste disposals, and produce materials for local construction at the highest standard, produce in a way more environment-friendly, upgrade to new energy efficient equipment, innovate new production technology, conserve energy and reduce the waste produced during manufacturing process.

Asia Cement (China) is fully confident in the prospects of the cement industry. In the future, the Company will monitor changes in market trends, grasp the market pulse and follow government policies. The Company will also pursue high environmental protection, high energy efficiency and low carbon emissions, so as to promote collaborative development with the cities and mutual benefits and prosperity with the society. For corporate operation, the Company will pay more attention to the innovative approach in sustainable responsibility, synergy link and analytical applications of data; proactively promote transformation and introduce advanced technology, such as digitization, automation, internet of things, cloud computing and artificial intelligence. The Company will gradually embark on the restructuring of the organization, improve operational efficiency and optimize cost benefits. In the face of revolutionary changes in industrial ecology, the Company will adopt a pragmatic attitude and an ambitious approach towards a promising future.

Yours faithfully,
Asia Cement (China) Holdings Corporation
HSU, Shu-tong Chairman



Mission, Vision and Sustainable Strategies

Sustainable Development Strategies

Economic

Integration of resources, sustainable and innovative products, create cost-effectiveness and highest value.

Environment

Building green homeland by implementing energy saving and carbon emission reduction, achieving sustainable environment by strengthening ecological education.

Social

Creating an integrated society by building pleasurable workplace, helping vulnerable groups and developing and passing culture.

Mission and Vision



Mission

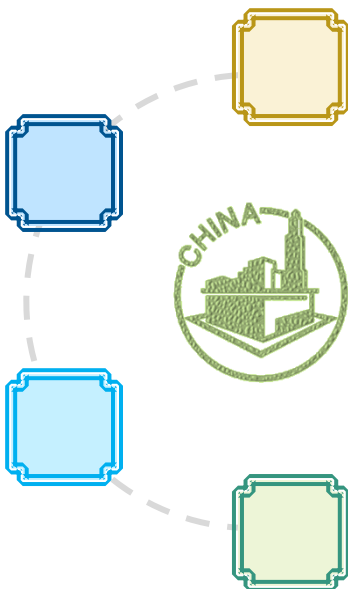
To be a preferred partner for building sustainable green homeland.

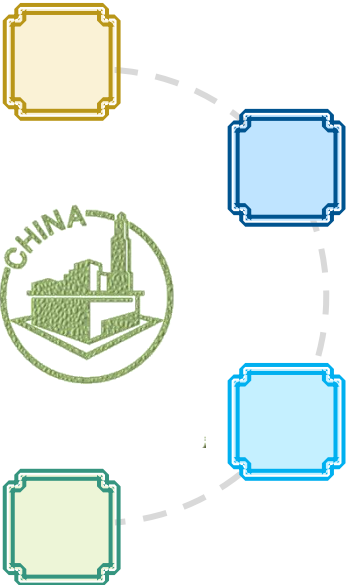


Vision

To be the model of cement industry driven by continuously pursuing high quality, high efficiency, high environmental protection, low cost and innovative changes.

One team.  One dream.
一个团队 一个梦想





誠

Sincerity with faith, exert the spirit of teamwork.

勤

Diligence with devotion, make efficient operation.

樸

Thrift with humble attitude, execute the duty realistically.

慎

Prudence with consideration, pay attention to the personnel and property safety.

創新

For years, the employees follow this model. This has become the corporate spirit of Asia Cement (China). President Hsu expects the employees to be “clean and clear with final analysis until done”. He also emphasizes to increase the service quality and emphasis on the efficiency so that Asia Cement (China) may grow sustainably.



Asia Cement (China) Founding Spirit

CSR Performance Highlights of 2017



Special Report Topics

- Cement 4.0: replace labor with advanced equipment for production, establish intelligent control system to enhance produce and equipment operation efficiency.
- Sustainable mines: 9.33 hectares were reclaimed, 8,666 trees were planted and 140 kilograms of grass and tree seeds were sowed in Jiangxi, Huanggang, Sichuan mines in total.
- Circular economy: produced high quality cement by using industrial waste. Industrial waste of 6.9686 million tons in total were comprehensively utilized in 2017.
- Sustainable Environment Education: Each company sets up a special unit and designates technical staff and workers for greening to plant at dormitory area, factory area and both sides of road, and incubate various floral species of all season.



Environment Topics

- Sichuan Yadong invested RMB442 million and completed construction of long-distance belt conveyor which is 13.7 kilometers in length, as a result total length of belt conveyor of the mine is 26.3 kilometers.
- Jiangxi Yadong invested approximately RMB2 million in the construction of dams and large sedimentation tank to collect precipitation in the mine.
- Jiangxi Yadong added hydrated lime desulfurization systems to kiln #3 and #4 in order to control and reduce SO₂ emission.
- Kilns in Hubei Yadong coordinated sludge disposals.
- Conserved 8.6054 million kWh on electricity consumption and 2,120 tons of standard coal, equivalent to decrease of 12,051 tons on CO₂ emission.
- Greening and reclamation area of mines added 1.7 hectares.



Social Topics

- Power generated from waste heat accounted for approximately 28% of total electricity consumption on average.
- Quality of water generated from domestic sewage can reach Grade I standard as set out in the Integrated Waste Water Discharge Standard (《污水综合排放标准》) GB8978-1996
- Social expenditures amounted to approximately RMB 2.1 million in total.
- Donated cement worth of RMB 878,108 and cash RMB 5,300 to neighboring communities in a total of 15 times, amounting to RMB 883,409 in aggregate.
- Customer satisfaction rate was 95%.



Economic Topics

- Dividend payout ratio reached 40%.
- Distributable surplus was RMB 0.384 dollar per share, dividend payout ratio maintained at a high level of 20% above, and dividend yield ranges from 1.3% to 6.0%.
- Sichuan Yadong and Sichuan Lanfeng were awarded with “Star tax-paying enterprise for 2016” (2016年度纳税明星企业).
- Asia Cement (China) ranked No. 10 among the enterprises with top 20 production capacities in cement clinker..
- Hubei Yadong was awarded with “outstanding enterprise in contribution of tax revenue for 2016” (2016年度税收突出贡献企业).



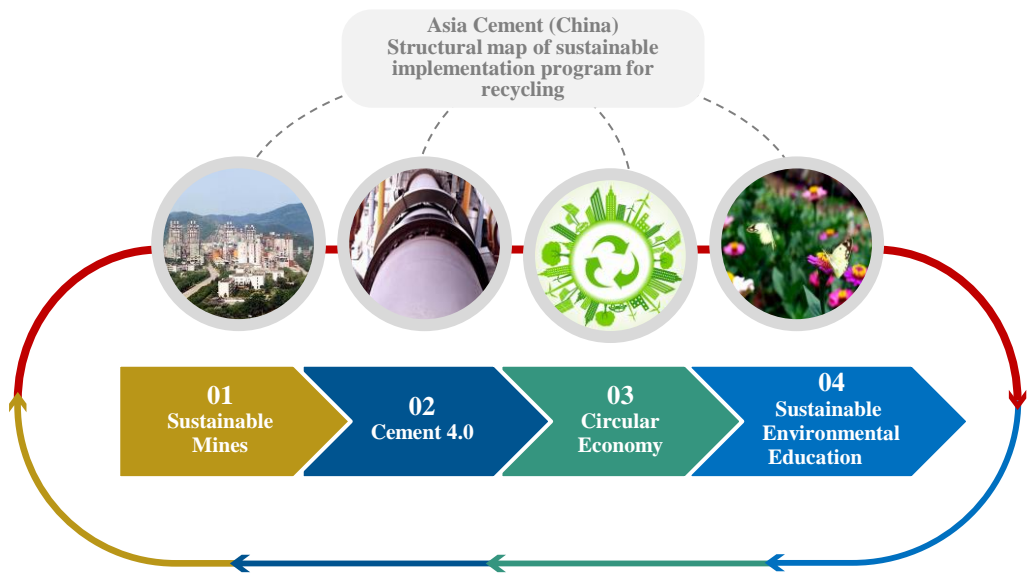
Special Report on Sustainability Issues

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Special Report on Sustainability

Upholding the mission of “the ultimate partner of creating sustainable green homeland” in its development, Asia Cement (China) plans its sustainable implementation program for recycling from the aspects such as sustainable raw material mining, enhancement of manufacturing process to 4.0, commitment to circular economy, carrying out social care to sustainable environment education. In 2017, we report Asia Cement (China)’s sustainable implementation program for recycling through the preparation of special report to address the concerns of stakeholders and the relevant results, in a view to show stakeholders our commitment in the issue of sustainability.



Feature 1 Sustainable Mines

The Significance of Sustainable Mines

Pursuant to the document of Opinions on Accelerating the Construction of Green Mines (Guo Tu Zi Gui [2017] No. 4)(《关于加快建设绿色矿山的实施意见(国土资规[2017]4号》) issued by the Ministry of Land and Resources in March 2017, in order to carry out the decisions and deployments made from the 13th Five-Year Plan, implementation of national plan of mineral resources shall be effectively facilitated, ecological civilization in mining area shall be strengthened and transformation and green development of mining industry shall be accelerated, to enhance the quality and efficiency of mining development. By complying with the requirement of national development plan and combining Asia Cement’s successful experience in Taiwan, the Company, standing at the forefront of policy, believes it can take the lead in a new era with new practice and create new faces in mining environment.

The Impact of Sustainable Mines

Mining operation usually involves large area, where vegetation on surface in mining area needs to be removed. Therefore, revegetation and reclamation shall be carried out after mining according to development plans, land reclamation reports, mines environment protection and comprehensive management plan and soil and water conservation plan approved by the government for the planning of drainage facility, detention ponds and detritors, environment protection measures and revegetation and reclamation.



Specific Actions of Sustainable Mines

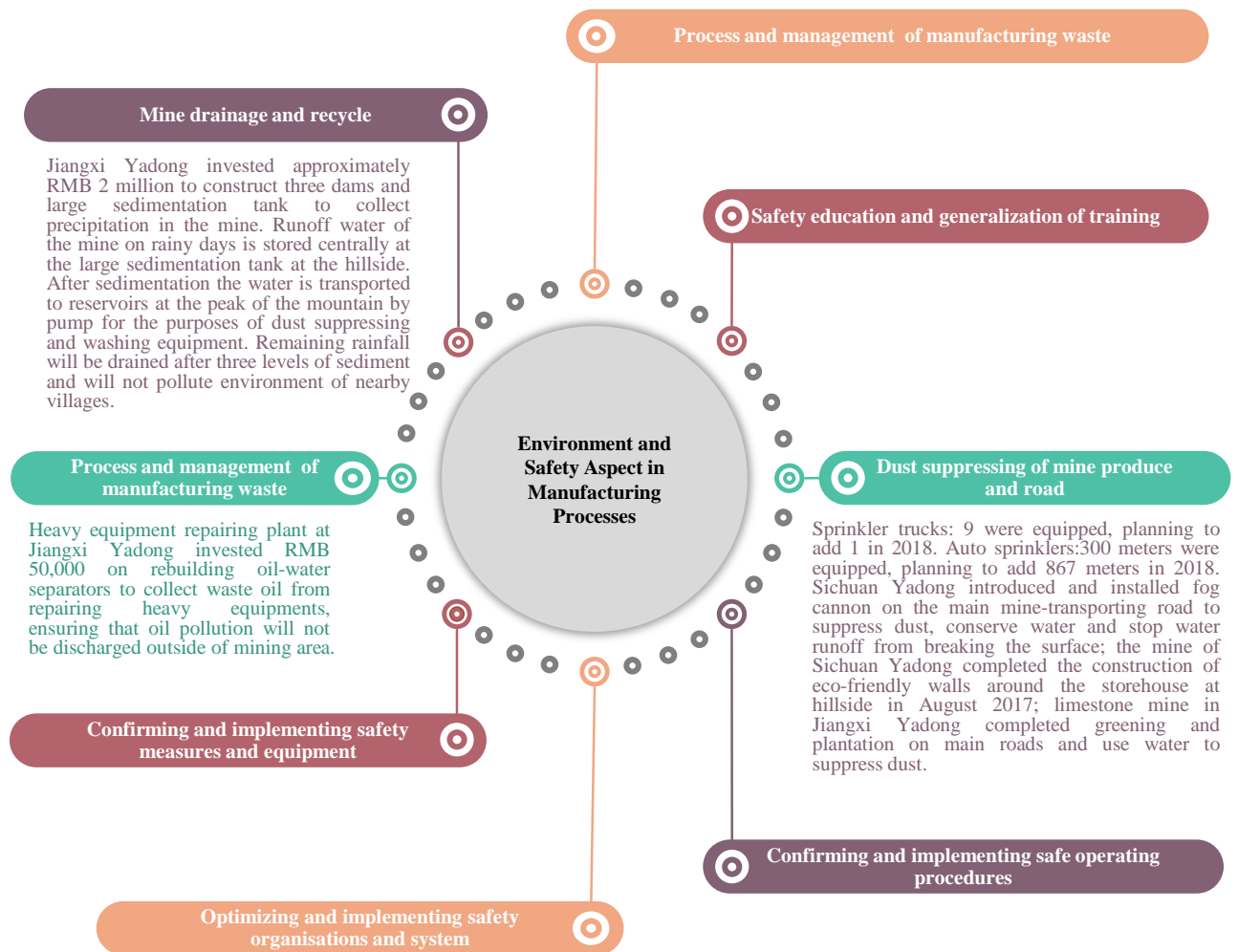
✓ Established dedicated teams:

To show our commitment, we have established dedicated teams and started implementation since 30 November 2017, with managers at the highest level of each company served as conveners.

✓ Formulate concrete implementation plans:

Formulated concrete and feasible implementation plans according to features of each mine and will be completed before 15 April 2018.

Environment and Safety Aspect in Manufacturing Processes:



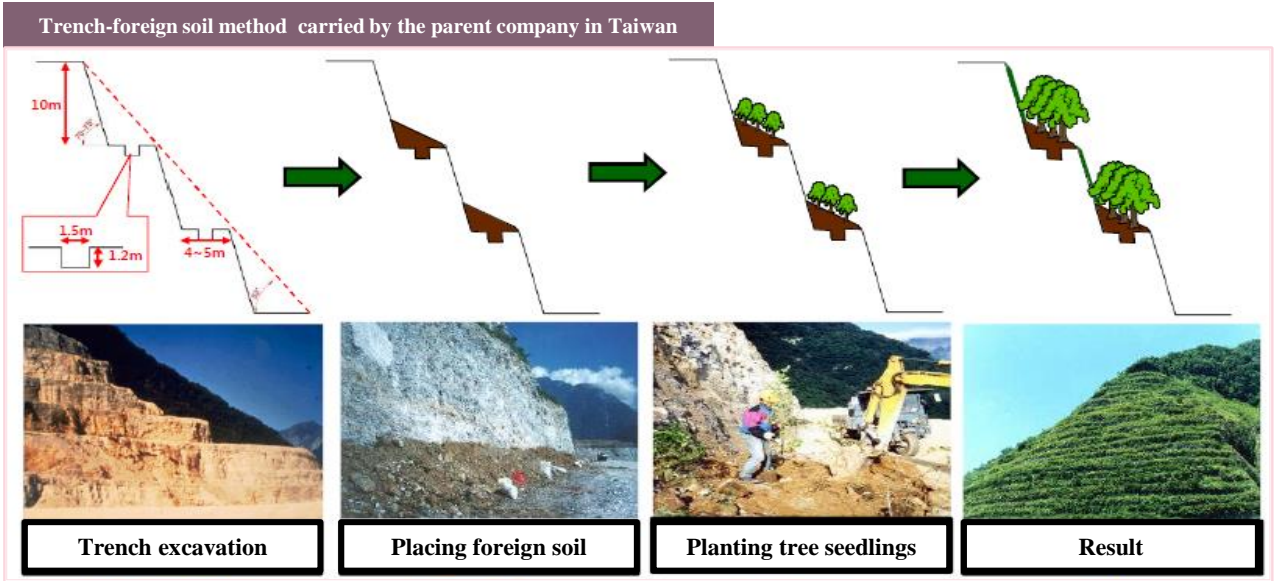
Greening on the road of limestone mine in Jiangxi Yadong



Level 1 sedimentation tank and flood detention pool of mine in Jiangxi Yadong



Clean water discharged to nearby villages



Reclamation of Mines and Landscaping Measures :



Company	2017 actual performance	2018 plans
Jiangxi Yadong	1.6 hectares reclaimed 1,700 trees planted	2 hectares reclaimed 4,000 trees planted
Huanggang Yadong	0.73 hectares reclaimed 966 trees planted 140 kgs of grass and tree seeds sowed	2 hectares reclaimed 4,500 trees planted
Sichuan Yadong	7 hectares reclaimed 6,000 tree seedlings planted	8 hectares reclaimed 3,000 tree seedlings planted

Huanggang Yadong Mine completed the construction of a mine greening nursery in 2017. In 2018, it began to cultivate local tree species (in the past, they were purchased from outside). It also organized a greening team to cultivate tree seedlings. More than 5,000 tree seedlings were cultivated, which is sufficient to meet the demand of the annual revegetation and greening of the mine.



Slope revegetation and greening of the mine in Jiangxi Yadong and Huanggang Yadong

Measures of Comprehensive Utilization of Resources:

In order to reduce the accumulation of large number of high magnesium waste rock which cause geological disasters such as mudslides, the testing of Huanggang Yadong and Hubei Yadong have increased the magnesium oxide contained in limestone transported to the warehouse from 1.5% to 2.5% without affecting the quality and production of clinker. In 2017, Huanggang Yadong Mine incorporated approximately 1.34 million tons of high magnesium limestone into cement production without disposing it, ensuring the safety of geological environment around the mining area.

Low-grade ore is fully utilized to reduce the amount of waste rocks disposal and make full use of resources

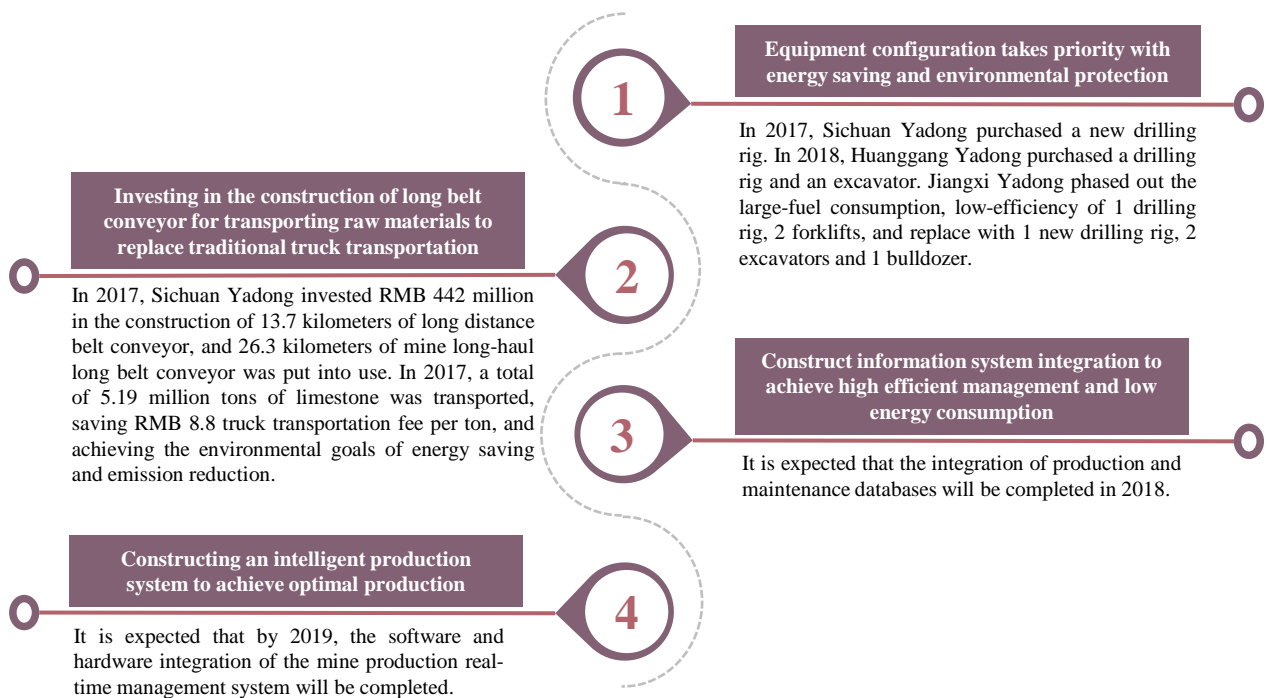
In 2017, approximately 300,000 tons of waste soil was blended into the crushing machine by Sichuan Yadong and about 130,000 tons of waste soil was mixed by Jiangxi Yadong. Huanggang Yadong increased the alumina contained in limestone transported to the warehouse from 1.5% to 2% for to incorporate more waste soil.

Spoil waste mixing

Hubei Yadong used approximately 500,000 tons of high-calcium, low-magnesium, low-sulfur limestone from Xinlongyuan Mine along with approximately 3.65 million tons of low-calcium, high-magnesium, and high-sulfur limestone from Huanggang Yadong Mine for production of cement making full use of different grade resources in each mines, preventing from wasting resources and extending mine life.

Huanggang Yadong Mine and Xinlongyuan Mine integrate to supply Hubei Yadong limestone raw materials

The Measures of Energy Saving and Emission Reduction :



Measures for Establishing a Good Mine Image:

01

Establish an integrity system and taking the initiative to disclose the latest developments and interactive exchanges of mine environment on the company's website.

02

Actively exchange views with local people and mine environment stakeholders to create a harmonious mine production.

Feature 2 Cement 4.0

The Significance of Cement 4.0

Cement industry is an important building material industry in China, and cement production ranks first in the world. The Company's cement production ranks tenth in the country in 2017, and it is actively and consistently implementing the cement industry 4.0 layout. With the experienced production technology R&D and as information team continuously optimizes the existing production processes and management systems, such as the replacement of manual production with advanced equipment, establishing intelligent control system to improve production and equipment operation efficiency, using cement kilns to coordinate the waste disposal and using SAP and Notes system to efficiently manage the company, which lays a solid foundation for the Company's automated production, industrial upgrading and sustainable development.

In the future, Asia Cement (China) will continue to develop and use big data analysis, realizing cloud monitoring, intellectualized decision-making, increasing production efficiency and intellectualized production levels in the entire production process, maintaining high-quality products, and strive to become a model of advanced production in the cement industry.



The Impact of Cement 4.0

Optimizing the production line for automatic adjustment, improving production efficiency and smart manufacturing, and maintaining the high quality of products are our drivers for cement 4.0, which give a positive example of energy saving and carbon reduction for the cement industry.

Asia Cement (China) completed and ongoing cement industry 4.0 project in 2017	
Optimize the production technology	Intelligent control system
<p>Jiangxi Yadong:</p> <ul style="list-style-type: none">▶ Replaces labor with automatic bag inserter for packaged cement to improve packaging efficiency.▶ Raw material belt scale of #1#2 kilns was changed to Schenck Scale to improve the accuracy of measurement and improve the firing of clinker.▶ Installed lime desulfurization system in #3#4 kilns to reduce sulfur dioxide emissions, which is environmentally friendly.▶ Steel ball in the chamber 2 of #1 cement grinding ball mill was replaced with a ceramic ball mill, which saves energy and reduces noise. <p>Hubei Yadong:</p> <ul style="list-style-type: none">▶ Added a transport and measuring systems for transporting raw materials from port to the plant to replace truck transportation, which is environmentally friendly.▶ The cement kiln co-disposal sludge project, which is environmentally friendly. (see note for details) <p>Wuhan Yadong:</p> <ul style="list-style-type: none">▶ Optimized production method by changing from blending mill for #1 cement mill to mixing, which increased the output per machine hour, reduced the proportion of clinker, and reduced the comprehensive energy consumption and ingredient cost of the cement. <p>Each Company:</p> <ul style="list-style-type: none">▶ Raw material feeding belt sleeves were added with anti-blocking switch and automatically determine the degree of bucket binding.	<p>Jiangxi Yadong:</p> <ul style="list-style-type: none">▶ Set up a power monitoring and management system to optimize how to use electricity. <p>Sichuan Yadong:</p> <ul style="list-style-type: none">▶ Mine transport limestone long belt directly connects to the plant and uses remote diagnostic debugging system. <p>Each Company:</p> <ul style="list-style-type: none">▶ Flood control water level automatic control system.▶ With automatic reporting system, production and business data are automatically reported to the Company's SAP system.▶ The raw material receiving and weighing system is upgraded to realize automatic weighing, and the weighing data is automatically reported to the SAP system.▶ Solenoid valve is used for automatic control of water spray by raw material feeding belt to suppress dust.▶ Intellectualized inspection by product line personnel.

Note: Hubei Yadong Cement Kiln Coordinated Sludge Disposal Project:
Hubei Yadong actively serves the local environmental protection business, and feed the sludge (contained approximately 80% of water) from the municipal sewage treatment plant into the high-temperature section of the cement kiln at temperatures above 1,000 to 1,100℃and participates in the clinker calcination process. Its organic matter residues in the calciner for approximately 3 minutes, and the inorganic residue is fed into and stay in the rotary kiln with the hot raw material at the temperature of 1,450℃ for about 30 minutes. The organic matter in the sludge is completely decomposed by high temperature, and heavy metals and inorganic substances are crystallized in the clinker. Secondary contaminants such as bottom ash and fly ash are discharged, and the whole process is sealed to ensure harmlessness and reduction. At present, the processing capacity is approximately 20 tons/day. In 2017, a total of 1,200 tons of sludge was disposed of without affecting the quality of clinker.

Feature 3 Circular Economy

The Significance of Circular Economy

The Company actively responded to the policies of circular economy and comprehensive utilization of resources promoted by China, constantly researches and develops new technologies and new processes by utilizing various industrial waste to produce green cement to conserve mineral resources, so as to effectively alleviate the contradiction between economic growth and resource shortages. Since piling up industrial waste requires taking up a lot of land and may cause air and water pollution, thus the comprehensive utilization of waste can reduce the area occupied by waste and save the valuable land resources to reduce air and water pollution hazards. At the same time, the utilization of industrial waste can reduce solid waste discharge, turn wastes into treasure, and create wealth for the society. The utilization of industrial waste by Asia Cement (China) in the production of cement with high quality is an important environmental protection measure that benefits the country and the people and reducing the carbon dioxide emissions.

The Impact of Circular Economy

As domestic waste related regulations become increasingly stringent, waste disposal needs to be more cautious, and a large amount of waste is piled up without proper treatment.

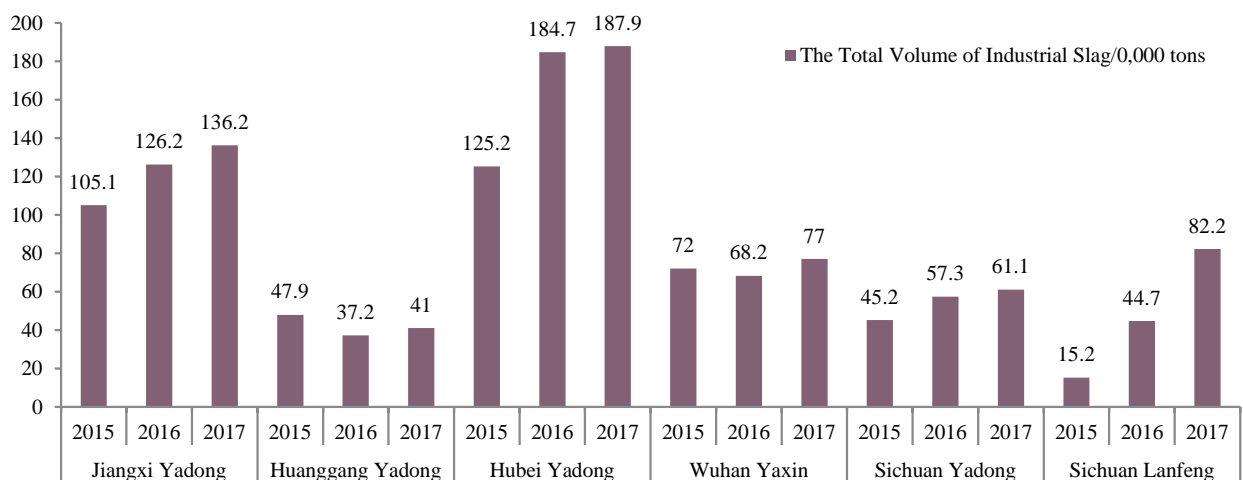
The cement process has superior 3T characteristics (high temperature, long time residence, strong turbulence), so the development of circular economy in cement plants is the most essential strategic direction.

Comprehensive Utilization of Industrial Wastes Resources

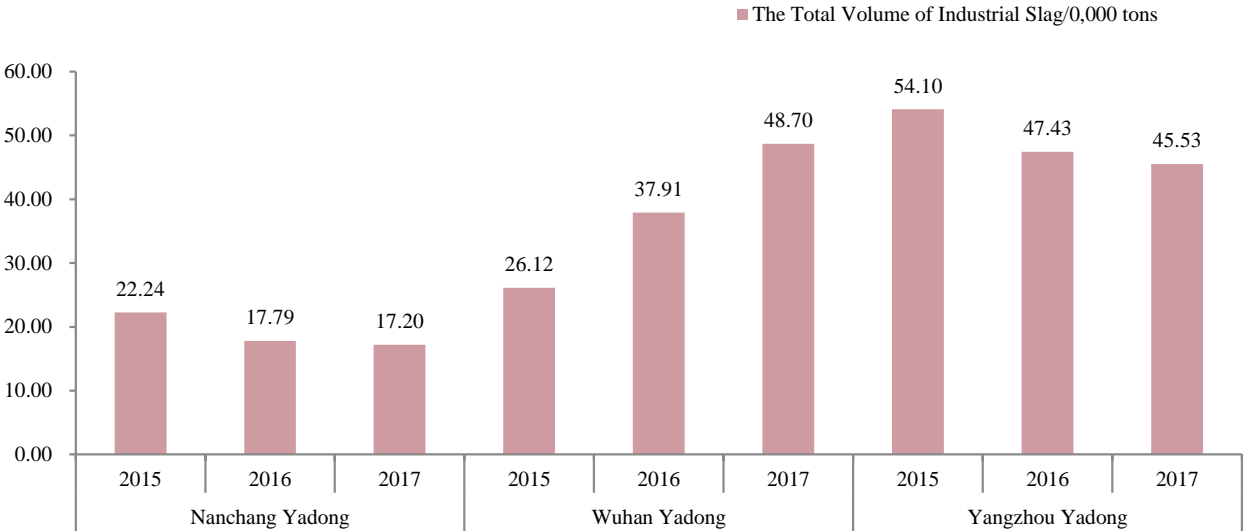
Asia Cement (China) makes effective use of “converter slag”, “electric furnace slag” generated by steel companies, “fly-ash”, “desulfurized gypsum” and “coal slag” discharged from coal-fired power plants, and “non-ferrous metal slag” discharged by non-ferrous metal smelter, “sulfate slag” and “phosphogypsum” emitted from chemical plants, tailings scrap of gold, copper, and iron ore, high-lime limestone exfoliated from limestone mines, and debris from rock-sheds and powders used as cement raw materials; among which, converter slag, electric furnace slag, non-ferrous metal slag, sulfate slag, tailings crumb, etc. are used as raw material to replace the traditional iron raw materials and are milled into raw materials, which are then calcined into cement clinker. Fly-ash and coal slag are used as a pozzolanic mixture; the powder are used as an inactive raw material or raw material; desulfurized gypsum and phosphogypsum replace natural dihydrate gypsum. Such materials produce various types of high quality cement after they are processed with international advanced production technology.

As Asia Cement (China) continues to perfect its production technology, the utilization rate of industrial waste has been increasing, and the benefit created from circular economic continuously increased with social environmental benefits significantly improved. It has made certain contributions to the construction of scenic China.

The Total Utilization Volume of Industrial Slag by Consistent Cement Companies under Asia Cement (China)



The Total Utilization Volume of Industrial Slag by Cement Grinding Companies under Asia Cement (China)



The detailed data are as follows:

Industrial wastes / tons		Fly-ash	Coal slag	Limestone powder	Desulfurization gypsum	Phosphogypsum	Converter slag	Non-ferrous metal slag	Electric furnace slag	Sulfate slag	Tailings	Others	Subtotal
Jiangxi Yadong	2015	39201	68057	372715	358912	14182	139927	57876	0	0	0	0	1050870
	2016	93549	96794	209855	412737	29342	396708	23157	0	0	0	0	1262142
	2017	126589	127480	0	356600	35507	201020	15142	0	0	499253	0	1361591
Huanggang Yadong	2015	98463	50333	197584	79991	35722	447	0	0	16772	0	0	479312
	2016	52666	58401	139806	76333	38589	6414	0	0	0	0	0	372209
	2017	54308	57739	171516	76532	30591	19759	0	0	0	0	0	410445
Hubei Yadong	2015	279689	0	571914	148753	30709	153361	67173	0	0	0	0	1251599
	2016	328376	0	1113908	191541	26109	132333	54628	0	0	0	0	1846895
	2017	409073	0	1057180	183363	23260	0	44422	161340	0	0	0	1878638
Wuhan Yaxin	2015	27650	17228	523370	69487	6468	0	0	76094	0	0	0	720297
	2016	0	29569	527165	61639	1137	0	263	62160	0	0	0	681933
	2017	8344	6779	637881	61348	5108	0	1265	49091	0	0	0	769816
Sichuan Yadong	2015	0	0	0	177737	115756	57131	34080	0	47000	19868	0	451572
	2016	0	0	0	211537	151886	9335	9380	62832	88733	39030	0	572733
	2017	0	0	0	98318	161511	0	14113	49554	93604	17172	177102	611374
Sichuan Lanfeng	2015	0	0	0	0	76234	0	1704	10032	64424	0	0	152394
	2016	0	199365	0	3089	97217	0	61272	7203	78468	0	0	446614
	2017	0	261424	294521	12598	100924	25154	7219	11391	80125	0	29042	822398

	Industrial wastes / tons	Fly-ash	Coal slag	Limestone powder	Desulfurization gypsum	Phosphogypsum	Non-ferrous metal slag	Electric furnace slag	Others	Subtotal
Nanchang Yadong	2015	90615	0	131740	0	0	0	0	0	222355
	2016	58187	0	119736	0	0	0	0	0	177923
	2017	66493	0	105545	0	0	0	0	0	172038
Wuhan Yadong	2015	26667	2327	85590	52552	17919	76102	0	0	261157
	2016	30184	117541	113946	87059	11621	8228	10531	0	379110
	2017	23194	145719	106894	91194	4769	78808	4008	32382	486968
Yangzhou Yadong	2015	328126	69952	12840	127000	0	0	3056	0	540974
	2016	236214	37346	44658	144040	0	0	12023	0	474281
	2017	150030	43990	75286	131650	0	0	52871	1513	455340

Wastes Disposal

Waste produced by companies under Asia Cement (China) during the production and transportation processes are mainly general production and household wastes. Wastes disposal follows the national environmental requirements for classification, of which the recyclable wastes were recycled before reuse, for instance, waste oil is recycled for use in the lubrication of field equipment such as scrapers and reels, and waste refractory bricks are recycled and reused by qualified institutions commissioned by the Company; non-recyclable waste is considered to be used as a furnish when it is incinerated into the kiln or into the raw material mill; the waste batteries were recycled and disposed of by qualified institutions commissioned in accordance with environmental regulations. In the production process, following the three principles of “reduction, reuse, and recycling” of circular economy, recycling materials are used as many times as possible, converting wastes into resources for reuse, which can minimize the impact on the natural environment.

Wastes Disposal of Consistent Cement Companies and Cement Grinding Companies under Asia Cement (China)

Type of wastes	Disposal method	2015	2016	2017
Household wastes / tons	Burned in kiln / sent to environmental sanitation station	1438	1440	1512
Waste soil, gravel, waste concrete, and test blocks / tons	Used in the raw mill as grinding ingredients	16261	8934	7931
Refractory bricks / tons	Recycled and auctioned	171	170	572
Waste metal / tons	Recycled and auctioned	1881	2586	2572
Waste paper / tons	Recycled and auctioned / burned in kiln	6	5	5
Waste belts and tires / tons	Recycled and auctioned	209	171	588
Waste lubricating oil and engine oil / tons	Recovery for lubrication of scraper, disk conveyer, etc.	213	358	162
Waste chemical test solution / tons	Discharge after pretreatment and neutralization of wastewater	2.5	2.2	4
Waste batteries / tons	Sent to the qualified unit for recycle	2.6	2.6	4
Others (waste wood) / tons	Recycled and auctioned	0.05	0.06	14
Subtotal / tons		20184	13669	13364

Feature 4 Sustainable Environmental Education



The Significance of Environmental Education

Asia Cement (China) is committed to the construction of a “garden-style factory”. The Company adheres to the concept of greening in empty areas and no wasteland in the factory area, and provides excellent working and leisure environment for its colleagues.

The Impact of Environmental Education

Asia Cement (China) actively responded to the government's environmental protection policy to promote sustainable environmental development and invests heavily in human, material and financial resources. Each company sets up a special unit and designates technical staff and workers for greening to plant at dormitory area, factory area and both sides of road, demonstrating the commitment of Asia Cement (China) in sustainable environmental conservation.



There is a flower garden and seeds cultivation center in Jiangxi Yadong. It is equipped with greenhouses, shady nets and other facilities to cultivate a variety of seasonal flowers such as dahlia, jellyfish, zinnia, violet, calendula, various chrysanthemums, etc. On 29 March 2015, the Ruichang City Garden Management Office(瑞昌市园林管理处) issued a certificate that the greening rate of the plant reached 36.56%, with a total greening area of 387,780 m². In March 2004, the Jiangxi Provincial Greening Committee(江西省绿化委员会) and Jiangxi Provincial Construction Department(江西省建设厅) jointly granted Jiangxi Yadong a “Gardening Unit” honorary title.





Sustainable Green Development

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Sustainable Green Development

The Significance of Sustainable Green Development

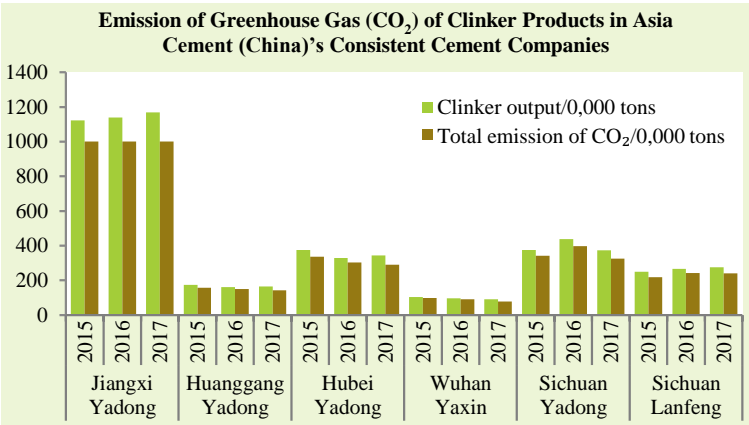
Asia Cement (China) follows the principle of “implementing energy conservation and carbon reduction, building green homes, strengthening ecological education, achieving environmental sustainability” as part of its sustainable development strategy, which involves efforts of various aspects in mining, production and manufacturing, transportation, use, and disposal. It plans to invest in the circular economy and looks forward to the sustainable goals as a model in the cement industry and achieving for improving energy efficiency.

The Impact of Sustainable Green Development

The cement industry is an energy-intensive industry. Energy consumption and greenhouse gas emissions are very significant. The particulate contaminants, sulfur oxides, and nitrogen oxides produced in the cement process not only cause air pollution, but also the loss of raw materials and finished products. Therefore, Asia Cement (China) has long adhered to the principle of energy conservation and emission reduction, continued to pay attention to environmental protection regulations, endeavored to achieve pollution reduction and prevention, and actively responded to the national sustainable green call to promote green sustainable development.

1.1 GHG Emission and Reduction

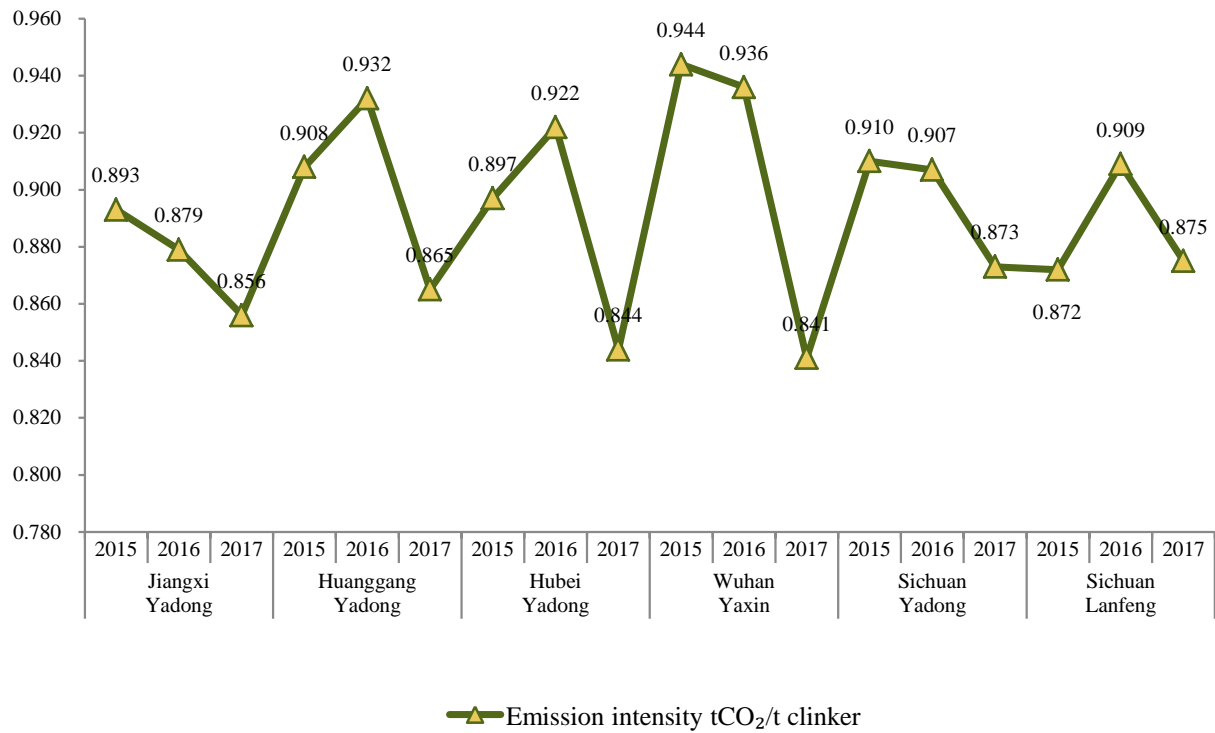
Asia Cement (China) has done a solid job for the construction of the nation’s carbon emissions trading market, actively improved energy conservation and carbon reduction measures, consolidated the carbon emissions data basis, and ensured the quality of data, and implemented climate change in accordance with [2017] No.1989 (The notification of the 2016/2017 carbon emission report and verification and the notification of development of emission monitoring plan) requires a greenhouse gas emission inspection certificate.



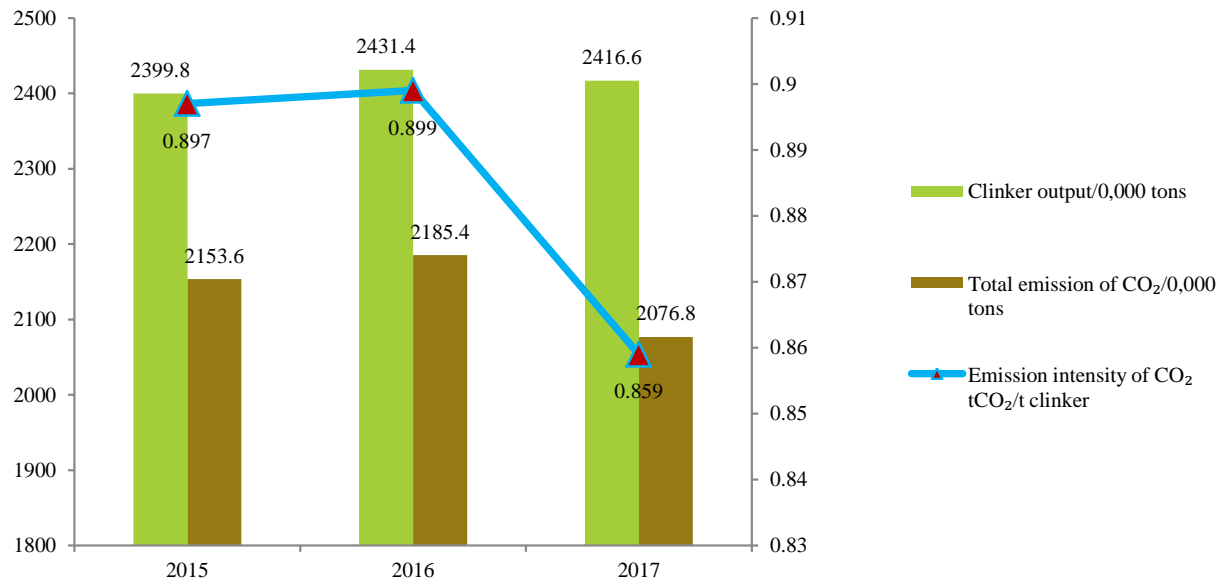
The detailed data are as follows:

Company	Year	Clinker output/0,000 tons	Total emission of CO ₂ /0,000 tons
Jiangxi Yadong	2015	1122	1001.6
	2016	1139.4	1001.1
	2017	1168.3	1000.6
Huanggang Yadong	2015	174.3	158.2
	2016	160.8	149.9
	2017	163.8	141.7
Hubei Yadong	2015	374.3	335.9
	2016	328.4	302.7
	2017	344.6	290.9
Wuhan Yaxin	2015	104.5	98.7
	2016	97.2	91
	2017	91.7	77.1
Sichuan Yadong	2015	375.3	341.7
	2016	438.6	398
	2017	372.8	325.4
Sichuan Lanfeng	2015	249.4	217.5
	2016	267	242.7
	2017	275.4	241.1

Emission Intensity of Greenhouse Gas (CO₂) of Clinker Products in Asia Cement (China)’s Consistent Cement Companies



Average Emission Intensity of Greenhouse Gas (CO₂) for 2015-2017 in Asia Cement (China)



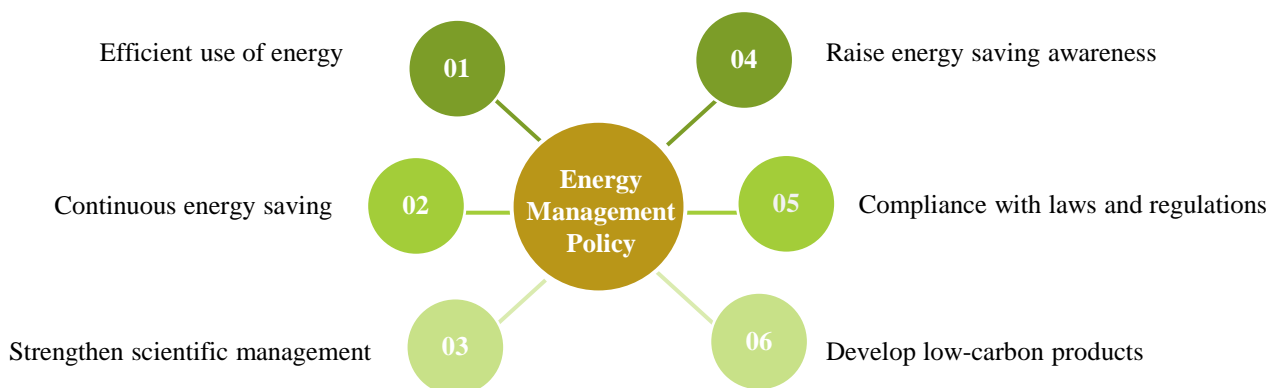
Measures to Reduce Greenhouse Gas (CO₂) Emissions from Cement Kilns

- 1 Choose a reasonable cement preparation formulae to improve burnability of raw materials, reduce consumption and heat and burning coal of during clinker calcination process.
- 2 Under the premise of guaranteeing the quality of cement clinker, decrease the CaO content in clinker appropriately, and reduce the usage of calcium carbonate in cement clinker.
- 3 Replace fuel with combustible waste, e.g. industrial waste and urban sewage sludge
- 4 Reduce the amount of clinker used in cement production: blend in industrial wastes such as slag, fly-ash, coal slag, etc. in appropriate proportions to replace some of the clinker during the cement production process; appropriate amounts of cement grinding aids are added in cement grinding to increase production of cement mills and reduce ratio of cement clinker; can greatly reduce the CO₂ emissions generated by clinker.
- 5 Continuously optimize and reform production equipment to save energy.

1.2 Implementation of Energy Management

In compliance with the energy management policy of Asia Cement (China), the Company actively works on energy saving; examines the abnormality of production equipment through daily production line of coal consumption, electricity, oil and other statistical data, strengthen the control of energy consumption process, identify and control each factor that's affecting energy consumption, and implement specific operations of departments, posts, and personnel to achieve systematic management; review of energy consumption and implementation progress of energy-saving projects on a monthly basis; analyze and review the status of the implementation of energy saving and performance on a quarterly basis, and conduct annual energy management system review, etc.; constantly improving the level of energy management and energy efficiency, and optimize and reform energy-consuming equipment, replace high energy-consuming equipment, constantly improving the production process, reduce the overall energy consumption of the product, and achieve sustainable development of the Company.

Energy Management Policy of Asia Cement (China)



Result of Energy Saving and Carbon Reduction

In compliance with "The 13th Five-Year Plan" Integrated Work Program for Energy-saving and Emission Reduction, we strengthened scientific management and implemented tasks related to energy saving and emission reduction. In 2017, a total of 8,605.4 MWh of energy and 2,120 tons of standard coal were used, which is equivalent to reducing a total of 12,051 tons in CO₂ emission.

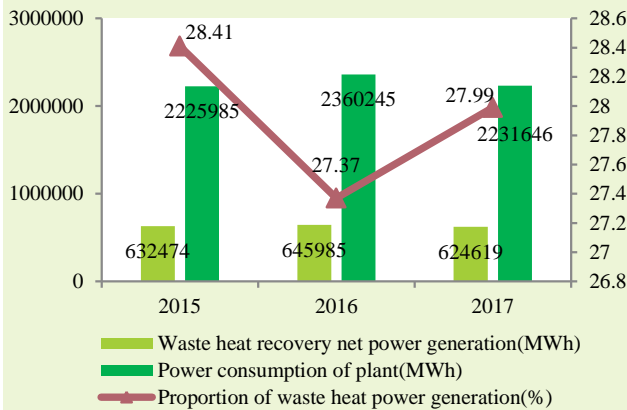
Major Energy-saving Measures and Results of Cement Companies of Asia Cement (China) in 2017:

Company	Energy-Saving Measures	Energy-Saving Results
Jiangxi Yadong	Steel ball in the chamber 2 of #1 cement grinding ball mill was replaced with a ceramic ball, which saves 4 kWh of electricity consumption per ton of cement and lowered the load on the ball mill motor, reducing the noise on site and extending the life of the ball mill.	Reduced electricity consumption by 1,800 MWh
	Harmonic treatment was carried out on #1 cooler system.	Reduced electricity consumption by 158.3 MWh
	Each of #3 & #4 coolers deactivated two windmills during winter.	Reduced electricity consumption by 884.7 MWh
	#4 Raw material mill with a dust collector was disabled.	Reduced electricity consumption by 201.1 MWh
	#5 & #6 production lines use the energy of downhill belt to generate electricity.	Reduced electricity consumption by 995.9 MWh
	Transformation of the dust collection pipes of the lifters for recycled materials from #5 & #6 raw material mills. Such pipes were reconnected to the hot wind pipes of raw material mills, and the dust collection system of such lifters were disabled.	Reduced electricity consumption by 213.3 MWh
	Transformation of the dust collection pipes of the vertical screw conveyor of #7 sandstone silo. Such pipes were reconnected to the large skid conveyor, and the dust collection system of the vertical screw conveyor was disabled.	Reduced electricity consumption by 30 MWh
Hubei Yadong	Transformation of #2 cement mill and the capacitor of #1 raw material mill to reduce reactive power loss.	Reduced electricity consumption by 410.4 MWh
	When the original metal halide lamp malfunctions, it will be replaced with a new electrodeless lamp (235 sets were replaced in 2017, in total 461 sets were replaced over the past years) to reduce power and electricity consumption.	Reduced electricity consumption by 198.4 MWh
	For #1, #2, #3, and #5 cement mills, the mixing ratio of grinding aids was increased from the original 0.003% to 0.045%, further controlling the proportion of clinker in all types of cement at about 3%, and helping the quality of cement remains unchanged.	The average clinker consumption in cement is reduced by approximately 20,000 tons, which is equivalent to saving 2,120 tons of standard coal.
Wuhan Yaxin	High-energy consuming motors were replaced with energy-saving motors in all plants.	Reduced electricity consumption by 57.6 MWh
	Low-voltage reactive power compensation transformation was performed in all plants.	Reduced electricity consumption by 1,063 MWh
Sichuan Yadong	Variable frequency drives were added to the exhaust windmill of #1 coal mill.	Reduced electricity consumption by 192.7 MWh
Sichuan Lanfeng	Transformation of the fire and water recirculating systems was conducted in all plants to save electricity.	Reduced electricity consumption by 2,400 MWh

Waste Heat Power Generation System

Each cement company of Asia Cement (China) has a residual heat power generation system that uses the residual heat generated by the rotary kiln system to produce hot water, then provides generator power through high-pressure steam generated by the boiler. Through recovering residual heat from the cement kiln to generate electricity not only saves energy and reduces carbon, but also protects the environment. The statistics of residual heat power generation and plant site electricity consumption of the six cement companies of Asia Cement (China) for the period 2015-2017 are shown on the left chart. Residual heat recovery and power generation over the years accounts for an average of approximately 28% of the total electricity consumption, which means the performance of energy saving and carbon reduction is good.

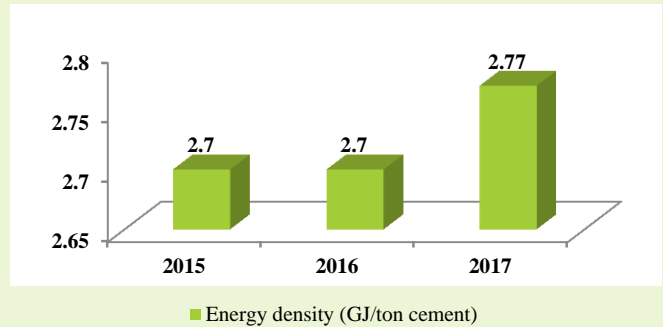
Waste Heat Power Generation and Proportion of Asia Cement (China) in Previous Years



Energy Density

Asia Cement (China) is implemented in accordance with the national standard “Energy Management System Requirements” (GB/T23331-2012/ISO50001: 2011) and “Energy Consumption Limit for Cement Unit Products” (GB16780-2012), and set up a long-term energy saving goal. We actively implement energy conservation and efficiency, and work hard to reduce energy intensity.

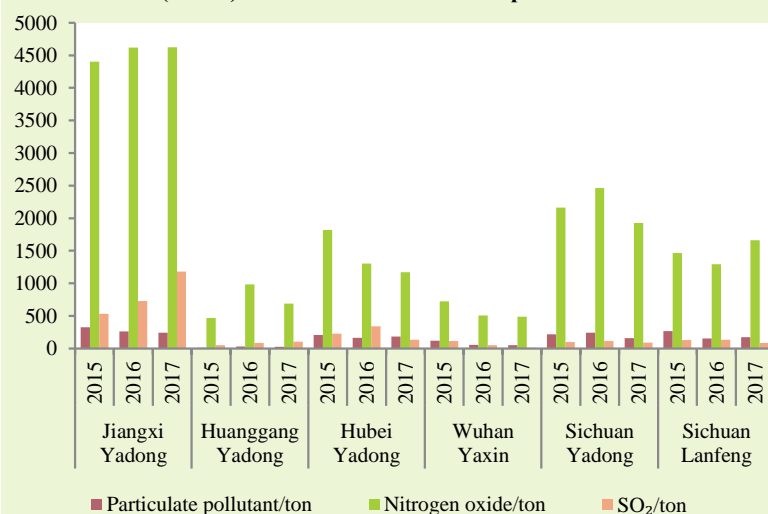
Energy Density Performance of Asia Cement (China) in Previous Years



Note: The information is related six cement companies, namely, Jiangxi Yadong, Huanggang Yadong, Hubei Yadong, Wuhan Yaxin, Sichuan Yadong and Sichuan Lanfeng.

1.3 Air Pollution Prevention

Total Emission of Main Air Pollutants in Asia Cement (China)’s Consistent Cement Companies



Air Pollutants

Asia Cement (China) complies with the overall planning of the national unified industrial development and urban air pollution control, comprehensively uses advanced pollution prevention and control techniques and refined management, and complement all the cement production lines with complete air pollution prevention and control equipment. The discharge of pollutants is strictly controlled according to the latest national environmental protection requirements, so that the emissions of particulate pollutants, nitrogen oxides, and sulfur oxides are all in compliance with and above the national environmental protection requirements.

The detailed data are as follows:

Types of emissions		Particulate pollutant/ton	Nitrogen oxide/ton	SO ₂ /ton
Jiangxi Yadong	2015	323	4402	529
	2016	261	4617	726
	2017	244	4624	1182
Huanggang Yadong	2015	9	468.6	50
	2016	29.1	985	84.6
	2017	27.6	688.6	105.6
Hubei Yadong	2015	208.3	1817.4	227.7
	2016	163	1301.3	338.4
	2017	183.6	1170.9	131.8
Wuhan Yaxin	2015	116.5	723.2	111.6
	2016	55.4	504.5	49
	2017	51.8	489.6	10
Sichuan Yadong	2015	215.4	2164	99.1
	2016	239.4	2460	111.5
	2017	160.4	1927.1	89.6
Sichuan Lanfeng	2015	267.2	1467	130
	2016	150.7	1294	135.9
	2017	172	1662	85

1.4 Water Resource Management

Water resources have a direct impact on the survival and development of human beings. In daily lives or industrial production, the precious natural resources of water are inseparable. Asia Cement (China) shall consume appropriate amount of water resources in the production process, and always regards water resources management as an important task. By analyzing statistics of water used and water produced in daily production lines to better control the use of water, it identifies and controls every factor that affects the consumption of water resources, and implements specific water conservation measures for departments, posts, and personnel. It also conducts review of water resources consumption on a monthly basis, and compares, analyzes and reviews the implementation of water conservation and performance on a quarterly basis in order to constantly improve the level of water resources management and water-use efficiency, and eventually achieve sustainable corporate development.

Water Resource Utilization

Water Sources and Water Consumption

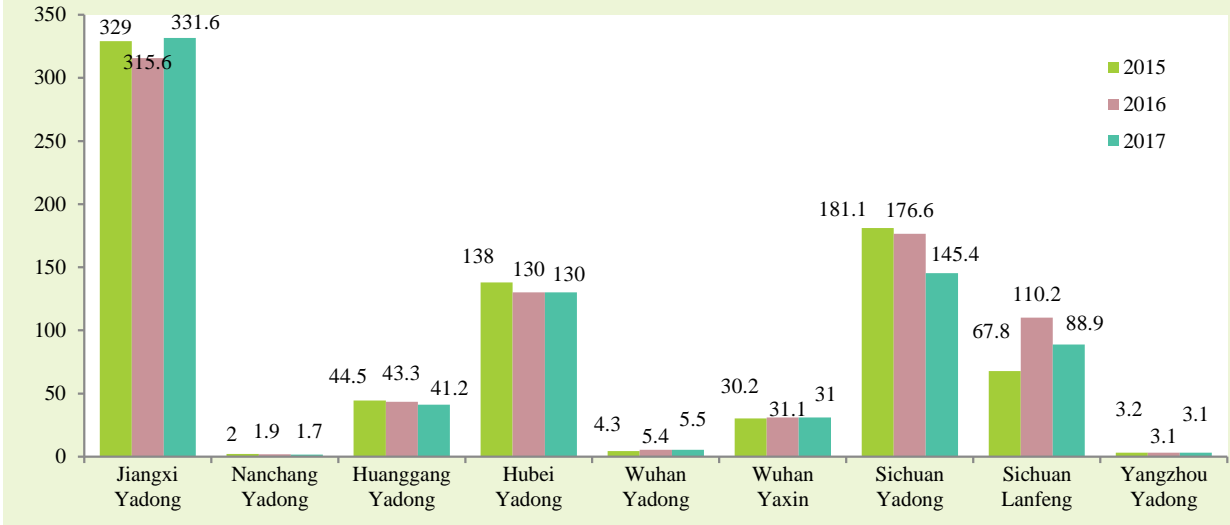
Cement companies under Asia Cement (China) usually supply water for production and domestic usage through self-built water station and its water sources derive mainly from surface water of rivers near the companies, while cement grinding companies mainly use city tap water.

Water resources used in production of cement companies under Asia Cement (China) are mainly component cooling water and they use water recycling system which can recycle water after cooling, significantly reducing water consumption with a small amount of evaporation loss and no emission. The sewage is mainly from staffs' domestic water and they use rain-sewage separation system which can recycle sewage as water for afforestation, car washing, floor washing, dust - control or can be discharged into the local municipal sewage pipe network.

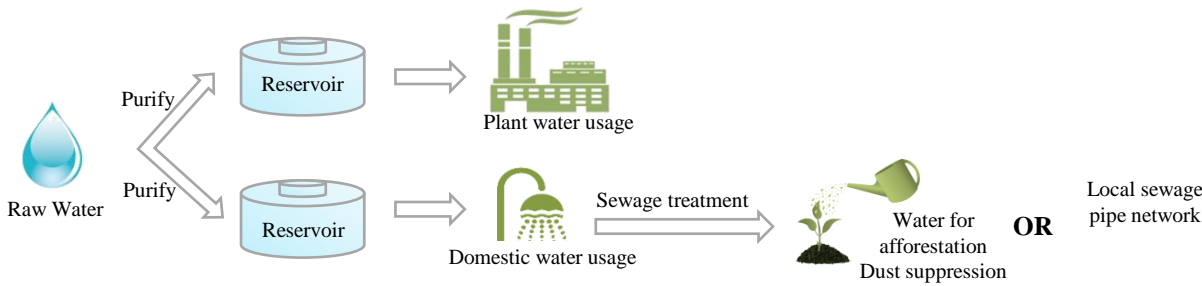
Water Sources of Cement Companies under Asia Cement (China)

Company	Water Sources
Jiangxi Yadong	Jiujiang section of the Yangtze River
Nanchang Yadong	Tap water in Nanchang City
Huanggang Yadong	Wuxue section of the Yangtze River
Hubei Yadong	Yangluo section of the Yangtze River
Wuhan Yadong	Tap water in Dongxihu District, Wuhan City
Wuhan Yaxin	Tap water in Jiangxia District, Wuhan City
Sichuan Yadong	Renminqu, Dujiangyan, Pengzhou City, Chengdu City
Sichuan Lanfeng	Aishanhe & Renminqu, Pengzhou City, Chengdu City
Yangzhou Yadong	Tap water in Yangzhou City

Water Withdrawals of Cement Companies under Asia Cement (China)
(0,000 tons)



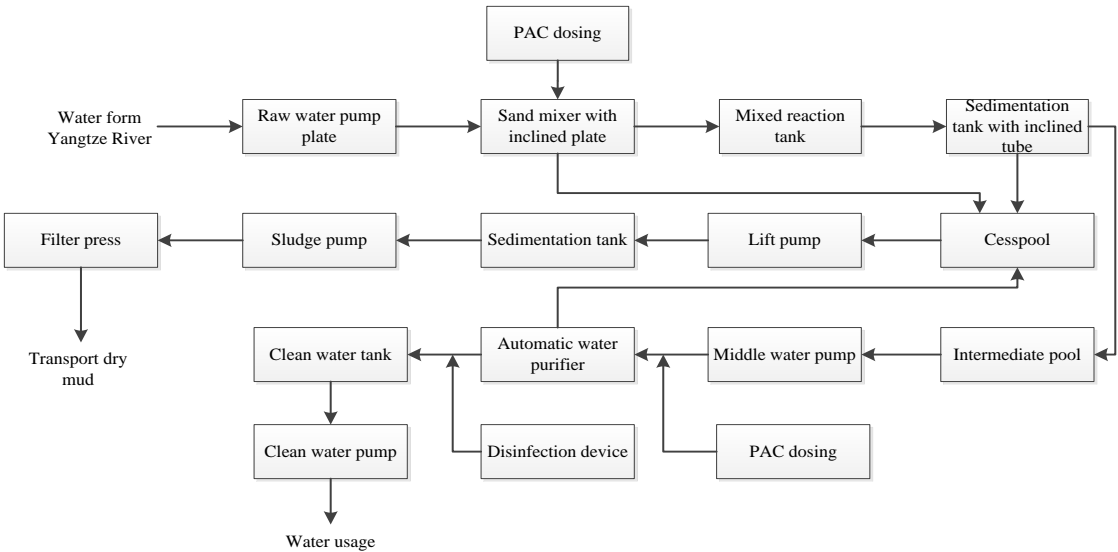
Water Usage Process of Each Cement Company of Asia Cement (China):



Purification Method of Self-owned Water Station

Mainly for precipitation, filtration and add the appropriate chemicals to purify water. take Hubei Yadong for example, Firstly, the drawn water will be removed sands and precipitated. Secondly, it will be added aluminium polychlorid to the water as flocculants to separate the sludge and impurities during sedimentation. And then, the water will be drawn to the water purifier for secondary filtration after sedimentation. Finally, after adding chlorine dioxide to the filtered water for disinfection, the clean water will be drawn to clean water tank for production and domestic uses.

The Flow Chart of Purification Treatment of Hubei Yadong’s Water Station:



Efficient Use of water for production and water conservation measures

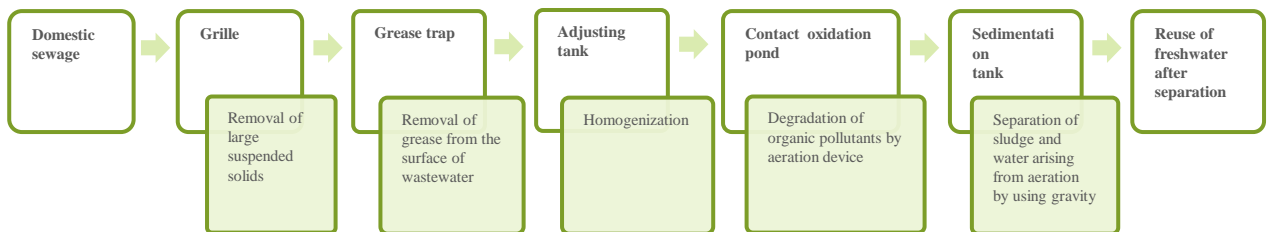
The water used in production process by each cement company of Asia Cement (China) is recycled and reused. Taking Jiangxi Yadong as an example, the raw water from the Jiujiang section of the Yangtze River is purified and then sent to the reservoir on Mopan Mountain for storage as tap water by using pumps. When using water during production, the downstream from high to low levels will be used to provide cool water and residual heat power generation for each equipment. Afterwards, the used water will be cooled by the cooling tower and flows back to the wells, then be pumped back to the reservoir on Mopan Mountain for storage and reuse. During the production process, while the water-use measures mentioned above could lead to a small amount of water being evaporated, the rest of the water can be recycled and reused, achieving the efficient use of water resources management and the concept of water conservation.



Treatment Measures of Domestic Sewage

Domestic sewage of cement companies under Asia Cement (China) is treated by "Biological contact Oxidation". The contact oxidation tank uses TDK elastic space packing of easy conjunctiva which possesses large specific surface and good oxidation resistance, while the oxidation pond uses submerged underwater aerators with low noise pollution. The removal rate of COD_{Cr} and BOD₅ is up to 73% and 88%, respectively. The processing rate of ammonia nitrogen is up to 71%. The quality of water generated can reach Grade I standard as set out in the Integrated Waste Water Discharge Standard (《污水综合排放标准》) (GB8978-1996).

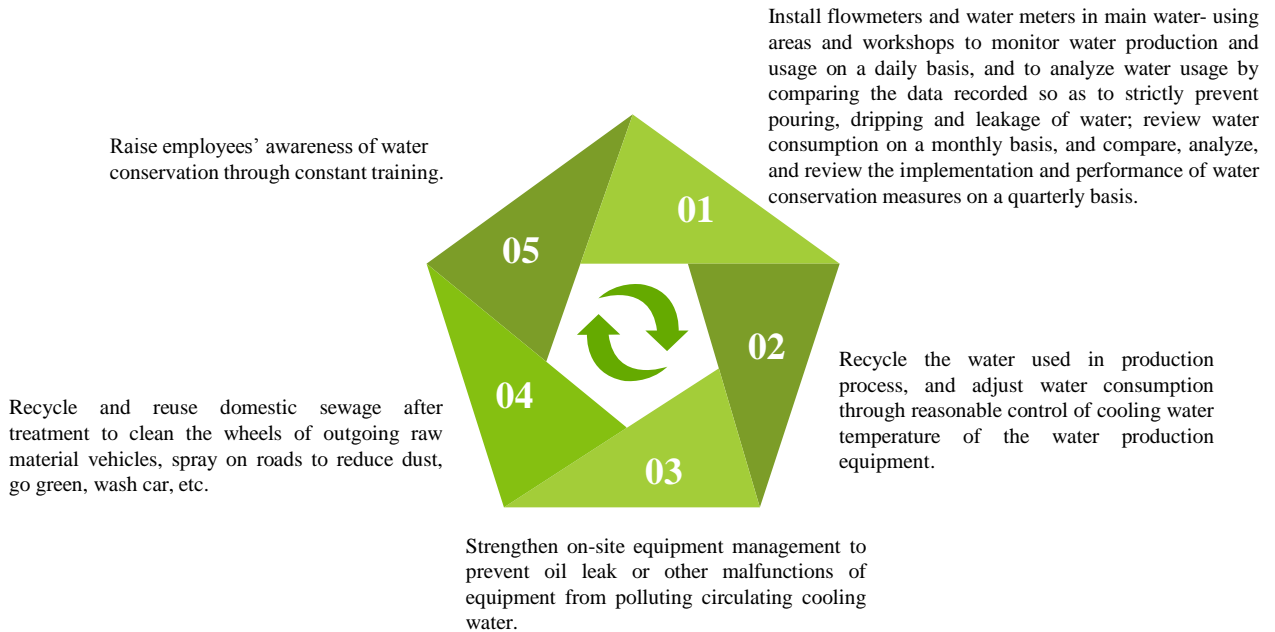
Sewage Treatment Flowchart :



The quality of discharged water of cement companies under Asia Cement (China)

Company	Water quality project	PH	Suspended solids	Chemical oxygen demand	Biological oxygen demand	Ammonia nitrogen	Total phosphorus	Oil type	Animal and vegetable oils
			mg/L	mg/L	mg/L				
Jiangxi Yadong	Emission limits of sewage	6-9	≤70	≤100	≤20	≤15	≤0.5	≤5	-
	Average value of measurement	7.71	17.5	27	7.9	3.06	0.14	0.05	-
Huanggang Yadong	Emission limits of sewage	6-9	-	≤100	-	≤15	-	-	-
	Average value of measurement	7.64	-	52	-	13.8	-	-	-
Hubei Yadong	Emission limits of sewage	6-9	≤400	≤500	≤300	-	≤0.5	≤20	-
	Average value of measurement	7.03	53	41	10.8	-	0.27	0.15	-
Wuhan Yadong	Emission limits of sewage	6-9	-	≤100	≤20	≤15	≤0.5	-	-
	Average value of measurement	7.8	-	18	4.8	0.541	0.43	-	-
Sichuan Yadong	Emission limits of sewage	6-9	≤20	≤60	≤20	≤8	-	-	≤3
	Average value of measurement	8.01	9	28	9.8	0.52	-	-	0.04
Sichuan Lanfeng	Emission limits of sewage	6-9	≤150	≤150	≤30	≤25	-	≤10	≤15
	Average value of measurement	7.55	12	13	5.1	16	-	0.19	0.25

Water Conservation Management Measures



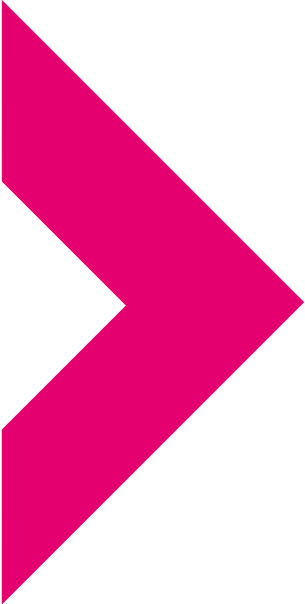
1.5 Compliance with Laws and Regulations

Penalties Concerning Environmental Protection

Asia Cement (China) continues to improve its equipment in production process and strengthen relevant prevention and control so as to incessantly reduce the damage to environment during production or activities. Below sets out a list of penalties on each company in relation to environmental protection in 2017:

Company	Times of being fined for violation of environmental laws	Amount fined for violation of environmental laws (RMB' 0,000)	Description of fines and other non-monetary penalties for violation of environmental laws
Nanchang Yadong	1	-	One time of production suspension for rectification
Sichuan Yadong	2	33	1. A fine of RMB180,000 for unstandardized use of the online monitoring system. 2. A. A fine of RMB20,000 for putting the production line into operation before passing the examination and acceptance for environmental protection; B. A fine of RMB30,000 for failure in adoption of the "three prevention" measures in the temporary limestone stockyard; C. A fine of RMB80,000 for not taking measures to reduce dust during loading and unloading, resulting in fugitive emission of dust from transfer; D. A fine of RMB20,000 for not taking measures to control the wastewater from flowing into storm drains after washing roads by factory.
Sichuan Lanfeng	2	10	1. A fine of RMB50,000 for not taking effective measures to prevent and control the pollution of the flying dust resulted from messy stacking of mass raw materials on the C5 production platform of No.1 Production Line. 2. A fine of RMB50,000 for not promptly applying for examination and acceptance of the replaced CEMS data acquisition instrument, resulting in abnormal working condition of the automatic monitoring equipment.
Shanghai Yali	2	30	1. A fine of RMB100,000 for not having the facilities for environmental protection examined and approved by the competent administrative department of environmental protection. 2. A fine of RMB200,000 for recording factory boundary noise at 68db, above the level of emission as specified.

Note: Penalties concerning environmental protection on Asia Cement (China) in 2017 involved Nanchang Yadong, Sichuan Yadong, Sichuan Lanfeng and Shanghai Yali, while there were no penalties for violation of environment protection regulations on other companies.



Sustainable Social Care

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Sustainable Social Care

The Significance of Social Care

Based on the sustainable development strategies on the social aspect of “create a happy work place, support the vulnerable groups, promote the fine culture, and create a harmony society”, Asia Cement (China) will accomplish its social care mission of becoming “the first choice partner for building a sustainable green home” by community activities, donation to the vulnerable groups, human science education and traditional culture transmission. This helps us to promote the positive energy throughout society.

The Impact of Social Care

Focusing on the community and becoming a partner that grows together with the community help to create a win-win situation, which can be linked to the sustainable growth of Asia Cement (China). At the beginning of each construction, we will conduct impact assessment on the community where our factory operates, continuously discuss with the community to reach consensus, make efforts in the community development plan and other activities. By doing so, we will achieve our social care mission of becoming “the first choice partner for building a sustainable green home”. Major issues under discussion involved include: indirect economic impact, local communities.



Specific Actions and Initiatives for Social Care

✓ Community Infrastructure Construction

- ◆ Support community activities
- ◆ Assist post-disaster reconstruction of surrounding villages
- ◆ Support community's public welfare undertakings

✓ Care for the Vulnerable Groups

- ◆ Donate to the vulnerable groups
- ◆ Pay visits to and care about the elderly persons of no family

✓ Supporting of Education

- ◆ Support school construction
- ◆ Support campus activities
- ◆ Award outstanding teachers and students

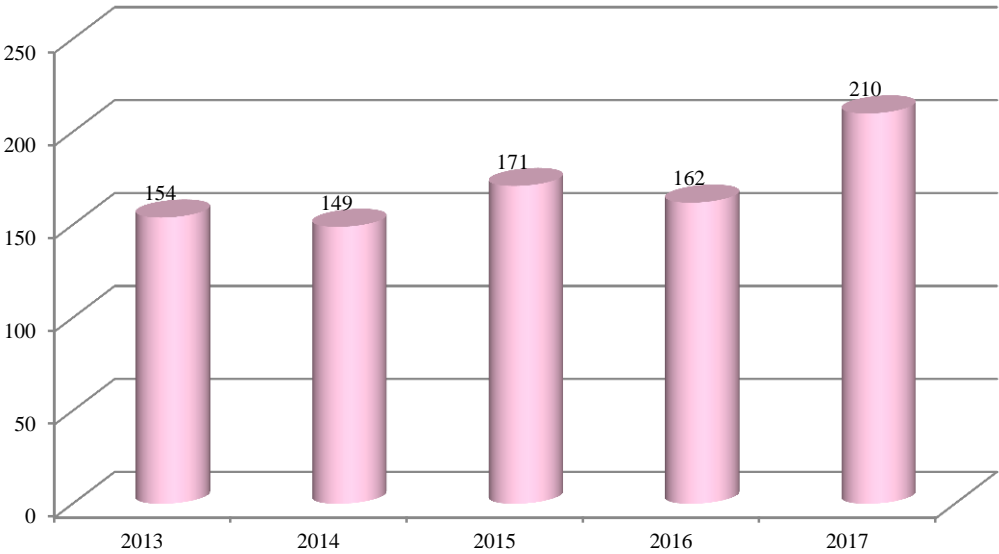
✓ Poverty Alleviation

- ◆ Support the construction of poverty-stricken villages
- ◆ Provide subsidies to financially difficult families

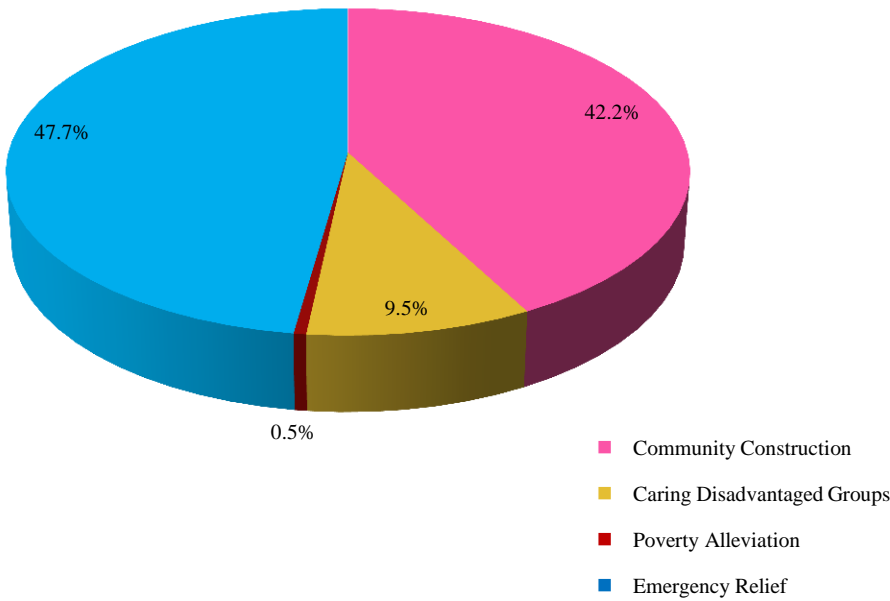


Social Stabilization Expenditure

In 2017, Asia Cement (China) spent a total of approximately RMB2.1 million in social expenditure (excluding self-help donations from employees and education supporting expenditures). The main expenditure categories were community construction and emergency relief of approximately RMB1.89 million, accounting for approximately 90%.



Asia Cement (China) Social Expenditures Over Years (RMB 0,000)



Asia Cement (China) 2017 Social Expenditures Performance (RMB 0,000)

2.1 Community Participation and Caring Vulnerable Groups

Community Activities

Asia Cement (China) spares no efforts in contribution to the local communities. The expenditure on participation in community activities accounted for the first largest share. We actively promote friendly interaction, Good-neighbourliness between operations and local communities. We fully implemented the social sustainable development strategy for creating a harmony society.

In 2017, subsidiaries of Asia Cement (China) have donated cement RMB878,108 and cash RMB5,300 to the neighboring communities in a total of 15 times. Cumulative amount RMB883,409.

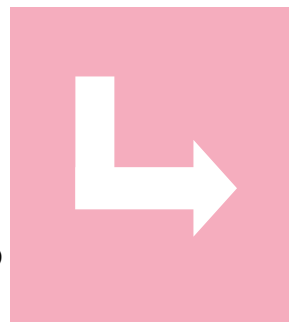
NO.	Company	Donor	Donation	Value
1	Jiangxi Yadong	Ma-Tou Town, Ruichang City 瑞昌市码头镇	Cement donation	¥272,020
2	Jiangxi Yali	The construction assistance fee of Ruichang Market Supervision Bureau, Ma-Tou branch 瑞昌市市场监督管理局码头分居建设援助费	Cash donation	¥5,300
3	Huanggang Yadong	Donation of hardened cement to the Yangtze River embankment surface of the Tianzhen Community residents Committee 捐赠田镇社区居民委员会长江堤面硬化水泥	Cement donation	¥32,256
4	Huanggang Yadong	Tianzhen Office to building a beautiful village 田镇办事处建设美丽乡村	Cement donation	¥35,000
5	Huanggang Yadong	Wuxue NPCSC Office 武穴市人大常委会办公室	Cement donation	¥3,989
6	Hubei Yadong	Chenyun Village, Chiyun Town, Qichun County, Huanggang City 黄冈市蕲春县赤东镇陈云村	Cement donation	¥57,418
7	Wuhan Yaxin	Fanchen Bay, Lingang Village, Zhifang Street, Jiangxia District 江夏区纸坊街林港村陈湾	Cement donation	¥30,000
8	Sichuan Yadong	ChenJia Community, Tianpeng Street, Pengzhou City 彭州市天彭街道陈家社区	Cement donation	¥67,272
9	Sichuan Yadong	Wenlin Village, Ge Xian Shan Town, Pengzhou City 彭州市葛仙山镇文林村	Cement donation	¥68,708
10	Sichuan Yadong	Zhoujia Community, Tianpeng Street, Pengzhou City 彭州市天彭街道周家社区	Cement donation	¥34,240
11	Sichuan Yadong	Jiujiu Village, Longfeng Town, Pengzhou City 彭州市隆丰镇九九村	Cement donation	¥57,632
12	Sichuan Yadong	Longfeng Town Government, Pengzhou City 彭州市隆丰镇政府	Cement donation	¥70,950
13	Sichuan Yadong	Road rehabilitation in Qingguang Village 青光村道路修复	Cement donation	¥23,177
14	Sichuan Yadong	Tian Sheng Qiao Village 天生桥村	Cement donation	¥73,532
15	Sichuan Lanfeng	Sansheng Temple 三圣寺	Cement donation	¥51,915
Total				¥883,409

Donation to Vulnerable Groups

Asia Cement (China) prepares budgets for emergency relief annually. In 2017, the total budgets prepared were RMB449,000 (only the cash portion of annual budgets prepared for emergency relief, excluding the physical budget), for contributing to post-disaster reconstruction and for emergency relief and vulnerable groups. Asia Cement (China) cares in every moment for the elderly singletons and underprivileged families in urgent need, and actively organizes various donation and charity activities to raise funds for and encourage them, and to help the vulnerable groups get out of the plight and embrace love!

Condolence to Elderly Persons of No Family

The Sichuan Yadong Party Branch, accompanied by the Xie's Community of Tianpeng Street, expressed condolences to 3 local elderly persons of no family with the returned party membership dues.



Condolence to Elderly Persons of No Family

Mutual-aid Donations from Employees

When the younger brother of Tan Huanping(谭欢平) who is an employee of Jiangxi Yadong, suffered from rectal cancer, the Company organized a donation activity which raised funds in the amount of RMB46,510, to help Tan and his family overcome the difficulties. When the father of Deng Xuping(邓旭平) who is an employee of Jiangxi Yadong, suffered from a sudden polycythemia vera, his colleagues voluntarily made donations to him in the amount of RMB39,300. When Mr. Zhang Aiguo (张爱国), a driver of Wuhan Yali, unfortunately suffered from liver cancer, his colleagues voluntarily made donations to him in the amount of RMB10,000.

In order to address the hardening of roads within the plants of Jiangxi Jiangzhou Machinery Co., Ltd., Jiangxi Yadong donated 660 square meters of concrete to financially support its road rehabilitation.



Road rehabilitation within the factory of Jiangxi Jiangzhou Machinery Co., Ltd

Donation to Construction of Neighboring Enterprise

In order to address the hardening of roads within the factory of Jiangxi Jiangzhou Machinery Co., Ltd.(江西江州机械有限公司), Jiangxi Yadong donated 660 square meters of concrete to financially support its road rehabilitation.

2.2 Humanistic Science Education

Education is the fundamental task for generations to come. Asia Cement (China) continues to introduce corporate resources, focuses on humanistic science education and cooperates with Yuan Ze University and Yadong Technical College under the Far East Group to carry out the cooperative education. Under the cooperation, the Group has promoted industry-academy internships and talents reserve plans, brought in new blood and revitalized the human resource structure, and it has also cooperated with some professional cement colleges and universities in China to help the students cultivate their abilities to combine theory with practice, which will lay a solid foundation for them to adapt to their work environment and workplaces and integrate into the working team.

Currently, many young people choose to attend the vocational schools, because the vocational schools cooperates with relevant industries to carry out “industry, academic and research” collaboration for mutual development, in addition to preparing young people with skills early. It presents a multi-win situation for the future employment of students, schools’ grasp of market demand, and the exploration of talents in the industry. In view of this, Asia Cement (China) and its subsidiaries welcome all organizations from all walks of life and schools to visit the Company, and the Company is willing to make plans for related courses and practical experiences. After the event, all the guests and students will be benefited greatly and the Company will gain popular recognition for this.

2.3 Support to Education Undertakings

Ma-Tou Yadong Hope Primary School (码头亚东希望小学)

In order to implement the concept of “From the society, for the society”, Asia Cement (China) fulfilled its corporate social responsibility by taking the initiative to contact the Municipal Government and the Education Bureau of Ruichang and make donations of RMB1.4 million in aggregate in 2000 and 2003 successively, for the construction of Ruichang City Ma-Tou Yadong Hope Primary School, which was completed and formally opened for the purpose of education on 1 September 2003 as scheduled.

In August 2017, Jiangxi Yadong provided 500 tons of PO42.5 cement (approximately RMB 147,500) to Ma-Tou Yadong Hope Primary School for the construction of new comprehensive buildings and dormitories, etc.



Xin Xing Yadong Hope Primary School (新兴亚东希望小学)

During the Wenchuan earthquake on 12 May 2008, the schools located at the hardest-hit areas of Pengzhou City suffered serious damage and were in most urgent need of reconstruction for maintaining normal educational activities. In order to implement the Company's long-standing concept and fulfill corporate social responsibility, we decided to donate RMB15 million for supporting the construction of the Xin Xing Yadong Primary School in Pengzhou City, which was completed and formally opened for the purpose of education on 1 September 2009 as scheduled. In order to encourage teachers and students of Yadong Primary School to spend great efforts in teaching and learning and making a firm determination to become successful, we set up the “Employee Care Education Fund” by appropriating part of the monthly salary of every executive in Sichuan Yadong as charitable contributions. The Fund will be utilized on a dedicated-fund-for-dedicated-use basis, for recognizing the outstanding teachers and students selected on Teacher's Day and Children's Day by the school every year.

Every year, on Teacher's Day and Children's Day, Sichuan Yadong will send designated personnel to Xin Xing Yadong Primary School for attending the “Teacher's Day” and “Children's Day” celebrations, at which ten distinguished teachers and thirty outstanding students will be selected, and each teacher will be awarded RMB1,000 and each student will be awarded RMB200.





Sustainable Happy Workplace

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Sustainable Happy Workplace

The Significance of Sustainable Happy Workplace

Asia Cement (China) employees are our most valued assets. Therefore, we regularly raise salaries, retain outstanding talents, fulfill corporate social responsibility, and create a happy workplace.

The Impact of Sustainable Happy Workplace

Asia Cement (China) has a relatively high overall quality of employees, a stable number of employees, and an average seniority, which has a high degree of centripetal force and loyalty to the Company. We provide excellent talents with a high-quality work stage and challenging tasks. We cultivate and lead a group of high-quality talents that recognize the mission, vision and core values of the Company and work together toward the goal of success.

Sustainability related topics include: market image, labor relations, labor/capital relations, training and education, employee diversity and equal opportunities, and forced and compulsory labor.

Complaint Mechanism of Sustainable Happy Workplace

Asia Cement (China) has established a number of unimpeded employees' communication channels to ensure that employees' needs and suggestions are met. If employees are unreasonably treated in the workplace, or if they discover that the Company has irregularities or infractions, complaints and reports may be filed through the Company's website or the audit office. Asia Cement (China) will carefully handle and investigate according to the relevant operating regulations and handling principles. If the verification is indeed a violation, it will be discussed according to the circumstances to regulate the practitioners to act according to regulations, maintain company discipline, and safeguard employees' rights and interests, promoting the Company image.

In order to understand employees' needs and suggestions, the Company has conducted an employee satisfaction survey at the end of each year since 2014. The survey involves various aspects such as employee benefits and company systems, with a view to widely listen to employees' opinions, making targeted improvement measures and improving employee satisfaction degree. This year's satisfaction survey involved a total of 1,267 participants, which accounted for 32.2% of the total, with a satisfaction score of 49.

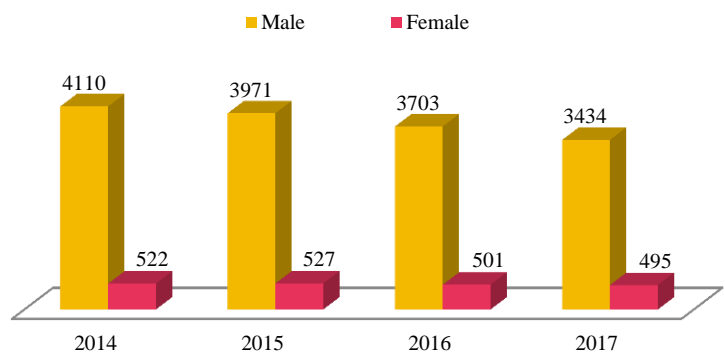
3.1 Human Resources Management

Employees are not only fundamental to the existence of an enterprise, but also the driver of the enterprise's development. An enterprise needs to establish a harmonious relationship with its staff, and such relationship should be built on mutual respect, trust, encouragement and through growing together. By adhering to the "people-oriented" management philosophy, Asia Cement (China) strives to provide its employees with a safe and healthy working environment and strengthens employee's training, so that every employee can have the opportunity to demonstrate his/her own value while performing his/her duties and realise career aspirations. Furthermore, Asia Cement (China) pays high regard to the safeguarding of employees' basic rights by constantly increasing employee's welfare benefits in order to link employees' needs with the enterprise's interests. By doing so, Asia Cement (China) has earned excellent social reputation and acclamation at different business locations, setting benchmark for local companies and becoming the most popular company for job seekers. Everyone is proud of being an "Asia Cement Employee".

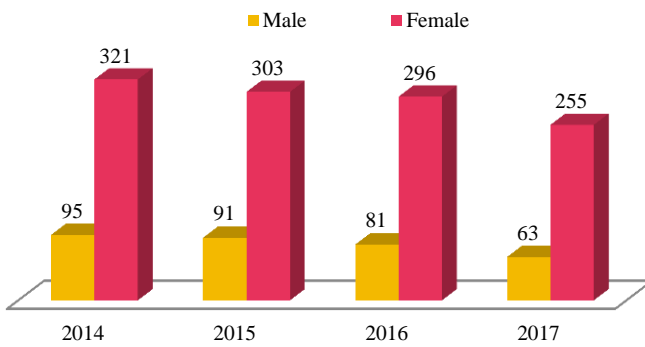
Employee Structure

Owing to the nature of the cement industry, employees have to work in three shifts and be engaged in outdoor work, and most of the employees are males who are mostly on-site employees. The Company hired a large number of female employees on some positions like administration, kitchen, dormitory, etc., which greatly solved the employment problem of most women living in neighbouring areas.

Number of Official Employees of Asia Cement (China)



Number of Long-term Borrowed Employees of Asia Cement (China)

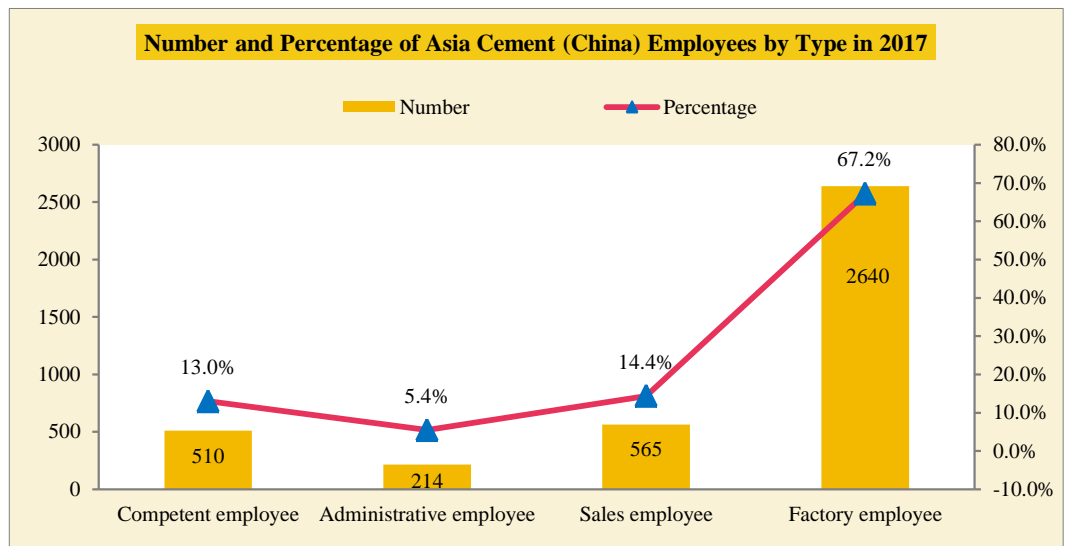


The Company strictly abides by Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China and other relevant laws and regulations, and has entered into labour contracts with its employees according to relevant laws. The Company respects employees' working willingness, follows the principle of equal employment, and establishes a harmonious and stable relationship with employees.

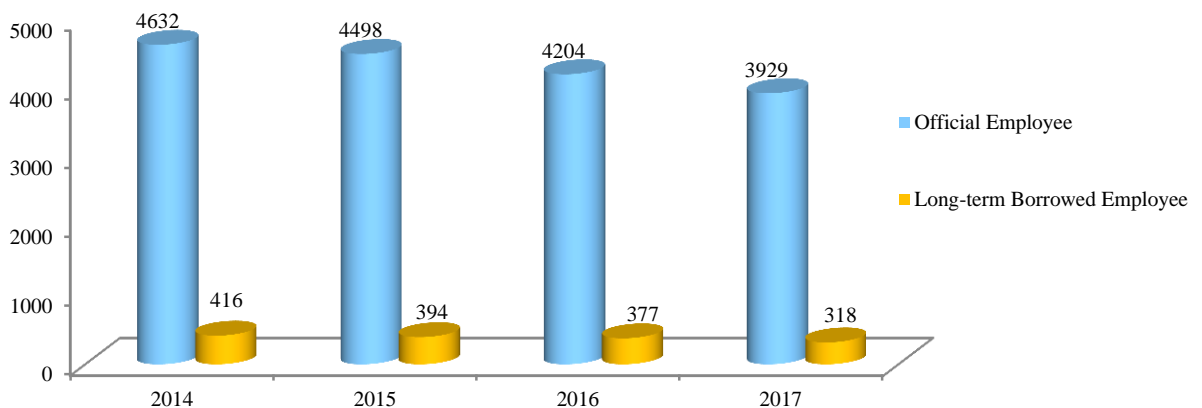
Note: Long-term borrowed employees refers to informal employees of the Company.

Number and Percentage of Asia Cement (China) Employees by Type in 2017

Note: The competent employee is the staff of the Company with employee tenth (including tenth) position or above.



Employment form and Trend of Asia Cement (China) Employees

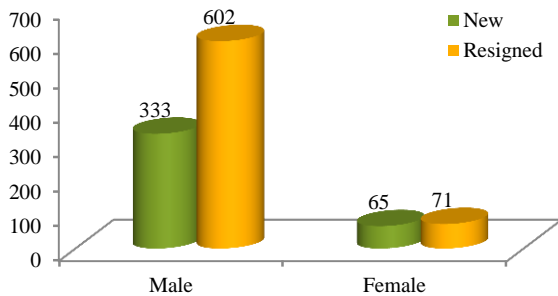
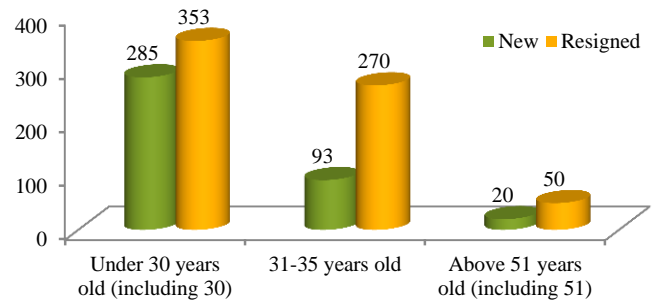


Company	2017 employee gender			2017 employee contract		
	Male	Female	Total	Fixed-term labour contract	Permanent labour contract	Total
Jiangxi Yadong	906	119	1025	556	469	1025
Jiangxi Yali	120	6	126	67	59	126
Nanchang Yadong	42	6	48	7	41	48
Nanchang Yali	76	22	98	79	19	98
Huanggang Yadong	248	23	271	98	173	271
Hubei Yadong	334	50	384	150	234	384
Hubei Yali	106	7	113	29	84	113
Wuhan Yadong	79	8	87	23	64	87
Wuhan Yali	42	8	50	27	23	50
Wuhan Yaxin	249	51	300	33	267	300
Sichuan Yadong	519	55	574	379	195	574
Sichuan Yali	81	6	87	73	14	87
Chengdu Yali	45	6	51	38	13	51
Sichuan Yali	41	6	47	29	18	47
Sichuan Lanfeng	335	85	420	215	205	420
Yangzhou Yadong	145	24	169	45	124	169
Taizhou Yadong	29	6	35	27	8	35
Shanghai Yali	37	7	44	18	26	44
Total	3434	495	3929	1893	2036	3929

New and Resigned Staff

In 2017, we gradually carried out reform projects, and optimised and reduced the manpower. Therefore, the employee turnover rate has increased.

Company	Total in 2016	New staff	Resigned staff	Employment rate	Turnover rate
Jiangxi Yadong	1036	76	86	7.34%	8.30%
Jiangxi Yali	128	5	10	3.91%	7.81%
Nanchang Yadong	49	4	5	8.16%	10.20%
Nanchang Yali	92	38	33	41.30%	35.87%
Huanggang Yadong	279	27	30	9.68%	10.75%
Hubei Yadong	410	70	96	17.07%	23.41%
Hubei Yali	143	10	41	6.99%	28.67%
Wuhan Yadong	93	4	14	4.30%	15.05%
Wuhan Yali	124	4	74	3.23%	59.68%
Wuhan Yaxin	314	12	28	3.82%	8.92%
Sichuan Yadong	583	66	78	11.32%	13.38%
Sichuan Yali	117	13	40	11.11%	34.19%
Chengdu Yali	59	1	9	1.69%	15.25%
Sichuan Yali	57	4	14	7.02%	24.56%
Sichuan Lanfeng	426	24	32	5.63%	7.51%
Yangzhou Yadong	188	27	41	14.36%	21.81%
Taizhou Yadong	66	4	9	6.06%	13.64%
Shanghai Yali	40	9	33	22.50%	82.50%
Total	4204	398	673	9.47%	16.01%

Gender Distribution of New and Resigned Employees**Age Distribution of New and Resigned Employees**

Employee Diversity

The employees of Asia Cement (China) are much diversified, most of them are Han people, and some are from other ethnic minorities like Miao, Dong, Tibetan, Tujia, and etc.. In addition, the Company actively responded to the call of government and employed a total of 12 disabled people, solving the employment problem of the disabled in the surrounding areas and making certain contribution to the social harmony and stability.

Recruitment and Promotion, Equal Opportunities and Anti-Discrimination

Asia Cement (China) adheres to the principles of fairness, openness, impartiality and transparency, provides job seekers with equal employment opportunities regardless of their race, gender, nationality, age, belief, and etc. We widely attract excellent talents mainly through campus recruitment, network recruitment, talent market recruitment, staff referrals and other multiple channels, which makes the talent structure achieve diversification, specialization and rejuvenation.

Specific Measures of Human Resources in Asia Cement (China):

In terms of talent selection

We boldly recruited graduates who have no work experience

In terms of nurturing talents

We organised functional and group activities and made arrangements for outstanding employees to practice in Taiwan

In terms of employing talents

We made proper arrangements for employees and set up the system of rotation, remuneration, bonuses, and etc.

In terms of retaining talents

We selected locations to build staff community, provided quality living environment and carried out community activities for staff

In terms of talents development

We designed proper career plans for employees

Goals of Human Resources of Asia Cement (China):

Localisation

Greatly promote excellent cadres from the Mainland

Rejuvenation

Maintain the vitality and innovation of enterprises

Systematisation

Establish systems to nurture, protect and motivate employees

Integration

Human resources strategies that can be used for the whole Asia Cement (China)

In order to enhance the individual quality and capacity of employees, we fully mobilise the initiatives and enthusiasm of all employees by creating a fair, just and open reward and punishment, assessment and competition mechanism within the Company, and we also have in place the corresponding promotion system which will be improved continuously based on actual situations.

Operation of Labor Union

All companies under Asia Cement (China) set up labor unions according to the regulations, and all employees are members of the labor unions. The total union fees in 2017 were more than RMB3 million, and each union convened meetings and held parties from time to time.

3.2 Employees' Benefits

Regarding employees as the most significant asset, Asia Cement (China) expected to attract excellent personnel to join in the working team of the Company through competitive compensation package and in the market and committed to provide qualified working stage and challenging tasks to develop and lead a team which agreed with the Company's mission, prospect and core value and to achieve common success. In addition, to strengthen team building, create harmonious and good working atmosphere and strengthen the employees' centripetal force and cohesiveness to the enterprise, the Company carried out the philosophy of people-orientation, regarded taking care of the employees as its responsibility and always think of the employees.

Remuneration System

Company	Ratio of annual income of the highest paid individual to the average annual income of other employees	Ratio of percentage of increase in annual income of the highest paid individual to percentage of increase in the average annual income of other employees
Jiangxi Yadong	6.55:1	0.06:1
Jiangxi Yali	2.87:1	0.15:1
Nanchang Yadong	2.50:1	0.82:1
Nanchang Yali	4.16:1	0.17:1
Huanggang Yadong	3.86:1	0.12:1
Hubei Yadong	5.43:1	0.13:1
Hubei Yali	3.16:1	-0.23:1
Wuhan Yadong	2.27:1	0.00:1
Wuhan Yali	3.89:1	0.04:1
Wuhan Yaxin	4.19:1	0.06:1
Sichuan Yadong	5.76:1	0.07:1
Sichuan Yali	3.04:1	0.04:1
Chengdu Yali	2.28:1	-3.74:1
Sichuan Yali	4.22:1	4.83:1
Sichuan Lanfeng	4.78:1	0.20:1
Yangzhou Yadong	3.21:1	0.09:1
Taizhou Yadong	3.39:1	-1.31:1
Shanghai Yali	2.06:1	-4.04:1

Starting salaries of basic staff in each of business area of Asia Cement (China) were higher than the local minimum wage standard with the highest rate up to 1.53. In addition, the Company has set up a system to control minimum wage, by which the Company would make up the difference if the employees' salaries were lower than the local minimum wage standard due to frequent sick and personal leaves or decline in the performance of the Company, which was also agreed by the employers and employees in the labor contracts, and were carried out consistently in the payroll settlement system.

Company	Starting salaries of basic staff	Local minimum wage standard	Ratio
Jiangxi Yadong	1918	1470	1.30
Jiangxi Yali	1918	1470	1.30
Nanchang Yadong	1918	1680	1.14
Nanchang Yali	1918	1680	1.14
Huanggang Yadong	1918	1250	1.53
Hubei Yadong	1918	1500	1.28
Hubei Yali	1918	1500	1.28
Wuhan Yadong	1918	1750	1.10
Wuhan Yali	1918	1500	1.28
Wuhan Yaxin	1918	1500	1.28
Sichuan Yadong	1918	1260	1.52
Sichuan Yali	1918	1260	1.52
Chengdu Yali	1918	1260	1.52
Sichuan Yali	1918	1500	1.28
Sichuan Lanfeng	1918	1260	1.52
Yangzhou Yadong	2163	1890	1.14
Taizhou Yadong	2163	1890	1.14
Shanghai Yali	2268	2300	1.00

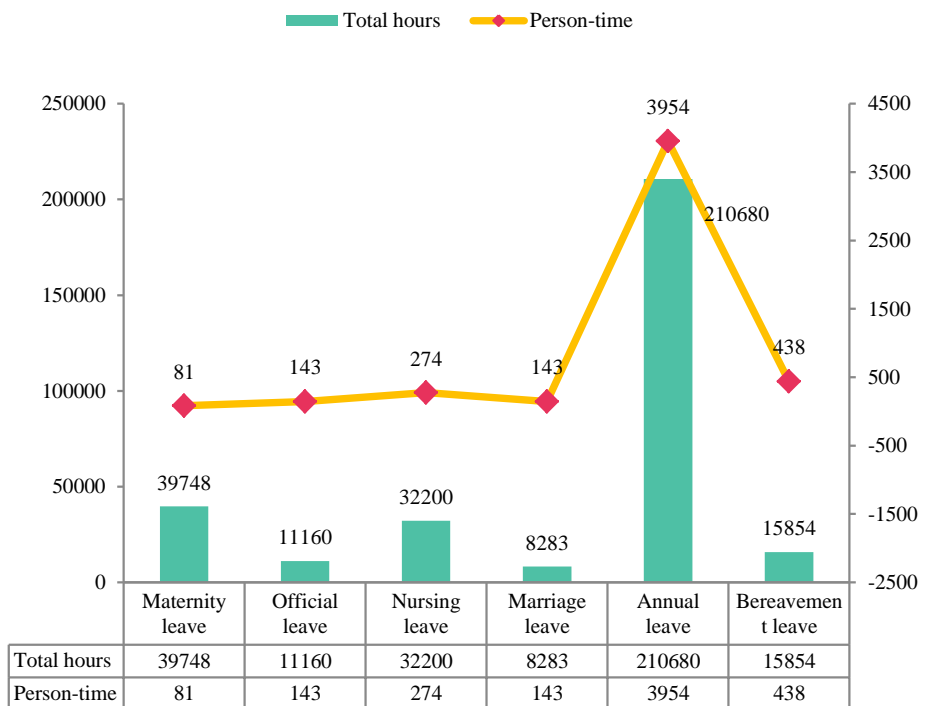
Staff's Retirement Welfare

Asia Cement (China) according to the “Interim Measures of the State Council on the Retirement and resignation of Workers”. Male employees aged at least 60, female employees (non-supervisors) aged at least 50 and female supervisors aged at least 55 could retire. A farewell banquet would be arranged by the Company for such employees when he/she retire. Senior management would present at the banquet and give souvenirs to the employees. Meanwhile, HR department would assist he/she in conducting his/her retirement procedures to ensure that such eligible retiree could receive national pension, and enjoy medical insurance and other benefits timely.

Leave System

Asia Cement (China) scheduled the staff's working hours according to the Labor Law of the people's Republic of China. Each employee were eight hours a day, total forty hours one week. The Company provided the employees with a flexible leave system whereby their holidays were not fixed on official holidays. Such employees who worked on official holidays due to jobs demand could have time off by the means of selecting time to leave by turns (compensatory leave). And for the part of working hours which the employees did not leave by turns, the Company would compensate them with overtime pay according to national regulations.

Person-time and Total Hours of All Kinds of Paid leave



According to the Labor Law of the people's Republic of China, all the employees of the Company could enjoy all kinds of paid leave such as maternity leave, nursing leave, marriage leave, annual leave, bereavement leave and sick leave. The Company stipulated that the employees with one year's service or above (including the working years in other units) were entitled to the annual leave according to the provisions. In addition, the employees who participated in various social activities for business also could ask for an official leave, which was also a paid leave.

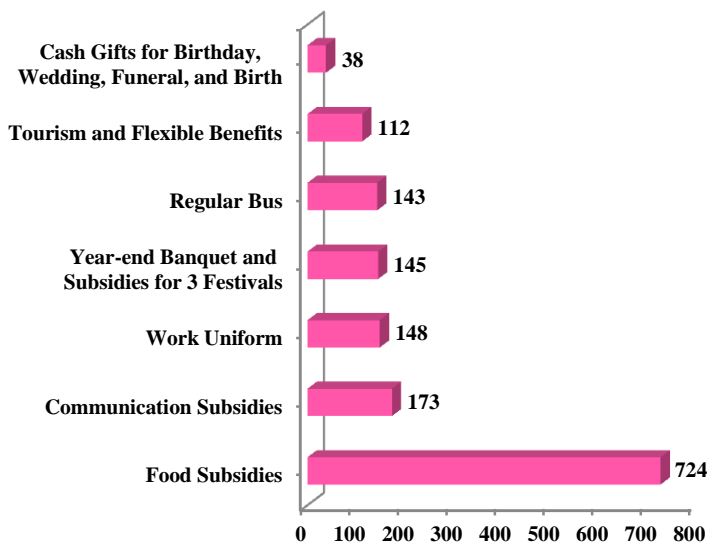
	Number of employees entitled to maternity leave/nursing leave	Actual number of employees asking for maternity leave/nursing leave	Number of employees returning to work after the maternity leave/nursing leave	Number of employees still on the job after 12 months subsequent to the maternity leave/nursing leave	The percentage of the employees returning to work after the maternity leave/nursing leave and keeping jobs
Maternity leave (Female)	495	81	79	74	98%
Nursing leave (Male)	3434	274	274	264	100%

Welfare for Full-time Staff

In order to comfort the employees' hard work and enrich their spare time, all subsidiaries of Asia Cement (China) have set up the Staff Welfare Committee (SWC for short) and formulated the "Measures for Operation and Administration of the Staff Welfare Committee", appropriating 1.8% of total amount of the staff's salary as welfare fund monthly for the matters related to the staff's benefits. In order to meet various needs, the "self-help benefits" system was officially introduced in 2017, by which the employees can choose such benefits on their own. The system was widely praised for its realization of the participation and benefits of all staff.

Employees of Asia Cement (China) can enjoy a variety of welfare programs. Common forms of welfare subsidies include: emergency assistance, condolence gifts, birthday gifts, etc.; leisure and entertainment programs include: club activities, entertainment facilities, leisure tour and other self-help benefits; other welfare: benefits for three national holidays, food subsidies, year-end dinner parties, and lottery, etc.

Statistical Chart for Various Welfare Subsidies
(Unit: RMB0'000)



2017 Year-end banquet in Jiangxi Yadong



2017 Year-end banquet in Sichuan Yadong



Basketball Friendship Match



Badminton Friendly Match

Various Club Activities

Each of the subsidiaries builds up various types of recreational facilities and regularly holds various kinds of spare activities such as all kinds of ball games, bridge and chess games, fishing and social parties, which enrich the staff's spare time and make their relationship more harmonious and closer to facilitate the construction of a more harmonious working atmosphere. In 2017, the Company invested a total of more than RMB40,000 in the above club activities.

To enhance the staff's centripetal force and cohesion force to the enterprise, the Company provides special welfare subsidies for the employees in daily life in terms of clothing, food, housing and transportation, improving their quality of life and job security.

Fun Travel Activities

Asia Cement (China) and its subsidiaries organise various staff travel activities on a regular basis. In 2017, there were over 911 enrolments for tours of different places, including Kunming, Suzhou and Xi'an.



Table of 2017 Travel Activities of Asia Cement (China) and Its Subsidiaries

NO.	Company	Activity description	Enrolment	Amount borne by the Company (RMB)
1	Jiangxi Yadong	5-day tour of Kunming Dali bi-flight and 1 way train (昆明大理丽江双飞一卧五日游)	110	47,100
2		4-day tour of Hangzhou Xitang, Suzhou (杭州西塘苏州四日游)	57	20,100
3		2-day tour of Wuhan Maya (武汉玛雅欢乐谷二日游)	104	30,870
4		2-day tour of Nanchang Wanda (南昌万达乐园二日游)	56	16,250
5	Huanggang Yadong	5-day tour of Xi'an (西安五日游)	49	18,100
6	Hubei Yadong	1-day tour of Shengtian Farm to enjoy maple leaves (胜天农庄赏枫一日游)	103	10,782
7	Hubei Yali	2-day tour of Three Gorges Dam (三峡大坝、三峡人家二日游)	40	11,918
8	Sichuan Yadong	1-day tour of Gexian Mountain Town of Self-service BBQ (葛仙山镇自助烧烤一日游)	163	7,600
9	Sichuan Lanfeng	Spring Tour of Begonia Garden on Women's Day (三八妇女节春游海棠园)	42	1,700
10		Climbing Qingcheng Mountain in early Winter (初冬登青城山)	89	6,200
11	Chengdu Yali	1-day tour of Mianyang Luofu Mountain Spas and Qiangwang Village (绵阳罗浮山温泉及游览羌王寨一日游)	51	11,780
12	Shanghai Yali	2-day tour of Suzhou Tree Mountain Spas (苏州树山温泉二日游)	47	30,430
Total			911	212,830

3.3 Training and Education

Systematic Training

To ensure sustainable development of the employees' career path and be in line with the development of human resources. Company continually held training based on levels and functions, and built and improved training system so as to develop a team of talents with both management and professional skills.

Channel for Management Positions

In order to establish a sound management system and in response to the market competition and challenge, the Company designed systematic promotion channel to management position for the employees, and developed a management echelon from basic to medium and senior with the implementation of all kinds of tanning and rotating.

Channel for Professional Technique Positions

Save for the promotion channel for management positions, the Company also strengthened the cultivation of professional technical personnel, provided promotion channel for technical positions for these employees to build the technical, project-oriented and advisor-oriented teams with technicians, engineers, administrators and specialists and provided corresponding training for their transition to management cadres.

Training System

To accelerate the training of personnel and meet the Company's operation requirement, the Company promoted the establishment of a sound training system. Currently, the training system built mainly includes on job mentoring training(teach, help and lead), intensive training for new comers, various professional skills training for corresponding positions, environmental protection and working safety training, TWI leaders training, medium supervisors' MTP training, industry exchange and participation in the Group's joint meeting in Taiwan and further study in colleges and universities. Total training hours of the Company in 2017 were 61,408 hours, total investment in training was over RMB2.7 million and training hours for each employee was approximately 16 hours with an investment approximately RMB688.

Major Project-oriented Trainings in 2017:

Category	Echelon Completed	Number of employees	Total length of time (day)	Expenditure (RMB0'000)
Intensive training for new comers	2	159	10	11
Team execution and QCC training	11	579	33	42
Elite class training	6	41	36	150
Participation in the Group's joint meeting in Taiwan	2	38	10	60



Company	Total training hours (Unit: hours)	Man-hour costs (Unit: RMB)	Training fees (Unit: RMB)	Total training fees (Unit: RMB)
Jiangxi Yadong	31648.0	520736.9	1630000.0	2150736.9
Jiangxi Yali	576.0	9477.5	0.0	9477.5
Nanchang Yadong	384.0	6318.3	0.0	6318.3
Nanchang Yali	3264.0	53705.9	0.0	53705.9
Huanggang Yadong	2880.0	47387.6	0.0	47387.6
Hubei Yadong	6144.0	101093.5	0.0	101093.5
Hubei Yali	768.0	12636.7	0.0	12636.7
Wuhan Yadong	960.0	15795.9	0.0	15795.9
Wuhan Yali	384.0	6318.3	0.0	6318.3
Wuhan Yaxin	672.0	11057.1	0.0	11057.1
Sichuan Yadong	7200.0	118469.0	27064.0	145533.0
Sichuan Yali	960.0	15795.9	0.0	15795.9
Chengdu Yali	96.0	1579.6	1410.0	2989.6
Sichuan Yali	288.0	4738.8	2300.0	7038.8
Sichuan Lanfeng	1728.0	28432.6	17826.0	46258.6
Yangzhou Yadong	2304.0	37910.1	13690.0	51600.1
Taizhou Yadong	384.0	6318.3	629.0	6947.3
Shanghai Yali	768.0	12636.7	0.0	12636.7
Total	61408.0			2703327.7
Average	15.6			688.0

Management of Employee's Occupational Skills and Lifelong Learning

In addition to systematical training, Asia Cement (China) also established independent libraries providing various relevant books about professional skills to encourage employees' self-study, improve their professional knowledge and skills and form a good habit of lifelong learning.

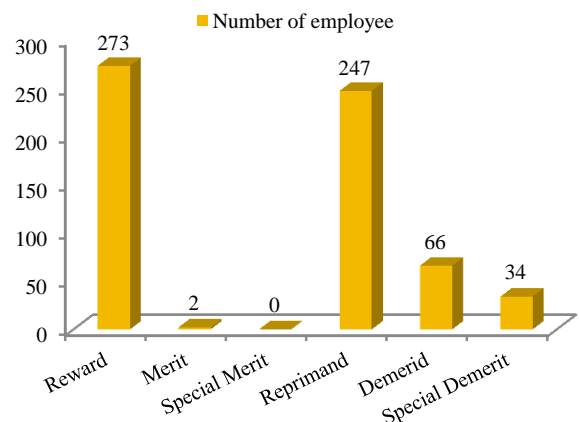
Save for the above, Asia Cement (China) will also arrange employees to be away from the positions to participate various trainings for certificates from time to time so as to help employees to obtain the relevant certificates, which will improve the qualification and image of the Company and employees' competitiveness in workplace.



A Sound Performance Management Cycle

To evaluate employees' performance and contribution objectively, encourage and find out their potential and strengthen their sense of competition and responsibility, Asia Cement (China) will assess the performance of each employee regularly every year to reflect the principle of rewarding the good and publishing the bad so that the overall efficiency of the Company can be improved. Moreover, each department also formulated Management Measures for Routine Assessment, pursuant to which the employees' daily behaviors would be assessed and accumulatively recorded and excellent employees would be rewarded by giving award or recording the merits which would be announced to the public. In 2017, the Company rewarded 273 employees, recorded 2 merits.

Statistics of Awards and Punishments



3.4 Occupation Safety and Health

Significance of Occupation Safety and Health

Staff is the most valuable fortune of a company. Asia Cement (China) has always upheld that only with healthy staff and safe working environment can produce reliable and safe products for customers. Therefore, Asia Cement (China) developed policies and goals for safety and hygiene management according to Safety Production Standardization Marking Scheme for Cement Enterprises (《水泥企业安全生产标准化评分标准》) to improve and manage staff’s healthy status, and we also introduced improved management system including conducting comprehensive risk assessment in workplaces and setting up various management systems and standards for safety practices in compliance with the decrees relating to occupational safety and hygiene such as Production Safety Law of the PRC (《中华人民共和国安全生产法》), which took safety as its basic requirement and by improving the working environment and mechanical devices (facilities) actively to ensure a safe and secure circumstance being created.



Management Policy on Hygiene and Safety

In terms of management policy on safety and hygiene, the Company has adopted the founding spirit of the Far Eastern Group of “Sincerity, Diligence, Thrift, Prudence and Innovation” to sincerely fulfill its corporate social responsibility and to abide by regulations to establish and improve management organizations and systems. It made risk assessment carefully to each operation, set up standard operating procedures and adopted appropriate safe construction approach. All employees are required to be involved in the system and to receive the training in order to attain the habit of safety as the first priority. Through the way of walking management, the Company is able to predict and to take appropriate measures in order to prevent the disaster from happening. It endlessly drives innovative R&D and improves safety measures to create a working environment of zero disaster in order to protect the safety and health of the laborers. A part of Asia Cement (China) organizational culture is to create a safe and healthy work place, thus, each employee feels safe working here.



A Complete Occupational Safety and Hygiene Management Organization and System

Organization of Occupational Safety and Hygiene

Each Companies of Asia Cement (China) have assigned unit and the staff to be responsible for occupational safety and hygiene management by law. Depending on the nature and number of employees of the business unit, an appropriate management system is introduced and implemented; each business unit has established a work safety committee by law, the general manager of each business unit acted as the chairperson, the members included the department head, professionals and staff representatives. The committee holds a meeting at least once each month to propose reviews to policies on safety and health, operational behavior, safety hazard, to form a perfect opinion. And according to the resolution to arrange the rectification work . Shanghai Yali is no disclosure as it has not set up a special work safety committee.

Composition Table of "Safety Production Committee" in the Places of Business				
Category Location	Chairperson	Number of manager and professionals	Number of staff representatives	Staff representatives ratio
Jiangxi Yadong	General Manager	72	20	22%
Jiangxi Yali	General Manager	13	4	29%
Nanchang Yadong	General Manager	7	2	22%
Nanchang Yali	General Manager	10	12	12%
Huanggang Yadong	General Manager	23	7	29%
Hubei Yadong	General Manager	38	9	20%
Hubei Yali	General Manager	10	22	19%
Wuhan Yadong	General Manager	8	12	22%
Wuhan Yali	General Manager	7	7	50%
Wuhan Yaxin	General Manager	25	15	60%
Sichuan Yadong	General Manager	43	11	21%
Sichuan Yali	Vice General Manager	6	2	28%
Chengdu Yali	General Manager	6	2	25%
Sichuan Yali	General Manager	5	9	20%
Sichuan Lanfeng	General Manager	15	6	40%
Yangzhou Yadong	General Manager	9	1	10%
Taizhou Yadong	General Manager	8	8	25%

Occupational Safety and Hygiene Management System

Each Companies of Asia Cement (China) have established a sound occupational safety and hygiene management system. And passed the certification of HOSAS18001: 2007 occupational health and safety management system of Beijing Guojian Lianxin Certification Center once each year. Or obtained a certificate of standard enterprise for work safety standardization issued by work safety supervision and management department every 3 years. Shanghai Yali is no disclosure, as it has not certified occupational health and safety management system and has not carried out the work of standard enterprise for work safety standardization.

Table of Occupational Safety and Hygiene Management System of Asia Cement (China)

Operation sites	Occupational safety and hygiene management system
Jiangxi Yadong	Work safety standardization secondary enterprise (building materials) Work safety standardization secondary enterprise (Non-coal mine) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Jiangxi Yali	Work safety standardization secondary enterprise (Road ordinary cargo transport)
Nanchang Yadong	Work safety standardization secondary enterprise (Industry and Trade)
Nanchang Yali	Work safety standardization secondary enterprise (building materials) Work safety standardization secondary transportation enterprise (Road ordinary cargo transport)
Huanggang Yadong	Work safety standardization secondary enterprise (building materials) Work safety standardization secondary enterprise (Non-coal mine) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Hubei Yadong	Work safety standardization secondary enterprise (building materials) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Hubei Yali	Work safety standardization construction level 3 standard enterprises in Transportation Enterprises
Wuhan Yadong	Work safety standardization secondary enterprise (building materials) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Wuhan Yali	Work safety standardization level 3 enterprises (Industrial and mining trade industry)
Wuhan Yaxin	Work safety standardization secondary enterprise (building materials) Work safety standardization secondary enterprise (Non-coal mine) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Sichuan Yadong	Work safety standardization secondary enterprise (building materials) Work safety standardization secondary enterprise (Non-coal mine) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Sichuan Yali	Work safety standardization level 3 enterprises (Road ordinary cargo transport)
Chengdu Yali	Work safety standardization level 3 enterprises (Industry and Trade)
Sichuan Yali	Work safety standardization level 3 enterprises (Industry and Trade)
Sichuan Lanfeng	Work safety standardization secondary enterprise (building materials) Occupational health & safety management system GB/T28001-2011/OHSAS18001: 2007 (Certificated by GJC)
Yangzhou Yadong	Work safety standardization level 3 enterprises (Building material cement)
Taizhou Yadong	Work safety standardization level 3 enterprises (Industry and Trade)

Collective Agreement Incorporated in the Norm of Safety and Hygiene

Jiangxi Yadong entered into Construction Safety and Hygiene Regulations of Contractors with contractors, in which the norm of safety and hygiene accounted for 56.5% of a total of 69 regulations, and the training for contractors will be conducted annually. It is a safety and hygiene norm for the group to obey.

Management Performance of Safety and Hygiene

Management of Plans and Appraisal of Performance

Asia Cement (China) manages its operational procedure under the direction of annual safety production guidelines, objectives and indicators and establishes safety production goals and appraisal standards of performance. The environmental protection and working safety department of the Company conducts regular inspection on each unit and evaluation monthly (including proactive and passive performance) and reports the effective implementation of each unit to the Production Safety Committee.

The Statistics of 2017 Occupational Safety and Hygiene Management Performance Appraisal of Asia Cement (China)

Company	Safety level	Material occupational disasters	Ordinary occupational disasters	Total working hours	FR	SR	FSI
Jiangxi Yadong	safe	0	5	2597760	1.92	58	0.33
Jiangxi Yali	safe	0	1	330000	3.03	45	0.37
Nanchang Yadong	safe	0	0	132000	0	0	0
Nanchang Yali	safe	0	1	256080	3.9	66	0.51
Huanggang Yadong	Ordinary	1	2	720720	2.77	7	0.14
Hubei Yadong	safe	0	2	1100880	1.81	10	0.13
Hubei Yali	safe	0	0	31680	0	0	0
Wuhan Yadong	safe	0	0	232320	0	0	0
Wuhan Yali	safe	0	0	132000	0	0	0
Wuhan Yaxin	safe	0	4	805200	4.96	138	0.83
Sichuan Yadong	safe	0	0	1539120	0	0	0
Sichuan Yali	safe	0	0	232320	0	0	0
Chengdu Yali	safe	0	0	139920	0	0	0
Sichuan Yali	safe	0	0	124080	0	0	0
Sichuan Lanfeng	safe	0	4	1119360	3.57	31	0.33
Yangzhou Yadong	safe	0	0	446160	0	0	0
Taizhou Yadong	safe	0	0	95040	0	0	0
Shanghai Yali	safe	0	0	139920	0	0	0
Total	safe	1	19	10174560	1.86	34	0.25

Note: The relevant formulas of assessing occupational disaster are as following:

FR (Frequency Rate)=times of disability injury \times 1000000/total working hours

SR (Severity Rate)=lasting days of disability injury \times 1000000/total working hours

FSI (Frequency-Severity Indicator)= $\sqrt{(FR \times SR/1000)}$

AR (Absence Rate)=(total sick leave hours+total injury leave hours+total personal leave hours)/total working hours \times 100%

Training of Occupational Safety and Hygiene Management

Asia Cement (China) has a highly-skilled occupational safety and hygiene management team. Every year, high-quality talents are introduced from colleges and universities, and a sound personnel training and incentive system has been established. Regular or irregular implementation of on-the-job education and training, selecting excellent supervisors and colleagues as the teachers, among which the technical director who has accumulated more than 50 years of experience in the production of cement plants personally lectured, effectively improved the awareness of safety prevention and production skills. In view of the low quality of the contractor's staff, it has formulated a safety "three-level education and training" tailored to it, organizing a review meeting on corporate security accidents (events), which was chaired by the general manager and chief deputy general manager, and attended by the on-site employees with ninth-grade positions or above. It publicized the concept of "safety first" and required all employees to strictly implement various safety management systems and accountability system.



Demonstration of Occupational Safety and Hygiene Management

On 25th October, 2017, Ruichang plant 2 of Jiangxi Yadong united exercise “Ammonia Leakage” comprehensive emergency response program and shared the rescue experience by manufacturing unit one, secretariat, guard, environmental protection and workers safety department, quality control unit.

Regarding to contractors: we treat workers from the contractors as our own staff. Besides of on-site inspecting and offering necessary guidance, we also provide relevant education and training to improve their safety and hygiene performance so as to reduce working accidents and health hazards.



Monitor and Improve the Environment of High-risk Workplaces and Significant Health-harming Workplace

Each plant of Asia Cement (China) had set up relevant safety and hygiene operation standards based on the risk assessment conducted in respect of the health-harming environment caused by noise, dust, drinking water and others, and monitors the environment internally and regularly engages external party to carry out environment monitoring and personnel health examination as required. There was no occupational disease as determined according to the regulations and the occupational disease rate (ODR) was 0% in 2017. In addition, we not only improve the environment safety but also provide essential harness in high-risk operational sites such as overhead, electric shock, scaffolding and flying objects. Educational training and danger prediction training were carried out to arouse employees' safety awareness so as to reduce unsafe behavior. We conduct examination inside the plant and daily on-site inspection and supervision to prevent the occurrence of harm effectively.



Occupational medical examination



Presentation of labor protection appliance



Safety education and training for new employees



Mobilization of special safety inspection

Operation Sites	Dust	Noise	High temperature
Jiangxi Yadong	535	79	54
Jiangxi Yali	0	0	0
Nanchang Yadong	29	29	0
Nanchang Yali	38	1	0
Huanggang Yadong	80	25	0
Hubei Yadong	255	255	0
Hubei Yali	0	0	0
Wuhan Yadong	79	43	42
Wuhan Yali	0	0	0
Wuhan Yaxin	244	244	0
Sichuan Yadong	323	317	0
Sichuan Yali	48	51	0
Chengdu Yali	10	10	0
Sichuan Yali	13	13	0
Sichuan Lanfeng	275	274	29
Yangzhou Yadong	27	72	0
Taizhou Yadong	20	20	0
Shanghai Yadong	20	0	0

Statistics of Occupational Disasters

Based on the important occupational disaster disabling statistics index announced by labor department and GRI G4, in the analysis of occupational hazard statistics, Asia Cement (China) selected Disabling Frequency Rate (FR), Disabling Severity Rate (SR), Frequency-Severity Indicator (FSI) and Attendance Rate (AR) as the basis (the data does not include traffic accidents outside of the plant).

2017 Asia Cement (China) Occupational Disaster and Attendance Statistics											
Operation Sites	FR			SR			FSI			AR	
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female
Jiangxi Yadong	2.16	0	1.92	65	0	58	0.38	0	0.33	0.05%	0.00%
Jiangxi Yali	3.21	0	3.03	48	0	45	0.39	0	0.37	0.04%	0.00%
Nanchang Yadong	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Nanchang Yali	5.05	0	3.9	86	0	66	0.66	0	0.51	0.07%	0.00%
Huanggang Yadong	3.03	0	2.77	8	0	7	0.15	0	0.14	0.01%	0.00%
Hubei Yadong	2.14	0	1.81	12	0	10	0.16	0	0.13	0.01%	0.00%
Hubei Yali	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Wuhan Yadong	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Wuhan Yali	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Wuhan Yaxin	4.47	7.42	4.96	128	186	138	0.76	1.17	0.83	0.10%	0.15%
Sichuan Yadong	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Sichuan Yali	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Chengdu Yali	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Sichuan Yali	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Sichuan Lanfeng	3.37	4.35	3.57	28	44	31	0.3	0.44	0.33	0.02%	0.03%
Yangzhou Yadong	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Taizhou Yadong	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Shanghai Yali	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Total	1.86	1.52	1.86	34	27	34	0.25	0.2	0.25	-	-
Subtotal	1.86			34			0.25			-	-

2017 Asia Cement (China) The Occupational Disaster and Attendance Statistics of “Laborers of Contractors”									
Operation Sites	FR			SR			FSI		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Jiangxi Yadong	0	0	0	0	0	0	0	0	0
Jiangxi Yali	0	0	0	0	0	0	0	0	0
Nanchang Yadong	14.56	0	11.47	437	0	344	2.52	0	1.99
Nanchang Yali	0	0	0	0	0	0	0	0	0
Huanggang Yadong	0	0	0	0	0	0	0	0	0
Hubei Yadong	0	0	0	0	0	0	0	0	0
Hubei Yali	0	0	0	0	0	0	0	0	0
Wuhan Yadong	0	0	0	0	0	0	0	0	0
Wuhan Yali	0	0	0	0	0	0	0	0	0
Wuhan Yaxin	0	0	0	0	0	0	0	0	0
Sichuan Yadong	0	0	0	0	0	0	0	0	0
Sichuan Yali	0	0	0	0	0	0	0	0	0
Chengdu Yali	0	0	0	0	0	0	0	0	0
Sichuan Yali	0	0	0	0	0	0	0	0	0
Sichuan Lanfeng	0	0	0	0	0	0	0	0	0
Yangzhou Yadong	0	0	0	0	0	0	0	0	0
Taizhou Yadong	0	0	0	0	0	0	0	0	0
Shanghai Yali	0	0	0	0	0	0	0	0	0
Total	0.19	0	0.16	6	0	5	0.03	0	0.03
Subtotal	0.16			5			0.03		

Note: The relevant formulas of assessing occupational disaster are as following:
FR (Frequency Rate)=times of disability injury × 1000000/total working hours
SR (Severity Rate)=lasting days of disability injury × 1000000/total working hours
FSI (Frequency-Severity Indicator))= $\sqrt{(FR \times SR/1000)}$
AR (Absence Rate)=(total sick leave hours+total injury leave hours+total personal leave hours)/total working hours × 100%

Employees' Health Promotion and Management

Health Check and Management for Labor

According to the rules of “Measures for the Administration of Occupational Health Examination” and “Law on Prevention and Control of Occupational Disease”, and for the purpose of enhancing the work of occupational health check to prevent and eliminate the occupational hazards and protect the health rights of workers, the health checks (to be accepted by employees on a voluntary basis) were offered to all employees for free by the Company before the post, during the post and upon leaving the post. A medical treatment or rehabilitation program will be proposed by the Company depending on employees’ examination reports and clinical situations, and the Company will arrange an appropriate work adjustment according to the actual situation. The number of employee of the Company who has accepted the health check is 3,685 during 2017, of which 3,242 were males and 443 were females, and the Company has invested a total cost of RMB610,992 in this regard.



Employee Health Promotion Activities

For enhancing healthy diet of employees, the Company operates its own cafeteria and restaurants to focus on hygiene and nutrition of food. In response to the food safety crisis, the Company will conduct examination or sample tests on each kind of food materials and send the same to quality control department for chemical examination every day, and the substandard food materials (such as excessive agricultural residues, etc.) will be returned to the suppliers. Furthermore, the Company will check the tap water of the living quarters every day to ensure the healthy water source.

Protection of Female Health

According to the Special Rules on the Labor Protection of Female Employees, the Company will arrange the appropriate work and make flexible adjustment for female employees to protect their rights. Female employees of the Company shall enjoy maternity leave (which in Jiangxi and Sichuan are 158 days, in Hubei, Jiangsu and Shanghai are 128 days) and breastfeeding leave (lactating women shall enjoy an hour of maternity leave every day, while those giving birth of more than one baby shall enjoy another one hour) according to the law, both of which are paid leave, and paternal leave shall be granted to men according to the state’s regulations.

Prohibition on Using Child Labor and Forced Labor

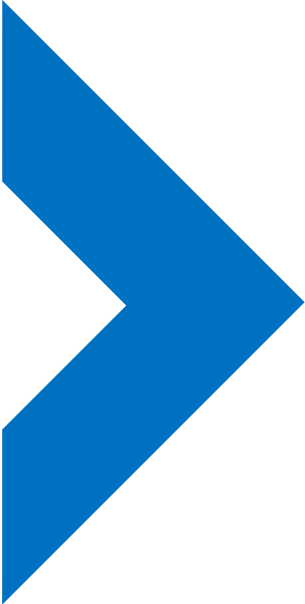
According to the "Provisions on the Prohibition on Using Child Labor" of the People's Republic of China, the Company will strictly inspect candidates' ID cards and implement the background check system during recruitment, and engage no minors under the age of 16, in order to protecting the physical and mental health of minors, to promote the implementation of compulsory education system, and to protect the legitimate rights and interests of minors.

For protecting the personal freedom of the employees, the Company has always been honest in labor employment, and thus the employees employed by the Company are all voluntary to be employed. The force and fraud in labor employment shall not be allowed.

Protection of Abnormal Work Hours and Workplace Violence

In order to protecting the physical and mental health of employees, the Company has formulated the "Rules of Employee Attendance Management" in accordance with the relevant laws and regulations such as the "Labor Law" and the actual management needs of the Company, stipulating that the on-site employees shall not work overtime for more than 36 hours each month, the administrative employees shall not work overtime for more than 15 hours each month, and the on-site employees cannot be arranged to work for 16 consecutive hours.

The Company is strictly prohibited from workplace violence. For the person coming to blows or the person having the activities of intimidation and coercion, committing violence or extending gross insults toward the responsible person of the Company in the workplace, the responsible person's family, the agents of the Company or other co-workers, the Company will terminate their employment contracts. In 2017, there was no incident involving fighting and assault between employees in the Company.



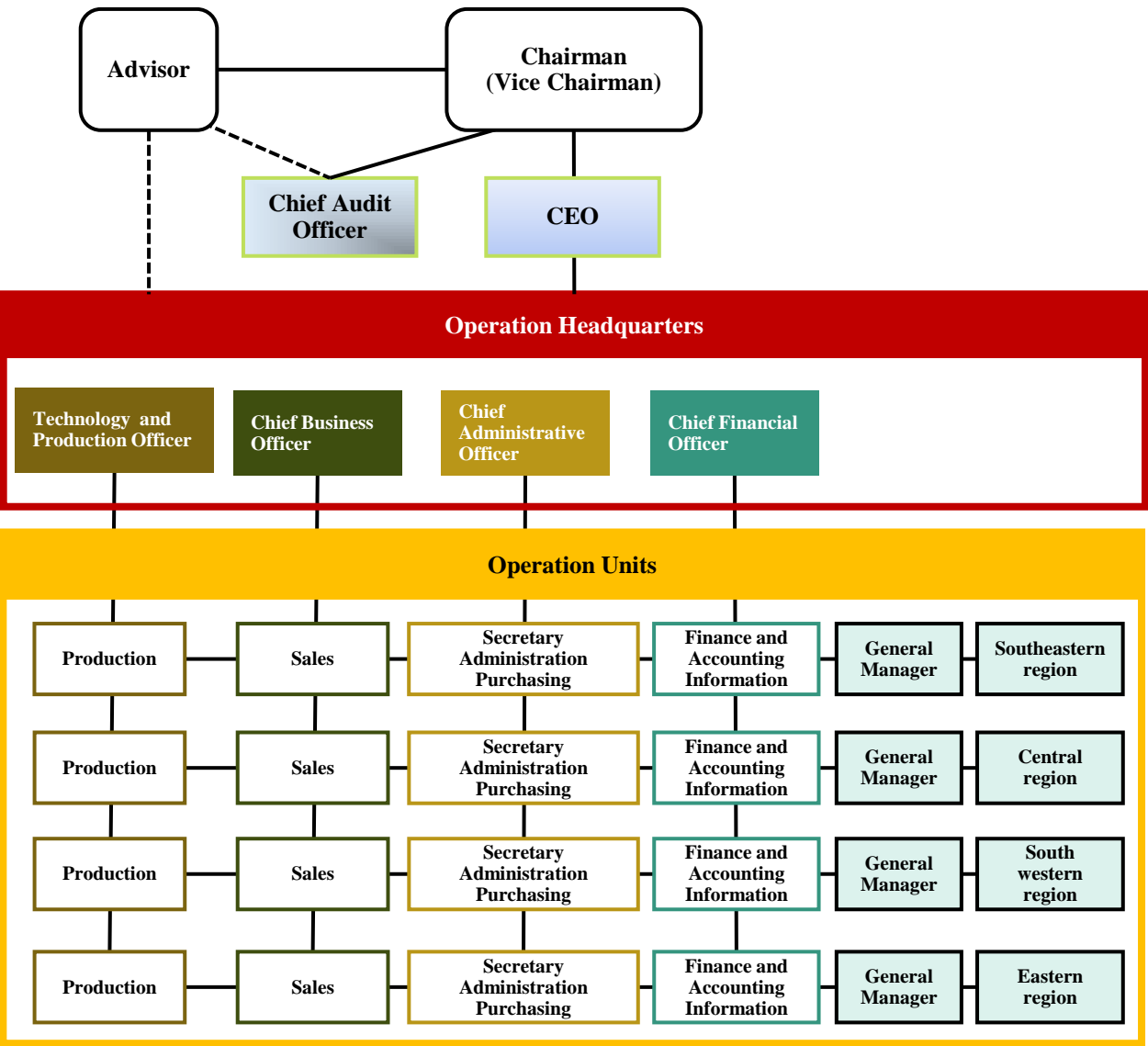
Sustainable Corporate Governance

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4.1 Governance Organization

Asia Cement (China) operates its business with the principal of sincerity and strives to improve the governance structure of the Company so as to perform its sustainable operating responsibilities. A healthy and efficient board is the governing basis to govern a company well. The Board is committed to maintaining high standards of corporate governance practices to safeguard the interests of the Company’s shareholders. Audit Committee, Remuneration Committee, Nomination Committee and Independent Committee were set up under the Board to assist the Board performing company governing rules. Company website have set up special column of investors’ relations as a pipeline of delivering and communicating information.

Management and Organization Structure of Asia Cement (China)



General Meeting

Asia Cement (China) holds general meeting annually as required and formulated improved rules of procedure to make sure all the events that shall be decided at general meeting are conducted in compliance with the rules of procedure. In accordance with the Listing Rules of Hong Kong, all resolutions proposed at general meeting shall be voted by a poll and the results of which shall be published on the websites of Hong Kong Exchanges and Clearing Limited and Asia Cement (China) as required by the Listing Rules.

The Board

The Board of Asia Cement (China) is its supreme governance unit and major operation decision-making center. The Company recognizes the importance of diversification of board members to the corporate governance and effective operation of the Board. The Company adopts the diversification policy for board members to ensure that the board members of the Company achieve proper balance in diversified aspects like skills, experiences and perspectives so as to improve the effective operation of the Board and maintain high standard corporate governance level. The Nomination Committee under the Board is responsible for identifying qualified persons to act as directors based on a series of diversified category and with reference to the Company's business model and specific needs.

The Board of Asia Cement (China) comprises 11 directors equipped with the knowledge, skills and attainment for their duties.

Information of Directors

Title	Name	Main Experience
Chairman	HSU Shu-tong	Chairman of Far Eastern New Century Corporation Chairman of Far EasTone Telecommunications Co. Ltd. Chairman of Far Eastern Department Stores Ltd.
Vice Chairman	HSU Shu-ping	Vice Chairman of Far Eastern New Century Corporation Director of Far EasTone Telecommunications Co. Ltd.
Executive Directors	CHANG Tsai-hsiung	Advisor of Asia Cement (China) Director of U-Ming Marine Transport Corporation Supervisor of Far Eastern New Century Corporation
	WU Chung-lih	CEO of Asia Cement (China) Chairman of Jiangxi Yadong Chairman of Huanggang Yadong Chairman of Yangzhou Yadong
	CHANG Chen-kuen	Chairman of Hubei Yadong Chairman of Wuhan Yadong General Manager of Jiangxi Yadong
	LIN Seng-chang	Chairman of Sichuan Yadong Chairman of Nanchang Yadong General Manager of Hubei Yadong
	WU Ling-ling	Deputy General Manager of Asia Cement (China) Chairman of Oriental Holding Chairman of Sichuan Lanfeng Chairman of Wuhan Yaxin
Independent Directors	TSIM Tak-lung Dominic	Non-executive Director of Playmates Holdings Limited Non-executive Director of Greater China Fund. Inc.
	WANG Wei	Former Vice President of China National Materials Company Limited Former Vice President of China Building Materials Federation Former Vice President of China Cement Association
	LEE Kao-chao	Former Director of Economic Research Department in Council for Economic Planning and Development Former Director of the Board of Taipei City Bank Former Independent Director of Asia Cement Corporations
	WANG Kuo-ming	Former President of Yuan Ze University Former President of Nan Kai University of Technology

Duty of the Board

Under the leadership of Chairman HSU, Shu-tong, the primary responsibility of the Board is to supervise, and through setting up various Committees thereunder, to improve the supervision and decision-making quality of the Chairman. The Board of Asia Cement (China) convenes at least one meeting every quarter to listen to the operation report and understand the issues encountered during the operation through conversations with the operating team, and if necessary, to urge the team to make some adjustment. The management and the Board of Asia Cement (China) maintain clear and good communication to execute instructions of the Board and business operations, to create the biggest interests for the shareholders together. Total 4 Board meetings were held in 2017 (As the right table).

Title	Name	Actual attendance	Actual attendance rate
Chairman	HSU Shu-tong	4	100%
Vice Chairman	HSU Shu-ping	4	100%
Executive Directors	CHANG Tsai-hsiung	4	100%
	WU Chung-lih	4	100%
	CHANG Chen-kuen	4	100%
	LIN Seng-chang	4	100%
	WU Ling-ling	4	100%
Independent Directors	TSIM Tak-lung Dominic	4	100%
	WANG Wei	4	100%
	LEE Kao-chao	4	100%
	WANG Kuo-ming	4	100%

Avoid Conflicts of Interest

According to current Board practice, any material transaction, which involves a conflict of interests due to a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Audit Committee

The committee members are appointed by the Board of the Company from non-executive directors, and the Committee shall act as the communication bridge for other directors, external auditors and internal auditors (if there was internal audit requirements) in connection with financial and other reporting, internal control, external and internal audit matters and other financial and accounting matters as determined by the Board from time to time and assist the Board to provide independent review in connection with the financial reporting procedures, internal control and the effectiveness of risk management systems of the Company and its subsidiaries, as well as supervise the audit process and perform other duties and responsibilities delegated by the Board.

The Audit Committee comprises Mr. TSIM Tak-lung Dominic (Chairman), Mr. HSU, Shu-tong, Mr. LEE Kao-chao. Two meetings were held by Audit Committee in 2017 and the attendance of members is as following:

Title	Name	Number of attendance	Actual attendance rate
Chairman	TSIM Tak-lung Dominic	2	100%
Member	HSU Shu-tong	2	100%
Member	LEE Kao-chao	2	100%

Remuneration Committee

The Committee comprises three members appointed by the Board of the Company and most committee members are independent non-executive directors of the Company. The Committee shall review and formulate remuneration structure policy for all directors and senior management of the Company, make recommendations to the Board for its consideration; consult the Chairman of the Board and/or chief executive officer or professional advices if necessary regarding to their remuneration proposals for other executive directors. The members of the Remuneration Committee are Mr. WANG, Kuo-ming (Chairman), Mr. HSU, Shu-tong and Mr. TSIM, Tak-lung Dominic. The Remuneration Committee convened one meeting in 2017 and members of attendance are listed below:

Title	Name	Number of attendance	Actual attendance rate
Chairman	WANG Kuo-ming	1	100%
Member	HSU Shu-tong	1	100%
Member	TSIM Tak-lung Dominic	1	100%

Nomination Committee

The members of Nomination Committee (which comprises three members) are appointed and removed by the Board ("Board"). The Committee shall review the structure, size and members (including skills, knowledge and experience) of the Board at least annually, and make recommendations to the Board in respect of any proposed changes to implement the Company's development strategy; identify individuals qualified to act as Board members and make recommendations to the Board on the selection and nomination of the individuals for directorships; assess the independence of independent non-executive directors; make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors (in particular the Chairman and chief executive officer). The members of the Nomination Committee are Mr. HSU Shu-tong (Chairman), Mr. TSIM Tak-lung Dominic and Mr. WANG Wei. Nomination Committee convened one meeting in 2017 and members of attendance are listed below:

Title	Name	Number of attendance	Actual attendance rate
Chairman	HSU Shu-tong	1	100%
Member	TSIM Tak-lung Dominic	1	100%
Member	WANG Wei	1	100%

Independent Committee

The Independent Committee comprises Mr. LEE Kao-chao (Chairman), Mr. TSIM Tak-lung Dominic and Mr. WANG Kuo-ming and shall convene at least one meeting annually. Its primary responsibilities include: reviewing all transactions among the Company, Asia Cement Group and Far Eastern Group to ensure that they are conducted on normal commercial terms and in the ordinary and usual course of business of the Group and if necessary, recommending the Board to correct such transactions or cancel them; establishing, where applicable, guidelines for management to follow while conducting continuing transactions among the Company, Asia Cement Group and Far Eastern Group; reviewing and assessing the ongoing relationships of the Company, Asia Cement Group and Far Eastern Group to ensure the Committee guidelines formulated as aforesaid being complied and maintaining such relationship being fair to the Company and analyzing and assessing any potential conflict of interests among the Company, Asia Cement Group and Far Eastern Group. The Independent Committee convened one meeting in 2017 and members of attendance are listed below:

Title	Name	Number of attendance	Actual attendance rate
Chairman	LEE Kao-chao	1	100%
Member	TSIM Tak-lung Dominic	1	100%
Member	WANG Kuo-ming	1	100%

4.2 Ethic and Honesty

Compliance with Ethic and Honesty and Anti-corruption

The operation concept of “Sincerity, Diligence, Thrift, Prudence and Innovation” of Asia Cement (China) has been deeply rooted in the mind of the employees. Sincerity represents open-hearted and zealous; diligence means hardworking and considerate; thrift is frugal and simple; prudence implies cautious and accurate. In short, “be honest, clear, inquisitive, and do the best” has become part of the corporate culture.

Code of Conduct of Purchase Business in Asia Cement (China)

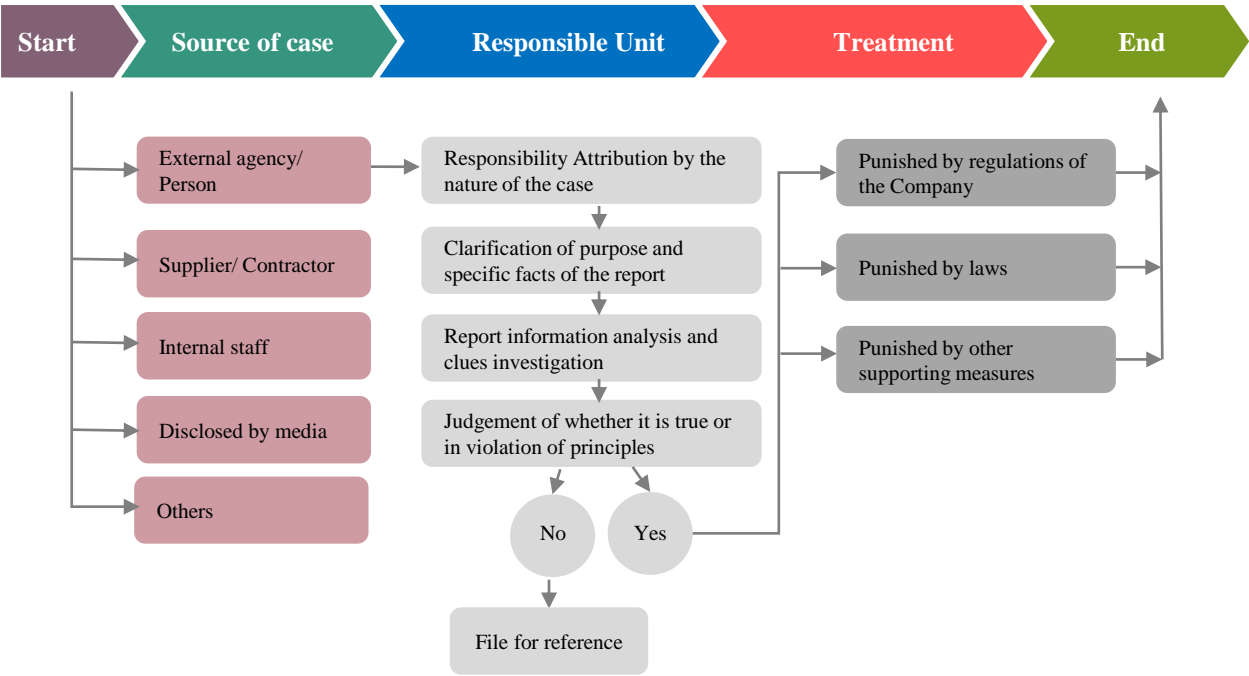
Article 5 (Appropriateness of Laws, Compliance and Anti-Bribery) 1. Personnel of purchase business shall develop the relationship with suppliers according to the laws, and comply with all applicable laws and regulations in the business operations. 2. Commitments of the personnel of purchase business to the suppliers must be legally authorized by the Company and shall not be made in the name of an individual. 3. Corruption and bribery are prohibited. All corruption and bribery shall be strictly handled in accordance with the relevant regulations of the Company, and the persons and matters involved in violation of relevant laws shall be referred to the judicial authority for disposal. 4.All staff are forbidden to ask for or accept any pecuniary or nonpecuniary benefit for themselves or for others from the clients or other persons, companies and institutions who have business contacts with the Company.

Code of Conduct of Business Personnel of Asia Cement (China)

Article 6 (Customer Exchanges and Report of Conflicts of Interest) 1. Business-related personnel shall avoid trading with clients who have record of dishonest conducts. When dealing with clients, they shall be made understood and respect the Company’s code of ethic and conduct, and will be required to provide written commitments stating that they do not engage in illegal business practices and will not provide unjust benefits or bribes to employees of the Company. When signing a contract, it is advised to establish terms of termination or dissolution of the contract in violation of good faith behavior. 2. When a client has a relationship of private interest with a business personnel or a close member of his/her family thereof, the business personnel shall report on his/her own initiative and follow the avoidance principle during the fulfillment of the business. Business personnel shall not sacrifice the interests of the Company in any way, and seek unjust benefits for themselves, the clients or anyone else.

Handling of the Cases of Reporting Illegal and Unethical or Dishonest Conducts

Auditing supervisor accepts the reports from employees, customers, suppliers and contractors of the Company. The ways of reporting include reporting in person, through phone calls and mails. They will ensure the person reporting the case and the content of the cases, and verify by independent channels.

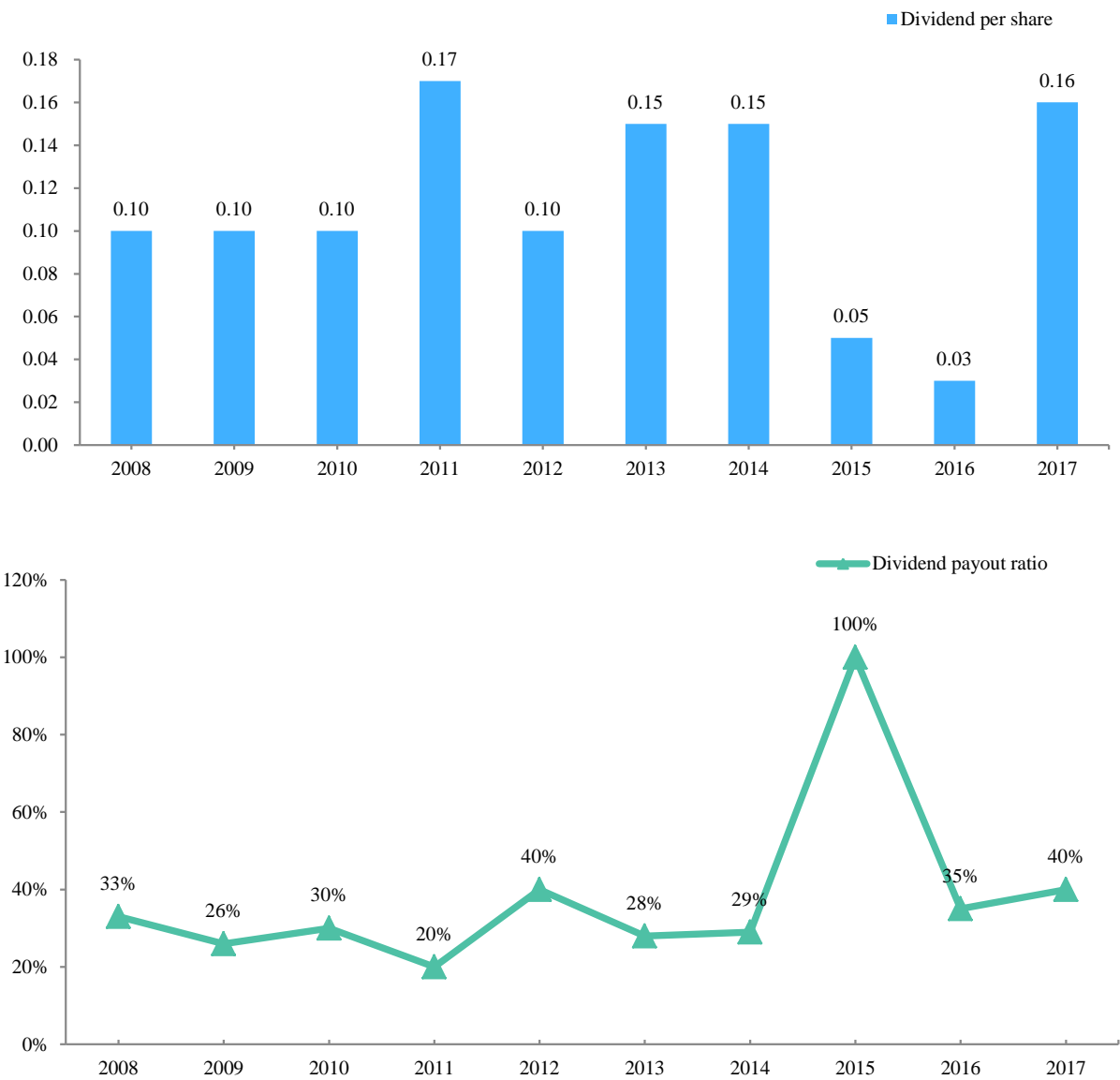


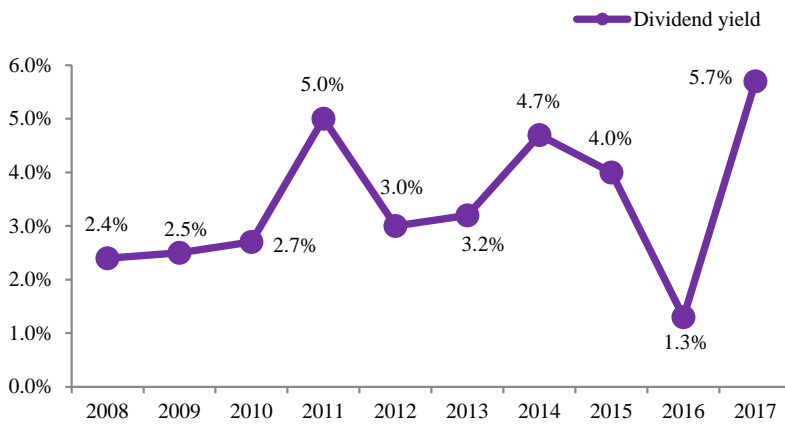
4.3 Economy Performance

The Company is one of the top 10 enterprises manufacturing cement and clinker in PRC and held leading market positions in certain regional markets such as Jiujiang, Nanchang, Huanggang, Wuhan, Chengdu, Yangzhou and so on. In 2017, sales volume of cement remained stable, and the overall profit level of the Company is significantly higher than that of 2016 as a result of rising prices in major sales regions since the steady progress of the supply-side reform policy in 2017.

Looking into the future, the company will adhere to its corporate culture of “Sincerity, Diligence, Thrift, Prudence and Innovation” in 2018. We will not only improve the traditional cement industry, simplify the workflow, improve the production and sales efficiency and reduce the overall running costs through the full use of advanced technology, but will also enhance the control of energy saving and emission reduction, respond to government policies in dealing with civic rubbish and sludge, actively fulfill corporate social responsibility and create green factory. As well as we will make a innovative enterprise by optimizing human resource, enhancing staff training, introducing advanced concept and management. Continuous improvement, enhancing, optimization, innovation, which will not only help lift the Company’s operation efficiency to a new level, but will also build the Company an international enterprise with sound foundation, profound culture and commitment to social responsibility.

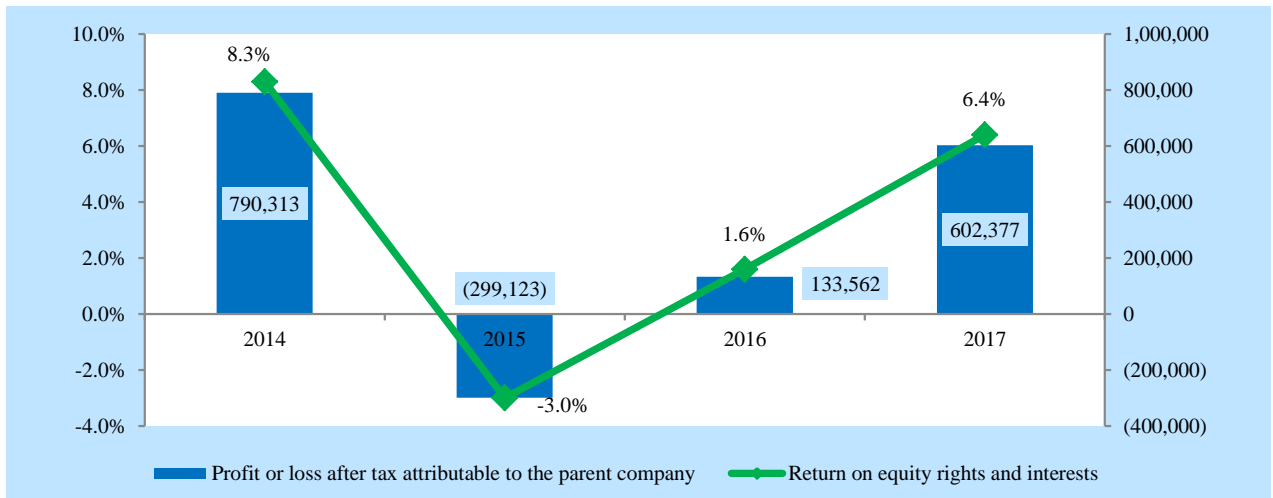
<financial performance (based on the combined financial statements)>





In 2017, Asia Cement (China) had distributable surplus of RMB 0.384 per share and distributed cash dividend of RMB0.155 per share, with dividend payout ratio of 40%.

The dividend payout ratio of Asia Cement (China) maintains at a high level of above 20% and the dividend yield ranges from 1.3%-6.0%. We create values for investors continually by adopting steady high dividend distribution policy.



Combined Financial Statements

The table below set out the combined financial statements of Asia Cement (China) from 2015 to 2017:

Item	Unit	2015	2016	2017
Operating revenue	RMB'000	6,391,165	6,338,152	7,815,527
Operating costs	RMB'000	5,434,903	5,088,000	5,905,183
Operating gross profit	RMB'000	956,262	1,250,152	1,910,344
Net operating profit	RMB'000	218,484	563,730	1,236,334
Non-operational balance	RMB'000	(465,819)	(233,408)	(251,504)
Profit before tax	RMB'000	(247,335)	330,322	984,830
Income tax expenses	RMB'000	45,375	179,364	348,627
Net profit for the current period	RMB'000	(292,710)	150,958	636,203
Surplus per share	RMB	(0.191)	0.085	0.384
Total assets	RMB'000	17,627,180	15,902,155	16,409,987
Total liabilities	RMB'000	8,056,254	6,267,007	6,199,603
Total equity	RMB'000	9,570,926	9,635,148	10,210,384

4.4 Development of Innovative and Sustainable Products

Asia Cement (China) actively explores cement production technologies that are environmentally friendly, energy-saving, carbon-reducing and high-quality, and develops new high-value-added products in the cement industry, and continues to reserve technological strength in the cement industry.

01

US ASTM Standard Type 25 Low Alkaline Cement for Export

Jiangxi Yadong actively responded to the national strategic plan of the One Belt One Road initiative. It has innovated to adjust the ingredients, and the processes of clinker firing and cement grinding with intensive researched and development, and successfully produced ASTM Type 25 low-alkali cement that met the requirements of US clients. The export of cement to US was successfully commenced through the supporting of Tongjiang Dahai storage and transportation facilities. In 2017, a total of approximately 290,000 tons of the above-mentioned cement products were sold and gained recognition from the clients.

02

Grade 42.5 Composite Silicic Acid Cement

Cement subsidiaries of Asia Cement (China) actively comply with the national cement supply side reform policy and continuously improve the product quality. After a lot of research on the innovation to adjust the cement ingredients and grinding process, they successfully produced high-grade PC 42.5 cement in line with the requirements of GB 175-2007 General Silicic Acid Cement Standard that partially replaced the low-grade PC 32.5R cement and is suitable for general industrial and civil buildings, construction mortar and subgrade engineering, masonry, mosaic marble, veneer tiles, ceramic tiles, etc. About 1.908 million tons of the above-mentioned cement products were sold in 2017 and gained recognition from the clients.

03

Concrete Gravel

Jiangxi Yadong actively integrates the existing resources, develops and mines high-magnesium limestone to produce crushed stone of 5~31.5mm that meets the requirements of the concrete industry and supplies commodity concrete companies to produce high-quality concrete and build beautiful China. In 2017, a total of more than 3.3 million tons of concrete were sold.



Yadong Cement's storage station of Taizhou transit port, seagoing vessel loading US ASTM Standard Type 25 low-alkali cement

4.5 Risks and Opportunities

Asia Cement (China) actively reviews all the risks and opportunities that the Company encounters. With complete risk management and appropriate crisis management, we can prevent the incident and take the opportunity to improve the operation mode. Meanwhile, we achieve long term risk management through achieving corporate sustainability.

Risk Levels and Responding Strategies

Risks

- 01 Cement industry is a mature traditional industry. The Company faced the challenges in 2017 against the backdrop of structure adjustment in cement industry, volatility in energy price as well as the effects of surplus in domestic industry and weaker market demand, coupled with operating costs pushed up by rising environmental protection awareness and carbon emission limitation. However, through market competition, the lead of government, self-discipline of corporates, control of new production capacity, high pressure for environmental protection, etc., the relationship between supply and demand has substantially improved.
- 02 The support of infrastructure construction and real estate investment in the first half of 2017 basically maintained the trend of peak season. In the second half of the year, due to environmental shutdowns, expansion of winter staggering peak production and limited supply, the traditional peak season in the fourth quarter led to the skyrocketing cement prices, driving up profits of the industry.
- 03 The capacity-reduction action plan of cement industry (2018-2020): The clinker production capacity will be reduced by 392.70 million tons in three years and the average utilization rate of cement production capacity will reach 70%. The concentration of national clinker production capacity of the top 10 enterprise groups will reach over 70%, and the concentration of cement production capacity will reach 60%.
- 04 To meet the requirements of Circular No. 34, we will strive to stop the production of 32.5 strength grade cement products in the first half of 2018.
- 05 Strengthen industry self-discipline, promote the enterprises to take the initiative to reduce production capacity, make joint efforts to promote the work of steady growth of building materials industry, structure adjustment, transformation and upgrading, cost reduction and efficiency improvement. Limiting the production and stopping the operation of kilns have become an important weight for the industry to balance supply and demand and profits.
- 06 It will not be possible to rely on full production and sales to increase the efficiency of rotary kiln operation. On the other hand, the supply and demand of the cement market will also become more stable, maintaining a positive of development for the operation, and providing opportunities for generating sustainable profits.

Responding

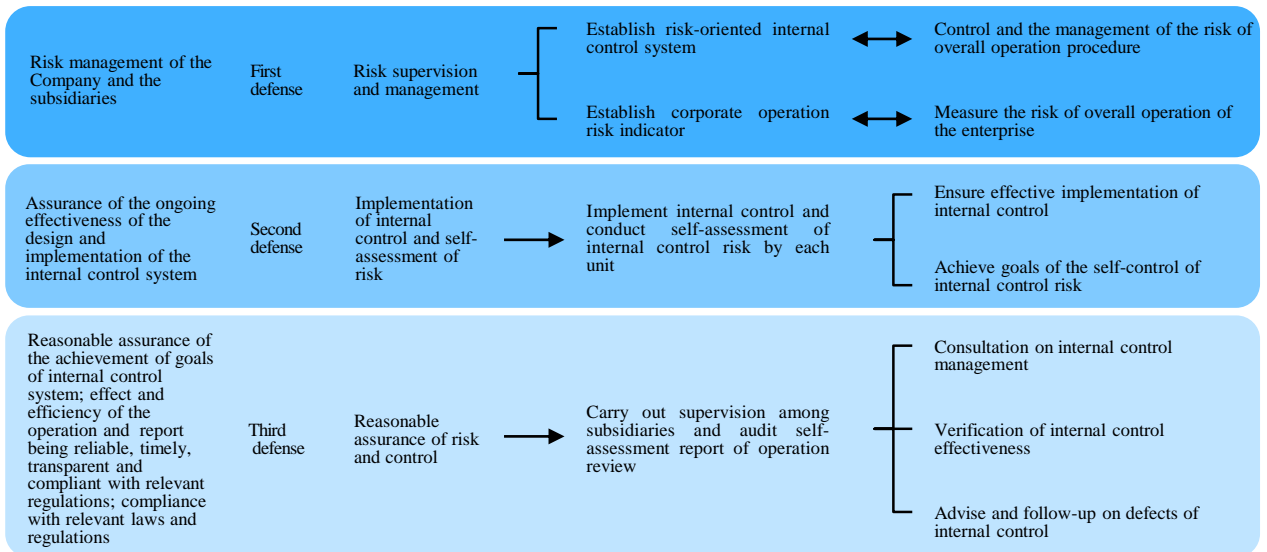
- 01 Domestically, we stabilized the market position, set up additional market shipping points in Nanchang and Jiujiang and reduced truck transportation, while enhancing the market share, strengthening the operation efficiency of current production, shipping, and marketing teams, and consolidating the channels of midstream and downstream.
- 02 We newly increased export sale channels, improved the production of rotary kilns and quality of clinker, and continued to select excellent target market, established production and distribution bases, and expanded customers to achieve the pre-determined goals of selling all products produced and making a stable profit.

Internal Control and Risk Management System

- 01 Effect and efficiency of the operation.
- 02 The report being reliable, timely, transparent and compliant with relevant regulations.
- 03 Compliance with relevant laws and regulations.

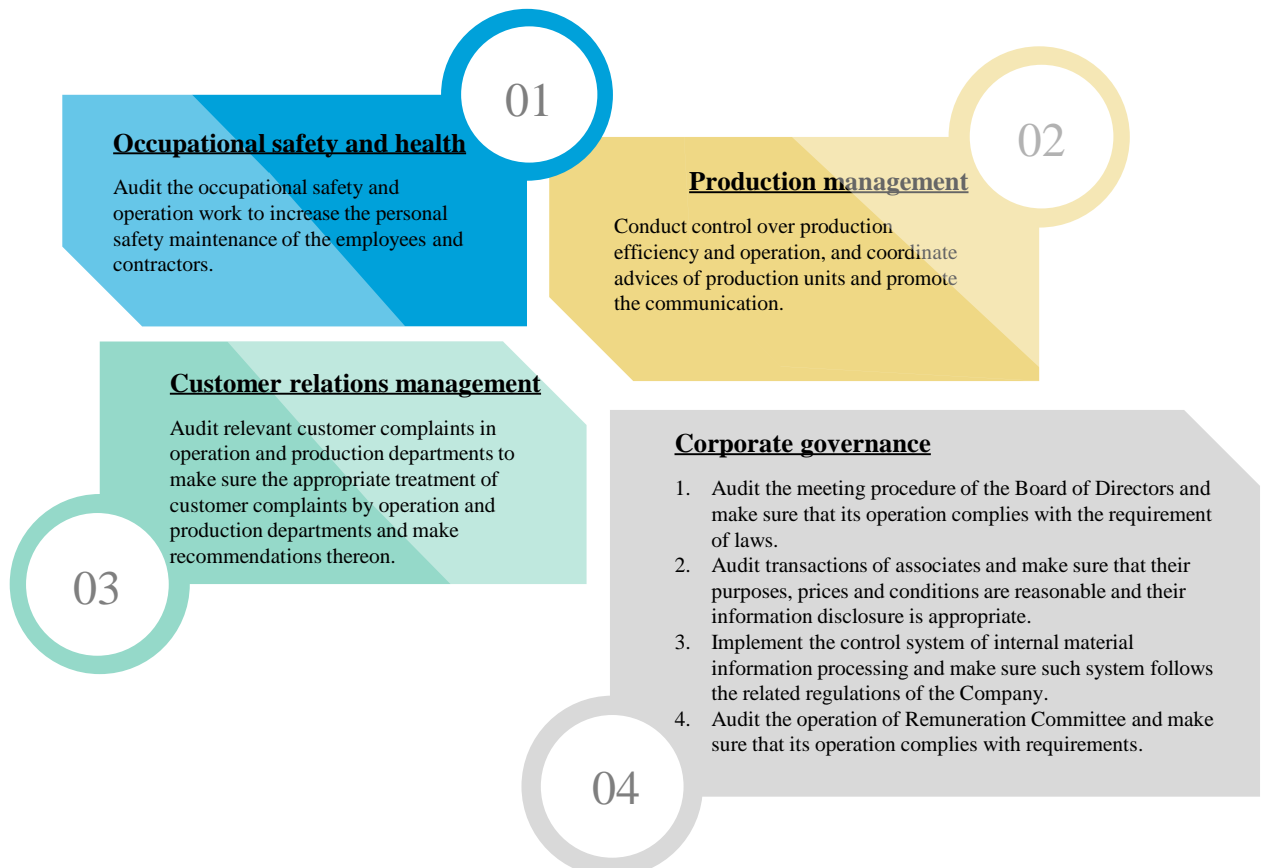
Goals of internal control and risk management system

Internal Control and Risk Management Framework:



Asia Cement (China) has specific audit department in charge of promoting and supervising the establishment of internal control system by each company for the purpose of maintaining an effective risk control; checking and assessing the effectiveness and sufficiency of internal control system in each company and supervising the effective implementation of internal control system; performing regular and special audit plans and following up the improvement on the defects and irregularities of the internal control systems of the companies under investigation to ensure the ongoing effectiveness of design and implementation of internal control system while maintaining and increasing the overall interest of the enterprise. The annual audit plan, audit report and corporate sustainability issues will be presented by Asia Cement (China) each year to the Board of Directors for approval according to the laws.

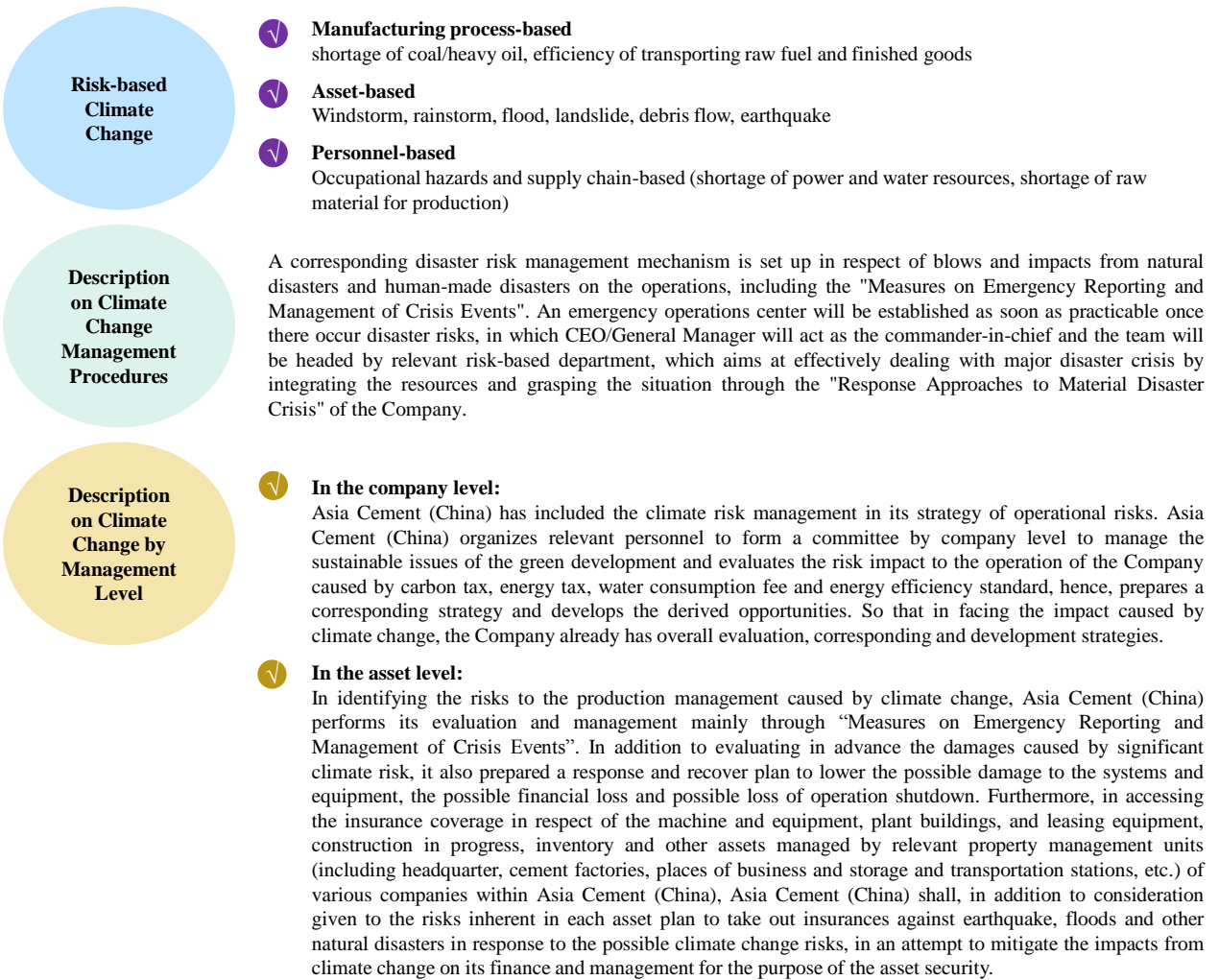
Audit Items of Risk Identification



Risks and Opportunities of Climate Change

Climate change is another issue that Asia Cement (China) pays great attention to, primarily including the identification and management of levels and procedures, three major basics for assessment of climate change adaptation as well as actual actions for climate change adaptation and mitigation.

Risks and Opportunities of Climate Change: Identification and Management of Levels and Procedures



Actual Actions for Climate Change Adaptation and Mitigation

1. Ongoing participation in the voluntary production reduction plan entered into between Ministry of Industry and Information Technology and associations.
2. Alerting of environmental protection and energy saving by the Company and plants to enhance the awareness of energy saving.
3. Active participation in carbon emissions trading and continuous promotion of energy saving and carbon reduction.
4. Being committed to the development and the promotion of innovative and sustainable product, including the promotion of high grade cement and other products like gravel, aggregate.

Mitigation

Adaptation

1. Formulation and corresponding implementation of "Measures on Emergency Reporting and Management of Crisis Events" and "Response Approaches to Material Disaster Crisis".
2. Continuous promotion of water resources management.

Three Major Basics for Assessment of Climate Change Adaptation: Risks and Opportunities

Regulation-based

Risks from all laws associated with climate change are one of the maximum short-term risks for an enterprise, which will also affect its strategic decisions on long-term investments. An analysis of possible material legal and financial impacts on the business and operations of an enterprise caused by current and future regulations has become increasingly important for climate change related information disclosure. An analysis of possible risks and opportunities for an enterprise caused in various regulatory contexts, such as the analysis on risks and opportunities from the regulations that are related to carbon costs and lead to an energy cost increment, is conducted by reviewing the policies formulated and expected to be formulated by the state in response to the climate change, including the restriction on pollutant emissions, energy efficiency standards, carbon emissions trading, process or product standards and mandatory participation in trading mechanism.

Physics-based

Scientists and other large groups have come to realize the physical effects in the nature of climate change, and have also made further prediction on their subsequent effects, including climate patterns, river water level warnings, changes on water resources and temperature. Therefore, a disclosure that physics is an indispensable important level is made in an overview of the Company's existing and potential physical risks in the nature arising from the serious exposure to direct and indirect climate change. Asia Cement (China) will analyze the extent of future impacts on Asia Cement (China) caused by extreme weather, and conduct the planning of action plan for identified risks, and seek derivative opportunities by discussing the experience of natural disasters that have occurred in the past and collecting the research results of government and academic units for the assessment of climate change in China.

Others

The failure of Asia Cement (China) to hold a positive attitude in facing and responding to climate change issues, to actively make an analysis on the impacts of climate change on its operations, and to make responding preparation well, will damage the Company's external reputation and weaken the confidence of investors, which may result in the losses. In addition, climate change will also cause changes on consumer demand, and a vain attempt to keep abreast with market trend that varies with climate change will make it impossible to capture derivative business opportunities under the influence of climate change.

Disaster Risk Management

Asia Cement (China) has established its disaster risk management mechanism for risk prevention and management, including “Measures on Emergency Reporting and Management of Crisis Events” and “Response Approaches to Material Disaster Crisis”, to avoid or reduce the potential personal injuries, damages to system equipment and property losses and losses from operating suspension. In addition to active participation in various drills organized by agencies at all levels, Asia Cement (China) has also conducted irregular disaster prevention and response drills, regularly mobilized employees to participate in fire drills annually to enhance their emergency response abilities, with a view of controlling accidents and eliminating hazards.



Emergency exercise of ammonia leakage in Jiangxi Yadong on October 25 2017.



Sustainable Company and Value Chain

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With the operation concept of “high quality, high efficiency, high environmental protection, and low cost,” Asia Cement (China) not only produces high quality products but also is proud of upholding the highest environmental standard and high efficient production. Besides the cement business, Asia Cement (China) also engages in marine transport and cement mix businesses. It endeavors to create the best value for the Company and biggest interest for the shareholders by integrating relevant resources in the multi-angle operation and to become the first choice partner for building sustainable green home.

5.1 Corporate Overview

2017 Significant Events

Dec

Huanggang Yadong

On 3 December 2017, Wuxue City Fire Brigade held the “Wuxue City Second Multi-form Fire Brigade Competition” (武穴市第二届多种形式消防队伍比武竞赛). During the competition, our full-time firefighters performed very well. Among the 25 participating teams, our team won four gold in five events, one bronze in one event and ranked “First Team” in the overall ranking.

Oct

Huanggang Yadong

On 15 October 2017, in the sixteenth national comparison of cement quality indicators of the “Hongchao Tech Cup” (弘朝科技杯) organized by the National Center for Quality Supervision and Test of Cement in October 2017, Huanggang Yadong was granted the award of “2017 Excellent Unit of Hongchao Tech Cup Sixteenth National Comparison of Cement Quality Indicators” (《2017年“弘朝科技杯”全国第十六次水泥品质指标检验大对比全优单位》).

Sep

Sichuan Yadong

On 20 September 2017, Sichuan Yadong was granted the medal of “2017 Chengdu Manufacturing Industry Top 100” (2017年度成都制造业100强) awarded by Chengdu Industrial Federation and Chengdu Entrepreneurs Association and ranked 71st.

Sichuan Lanfeng

On 20 September 2017, Chengdu Top 100 Enterprise Conference and Enterprise Development Summit Forum 2017 (2017成都百强企业发布会暨企业发展高峰论坛) initiated by Chengdu Enterprise Federation and Chengdu Industrial and Economic Federation was held in the Central Commerce Hall of Chengdu Financial Center. Sichuan Lanfeng was ranked 88th in the “Top 100 Private Enterprises in Chengdu” (成都民营企业百强) and received medals.

Jun

Huanggang Yadong

1) On 16 June 2017, Huanggang Yadong’s “Middle Bay Sandstone Mine” (中间湾砂岩矿), “Yuanyi Moutain-Xuejiachong Limestone Mine” (圆峙山—薛家冲石灰岩矿) and “Benji Mountain Limestone Mine” (畚箕山石灰岩矿) were respectively awarded the “Safety Production Standardization Second-level Enterprise” (安全生产标准化二级企业) certificate and plaque by Hubei Safety Supervision Bureau.

2) On 16 June 2017, Huanggang Yadong’s Cement Production Line obtained the “Safety Production Standardization Second-level Enterprise” certificate and plaque issued by the Hubei Safety Supervision Bureau.

Sichuan Lanfeng

On 30 June 2017, Sichuan Lanfeng Security Division, after selection, was selected as the “2016 Chengdu Ankang Cup Outstanding Team” (2016年度成都市安康杯竞赛优秀班组) and awarded a medal in the Ankang Cup, which was organized by Chengdu Federation and Municipal Safety Supervision Bureau, due to its excellent performance in team safety education training and previous fire drills.

May

Sichuan Lanfeng

On 22 May 2017, Sichuan Lanfeng was awarded the medal of “2016 Advanced Unit for Recruiting and Employing Disabled Persons” by the Disabilities Working Committee of the Pengzhou People’s Government

Apr

Huanggang Yadong

On 1 April 2017, Huanggang Yadong was honored as the 2016 Safe Production Excellence Unit in Wuxue City (2016年度武穴市安全生产优胜单位). Jiang Xiancheng, the director of excavation team, was awarded the 2016 Wuxue City Safety Production Model (2016年武穴市安全生产标兵).

Sichuan Lanfeng

1) On 21 April 2017, Sichuan Lanfeng’s “Lanfeng Brand Cement” was listed in the 2017 Chengdu Recommended Catalog of Local Famous Brand Products (2017年成都市地方名优产品推荐目录). The certificate was obtained on 21 April.

2) On 22 April 2017, Sichuan Lanfeng was awarded the medal of “2016 Star Enterprise for Tax” (2016年度纳税明星企业).

Mar

Asia Cement (China)

On 25 March 2017, China Cement Net (中国水泥网) announced the 2016 top 20 enterprises of national cement and clinker productivity in the China Cement Top 100 Awards Ceremony. Asia Cement (China) ranked 10th and was awarded the top 10 trophy.

Hubei Yadong

On 13 March 2017, in recognition of outstanding tax contributors in Wuhan Yangluo Economic Development Zone in 2016, Hubei Yadong ranked 3rd in paying taxes, and was awarded the title of “2016 Outstanding Tax Contribution Enterprise” (2016年度税收突出贡献企业), and the honors were publicized in the file numbered Wuyang [2017] No.6.

Sichuan Yadong

On 28 March 2017, the Municipal Commission and Government of Pengzhou City held the “2016 Annual Advanced Unit for the Promotion of Economic Development” and Sichuan Yadong was granted the “2016 Star Enterprise for Tax” medal.

Jan

Jiangxi YaLi

On 22 January 2017, Jiangxi YaLi was granted the medal of “2016 Advanced Unit for Road Traffic Safety Management” (2016年度道路交通安全管理工作先进单位) awarded by Road Traffic Safety Work Leading Team of Ruichang City.

Basic Information

Company	Asia Cement (China) Holdings Corporation
Employees	3,929 employees.
Paid-in capital	RMB9.7 billion
Establish date	March 2006
Listing date	2008 (stock code: 00743)
Main product and service	Different types of “Skyscraper” (“洋房牌”) cement and clinker manufactured by Asia Cement (China)
Chairman	HSU, Shu-tong
Director	WU, Chung-lih
Headquarters	No. 6 Yadong Avenue Ma-Tou Town, Ruichang City Jiangxi Province
Main operation sites of cement production	Jiangxi Yadong: No. 6 Yadong Avenue Ma-Tou Town, Ruichang City Jiangxi Province Huanggang Yadong: No.13 Tianzhen New Street Office of Tianzhen, Wuxue City Hubei Province Hubei Yadong: No. 66 Yadong Avenue Pingjiang West Road, Yangluo Economic Development Zone, Wuhan City Hubei Province Wuhan Yaxin: No. 12 Zhiwu Road, Lingang Village, Zhifang Street, Jiangxia District Wuhan City Sichuan Yadong: No. 66 Anpeng Road, Pengzhou City Sichuan Province Sichuan Lanfeng: Qinggui Road Middle, Guihua Town, Pengzhou City Sichuan Province Nanchang Yadong: Yifang Road, Changdong Industrial Park, Nanchang City Jiangxi Province Wuhan Yadong: No. 107 Chaoyang Road, Cihui Street, Dongxihu District, Wuhan City Hubei Province Yangzhou Yadong: No. 7 Gudu Road Bali Town Economic Development Zone, Yangzhou City Jiangsu Province
Production lines and capacity	Jiangxi Yadong has six production lines with an annual output of 11.70 million tons of clinker and 10.50 million tons of cement. Huanggang Yadong has one production line with an annual output of 1.68 million tons of clinker and 2 million tons of cement. Hubei Yadong has two production lines with an annual output of 3.40 million tons of clinker and 4.70 million tons of cement. Wuhan Yaxin has one production line with an annual output of 1 million tons of clinker and 1.50 million tons of cement. Sichuan Yadong has three production lines with an annual output of 5 million tons of clinker and 6 million tons of cement. Sichuan Lanfeng has two production lines with an annual output of 3 million tons of clinker and 4 million tons of cement. Nanchang Yadong has one cement mill with an annual output of 0.6 million tons of cement. Wuhan Yadong has two cement mills with an annual output of 2.30 million tons of cement. Yangzhou Yadong has three cement mills with an annual output of 2.30 million tons of cement. Total production capacity amount to 25.78 million tons of clinker and 33.90 million tons of cement.
Net sales	Clinker and cement sales volume: Asia Cement (China) 29,937,000 tons. Clinker and cement sales amount: Asia Cement (China) RMB 7,815 million.
Providing services market	Various types of domestic sales of cement and clinker covers Jiangxi, Hubei, Sichuan, Jiangsu, Shanghai, Hunan, Henan, Anhui, Zhejiang, Fujian, while some are sold for export to Singapore and the US.
Sales network	Fifteen sale offices in the PRC: Nanchang, Jiujiang, Ruichang, Shanghai, Wuchang, Hankou, Yangluo, Wuxue, Jiangxia, Xinzhou, Xiaogan, Chengdu, Pengzhou, Yangzhou and Taizhou sale offices. Number of distributors in the PRC: 329.
Main entities of the consolidated financial reports	This report disclosed entities as domestic operating companies includes: Jiangxi Yadong, Jiangxi Yali, Nanchang Yadong, Nanchang Yali, Huanggang Yadong, Hubei Yadong, Hubei Yali, Wuhan Yadong, Wuhan Yali, Wuhan Yaxini, Sichuan Yadong, Sichuan Yali, Chengdu Yali, Sichuan Yali, Sichuan Lanfeng, Yangzhou Yadong, Taizhou Yadong, Shanghai Yali.
Country and region	PRC

Participation in Association

Asia cement (China) has participated in all kinds of organizations in different ways in order to keep close contact with the community and seek for cooperative sustainable development apart from engaging in core cement industry. Main associations participated include:

Entity	Association	Identity
Jiangxi Yadong	China Cement Association (中国水泥协会)	General director
	Investment Association of Jiangxi Province (江西省投资协会)	Director member
	Jiangxi Association for Quality (江西省质量协会)	Director member
	Jiujiang Safety Production Association (九江市安全生产协会)	Ordinary member
	Safety Production Association of Jiangxi Province (江西省安全生产协会)	Ordinary member
	Ccement.com (中国水泥网)	Member
	SNSQW.com (水泥商情网)	Member
	Jiangxi Provincial Building Materials Association (江西省建材协会)	Director member
	Jiangxi Provincial Cement Association (江西省水泥协会)	Member
Nanchang Yadong	Nanchang Taiwan compatriots Investment Enterprise Association (南昌市台湾同胞投资企业协会)	Member
Nanchang Yali	Nanchang Concrete (Mortar) Association(南昌市混凝土协会)	Director
Huanggang Yadong	Wuxue Non-coal Mine Safety Production Association (武穴市非煤矿山安全生产协会)	Vice president
	Hubei Provincial Cement Industry Association (湖北省水泥工业协会)	Member
Hubei Yadong	Taiwan Asset Enterprise Association Wuhan (武汉台资企业协会)	Ordinary member
	Wuhan Association of Enterprises with Foreign Investment (武汉外商投资企业协会)	General director member
	Wuhan Xinzhou Enterprises Confederation (武汉市新洲企业联合会)	Vice president
	Hubei Provincial Cement Industry Association (湖北省水泥工业协会)	Vice president
	Hubei Provincial Circular Economy Association (湖北省循环经济协会)	Ordinary member
	Wuhan Association of Circular Economy (武汉市循环经济协会)	Ordinary member
Wuhan Yali	Wuhan Concrete (Mortar) Association (武汉混凝土协会)	Ordinary member
Wuhan Yaxin	Hubei Provincial Cement Industry Association (湖北省水泥工业协会)	Ordinary member
Sichuan Yadong	Sichuan Provincial Cement Association (四川省水泥协会)	Member
	Pengzhou Charity Association (彭州市慈善会)	Director
	Chengdu Taiwan compatriots Investment Enterprise Association (成都市台湾同胞企业投资企业协会)	General Vice president
Chengdu Yali	Pengzhou Construction Association (彭州建筑业协会)	Director
Sichuan Yali	Chengdu Concrete Association (成都市混凝土协会)	Member
Sichuan Lanfeng	Sichuan Provincial Cement Association (四川省水泥协会)	Director
	Chengdu Building Materials Association (成都市建材协会)	General director unit
Yangzhou Yadong	Jiangsu Provincial Building Materials Association (江苏省建材协会)	General director
	Yangzhou Building Materials Association (扬州市建材协会)	Vice director
	Yangzhou Concrete Association (扬州市混凝土协会)	Ordinary member
	Yangzhou Taiwan compatriots Investment Enterprise Association (扬州市台胞投资企业协会)	Vice president
Taizhou Yadong	Taizhou Taiwan compatriots Investment Enterprise Association (泰州市台湾同胞投资企业协会)	Member
Shanghai Yali	Minhang District Social Labor Security Association (闵行区社会劳动保障协会)	Ordinary member
	Shanghai Construction Engineering Inspection Industry Association (上海市建筑工程检测行业协会)	Ordinary member

5.2 Products and Services

Instruction on the Company's Identification of Skyscraper Brand Cement

Based on the operating philosophy of "high quality, high efficiency, high environmental protection and low cost", the Company has created an outstanding brand image for the "Skyscraper Brand Cement".



Asia Cement (China) has established production or dispatching bases in Jiangxi, Hubei, Sichuan, Jiangsu, Shanghai and so on for production and supplying to meet customer's needs. The Company has set up 15 business offices in total with sales network covering nine provinces and one city, detailed information of which as following: business office of Jiangxi Yadong locating in Jiujiang, Ruichang, Nanchang and Shanghai; business office for Hubei province locating in Yangluo, Xinzhou, Hankou, Xiaogan, Wuchang, Jiangxia, Wuxue; the business office for Sichuan province locating in Pengzhou, Chengdu; business office for Jiangsu province locating in Yangzhou, Taizhou. Each business unit is equipped with professional staffs for assisting sales and after-sales service, which has further enhanced the service efficiency of production and sales.

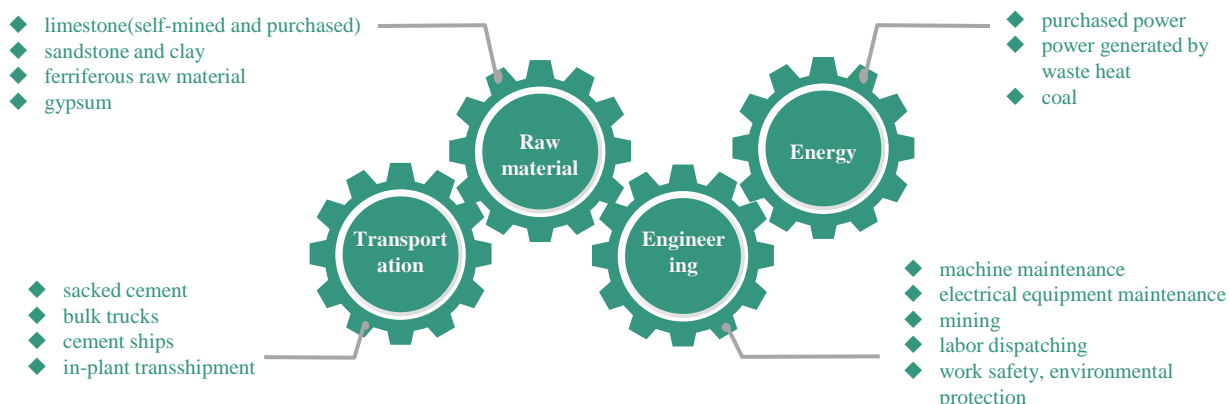
Sales Network of Asia Cement (China)



Business Presence of Asia Cement (China) (starting from the upstream of Yangtze River)

5.3 Supply Chain Management

Overview of Asia Cement (China)'s Supply Chain



Purchasing Division

Union purchasing division are organizations owned by Asia Cement (China) for the integration and sharing of purchasing resource information, whose functions are to process concentratedly the purchasing-related businesses of Asia Cement (China). The mission statement made by Union purchasing division is that: to become a professional procurement service team trusted by customers and suppliers to make expected contribution to the sustainable development of society and environment by integrating internal and external resources of the Company and strengthening the synergy function and with a target of 5Rs (Right time, Right item, Right price, Right volume, Right source), 3Ds (Deep in, Diversify, Do it as much as you can) and 1L (Incorruption) and taking environment friendly, low carbon, safe and energy-saving supply chain as a direction under the effective risk control.

Purchasing Division Requirements

Supplier Conduct Guidelines	Description of provisions
Compliance with regulations	Compliance is the basis of cooperation, pursuant to which no illegal workers are allowed and all incoming raw materials and all outgoing products shall be safe and pollution-free.
Data authenticity	All documents concerning transactions shall be authentic and valid, and no forgery.
Fair competition	The supplier shall not infringe our rights and interests through fixing the selling price alone or in collusion with others, bid-rigging, bundling and abuse of market dominance.
Honest and trustworthy	The supplier shall not attempt to offer employees of the Company and their relatives a bribe (including pecuniary or non-pecuniary interests) to gain improper interests. The supplier also shall not offer any gifts or treats to employees of the Company or their family members and relatives for the purpose of gaining unfair advantages, which may have an adverse impact on the business decision of the Company.
Interest relevance	The supplier shall disclose any potential conflicts of interest to the Company, and if any employees of the Company or their family members and relatives have any interest in the businesses with the supplier or any kind of economic relationships with the supplier, the supplier shall disclose such information to the Company.
Confidentiality of information	The supplier shall guarantee and maintain the confidential and proprietary information of the Company, and such information shall be used only for the purposes authorized by the Company.
Subcontract responsibility	Without the written approval of Party A, the supplier shall not engage subcontractors. The approved subcontractor or transferee shall issue a written consent of accepting this code, which is also applicable to them.
Communication and implementation	The supplier shall communicate this code to its employees and subcontractors and explain related rights and interests to them. The Company encourages its supplier to establish a management system in compliance with the requirements of this guideline. The supplier shall appoint a senior management to inform the Company of matters not in conformity with the provisions of this guideline on an ongoing basis.
Treatment for breach of guidelines	If the supplier breaches any guidelines above, the Company may, at its own discretion, retain the rights to suspend or terminate the procurement from the supplier due to all losses to the Company resulted from the breach of such guideline by the supplier.

Code of Conduct for Procurement Business

Personnel coverage	Refer to all procurement-related personnel in general.
General principles of self-discipline	Procurement activities must strictly follow the procedure and system standards required by Procurement Management Regulations of the Company and reflect the principles of fairness, impartiality and openness. The purchasing staffs are in charge of achieving the best overall value for the Company, selecting and determining the best suppliers, and ensuring each procurement activity and decision can bring the best benefit to the Company.
Conduct requirement	Maintain the legitimacy, compliance and anti-bribery to ensure a righteous procurement procedure and a professional procurement.
Conflict of interests	When the supplier has private interests with purchasing staff or their main relatives, the purchasing staff shall declare the same and fill in the “Declaration Form for Conflict of Interest” in an active manner, and follow the principle of avoidance during the implementation of business.
Interest acceptance	<p>All staff, no matter whether it is for themselves or for others, are forbidden to ask for or accept any pecuniary or non-pecuniary interests from the supplier or other persons, companies and institutions who have business contacts with the Company.</p> <p>The interests worthy of more than RMB100 or equivalents shall be accepted by the recipient under the name of the Company and with the approval of its direct first-level supervisor. “Declaration Form for Accepting Gifts and Presents” shall be filled in for declaration and subsequent treatment within five days after the acceptance occurred.</p>
Punishment for breach of code	<p>When discovering the breaches of this code, the staff of the Company shall report the same to first-level supervisor, internal audit supervisor or other appropriate supervisors in an active manner. The Company will keep the whistleblower and reported content confidential, and verification in this regard will be conducted by an independent channel. Those in violation of the code will be punished accordingly.</p> <p>An appeal system is set up for persons suspected of breaching this code to file an appeal and a request for relief accordingly.</p>

Requirements on Procurement Business

Standards on the rights and responsibilities of purchase requisition (and procurement)	Separation principle for design and contracting
There is a clear delineation of rights and responsibilities of “purchase requisition” and “procurement”. Suppliers may discuss the technical issues with the end-users, including assistance in drafting specifications, but they shall not discuss or disclose any business terms to the end-users.	If an supplier participates in the design or planning stages, it shall abstain from participating in the subsequent contracting works of the case.
Cost analysis	Uniform price
Suppliers shall provide the information on cost analysis at the request of the purchasing department when the costs of raw materials and materials or wages rise.	Suppliers shall not offer different prices for different end-users of the Company.
Procurement staff exchange	
The regular staff rotations will be carried out among the staffs from three procurement offices under the Company, and the staffs will be irregularly sent to the joint procurement center in Taipei headquarter for exchange learning.	

Supplier Management

When selecting suppliers, the procurement department will apply the principle of evaluation before management, to evaluate the suppliers with different types, trading amount and trading frequency. In terms of the evaluation, suppliers are requested to sign the agreement and the associated articles are stipulated in it to ensure the quality of the suppliers. The evaluations in terms of engineering, labour service and service are mainly for the engineering contractors.

To ensure the quality of service, we will set up an evaluation team composed by demand department, factory director and other specialists of supporting units (other than procurement department). Such team will make reference to the delivery or engineering service records, field evaluation and relevant qualification certificates in selecting suppliers, and will, based on the bad transaction records, lower the evaluation rating or rule out the suppliers by assigning violation points, and will strictly control the suppliers to whom we have made prepayment for purchases.

Description of Supplier Evaluation

1

We conduct annual evaluation on materials and engineering and semi-annual evaluation on raw materials with detailed records to rate them as "Grade A (outstanding)", "Grade B (qualified)", "Grade C (to be observed)" and "Grade D (ruled out)" as a basis for supplier selection.

2

The potential and existing manufacturing suppliers will accept relevant evaluations in terms of: 1. basic conditions such as legal validity of enterprise qualification, fixed places of business and the necessary property and funds; 2. manufacturing capacity such as lives of production equipment and product inspection equipment, automaticity, inventory records of finished goods as well as safety and hygiene equipment; 3. technical capacity such as sources of technology, average education level of technician, level of on-the-job training, proportion of R&D personnel of the Company; 4. quality control capacity and quality of current product transacted, timeliness of delivery and supporting services. In addition to the above, suppliers of engineering services will also accept relevant evaluations in terms of business management, accidents in the last year, contribution of five social insurances and one housing fund for employees as well as bad records over the past year.

3

A separate in-depth investigation will be conducted on suppliers rated as "Grade C (to be observed)", and a letter will be sent requesting an improvement once any poor condition is discovered. Suppliers rated as "Grade D (ruled out)" cannot be admitted to qualified suppliers within two years, and a letter will be sent to inform the cancellation of supply qualification.

4

The suppliers to whom we have made prepayment for purchases are strictly controlled, and are required to, among others, provide equivalent performance bond and retention fund, to mitigate the purchasing risks.

2017 Evaluation Planning for Raw Material Suppliers

The evaluation to suppliers is based on 3 aspects, including (1)quality control-price-regulation; (2)manufacturing-technology-relationship; and (3)level of cooperation-after sales-reputation.

Quality Control-Price-Regulation

- Quality conformity rate-return rate
- On-time delivery rate
- Provision of reasonable price
- Green environment protection/social responsibility
- Labour condition and environment complying with regulations

Manufacturing-Technology-Relationship

- Manufacturing capability/terms and degrees of automation of manufacturing equipment
- Technology capability/proportion of R&D personnel of the Company, technicians' average education level and on-the-job training
- Quality control capability/inspection of the raw materials in or out the factory and finished products, records of production quality control, establishment and implementation of standards

Level of Cooperation-After sales-Reputation

- Level of cooperation-Speed of cooperation in settling when occurred problems
- After sales service
- Financial status and cash flow capability

Encourage Green Procurement

By collecting information, promotion and product procurement, we give priority to elect and use green products, promoting the corporate and supply chain partners to implement green procurement through specific green procurement actions, in order to drive the sustainable development of the green and eco-friendly industrial chain.

Open Intelligent Procurement

Adhering to the Group’s guiding principles of “Integrity, Diligence, Thrift, Prudence and Innovation”, the Company meticulously addresses various issues to pursue an innovative, modern and intelligent procurement system operated under a centralised platform by gathering procurement intelligence, leveraging the long-term benefits of centralised management and flexibility of local branches, as well as sharing resources. With this system, the Company maximises cost efficiency, while upholding integrity.

5.4 Customer Service

Asia Cement (China) has a professional service team, whose duty is to understand customers’ needs and provide professional assistance and technical support in real time, as well as more diversified services. For assuring our customers, we have taken the following measures:

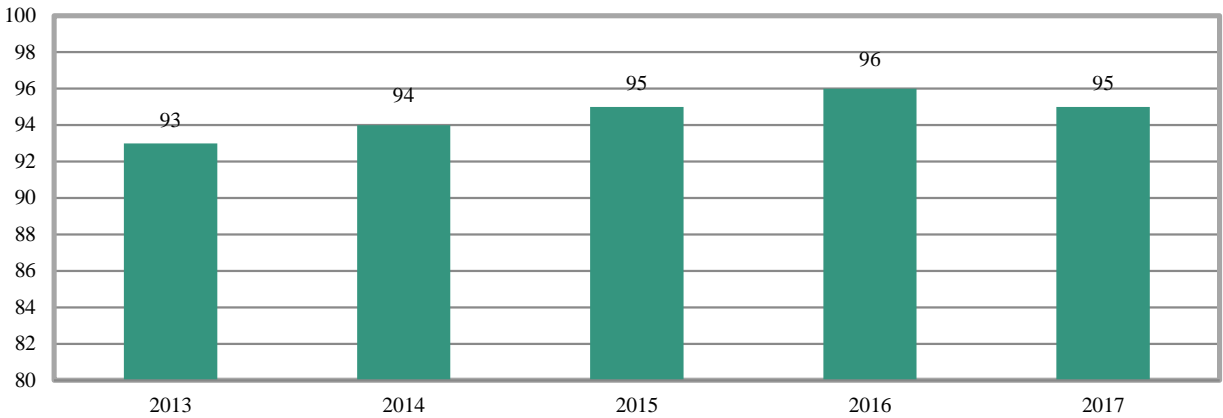
The most complete production and sales network	The Company’s sales layout covers vast areas including Sichuan, Hubei, Jiangxi, Anhui, Zhejiang and Jiangsu. The Company has also established manufacturing plants, grinding stations, storage depots and sales outlets in all areas, and provides professionals assisting sales and after-sale services. The production and sales network makes production and sales services more efficient.
The most convenient transportation route	Along the Yangtze River transportation route, we support the domestic transportation dispatch and provide customers with convenient and fast delivery services through the whole year. And we exploit international frontier for overseas sales.
Customised solutions	The Company’s salespersons irregularly visit customers to understand their demand and propose customised solutions.
Full - service	Professional team with an attitude of excellence to provide better service and create higher economic benefits for customers.
Professional inspection service	Ensure the quality of products and assist customers in handling technical services such as cement, clinker, mineral powder, concrete and other materials, laboratory analysis, etc., Huanggang Yadong obtained <2017 ‘Hongchao Science and Technology Cup’ the 16 th National Comparison of Cement Quality Index Inspection with fully superior unit>. The lab was equipped with various advanced instruments for research and development and for improving cement quality to increase the added value of “Shyscraper” (洋房牌) cement used by customers. And we arrange customers to visit the factory, so that customers can understand the production process of cement industry and environmental protection measures of the factory, and have a deeper understanding of the Company.

Customer Satisfaction

Professional service and excellent product quality satisfying customers’ demand are the keys to corporate success. Therefore, Asia Cement (China) establishes a customer-oriented quality system and operation concept. With objective supervision system, we evaluate customers' satisfaction to the products or services in order to understand the gap between customers' demand and expectations. This will be used as the reference for operation and achieve the goal of corporate sustainable operation. Each business unit of Asia Cement (China) conducts two surveys on customer satisfaction every year. It is a paper questionnaire survey with four sections (A. product quality; B. service quality; C. convenient delivery; D. performance of contract). Each question is scaled with good (35-31 points), better (30-26 points), average (25-21 points) and bad (20-0 points). The survey will be added up, integrated, and analysed when the questionnaire was completed. The business unit will review opinions proposed by customers, make responding measures and improvement. The return rate of 2017 customers' satisfaction survey conducted was 100% and the customer satisfaction score was 95 points. However, Asia Cement (China) will still keep excelling and improving products and services in order to provide better services and quality.

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graph TD; A((Product quality)) --- B((Service quality)); B --- C((Convenient delivery)); C --- D((Performance of contract)); D --- A; A --- E((Customer satisfaction survey items)); B --- E; C --- E; D --- E
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Asia Cement (China) Customer Satisfaction Survey

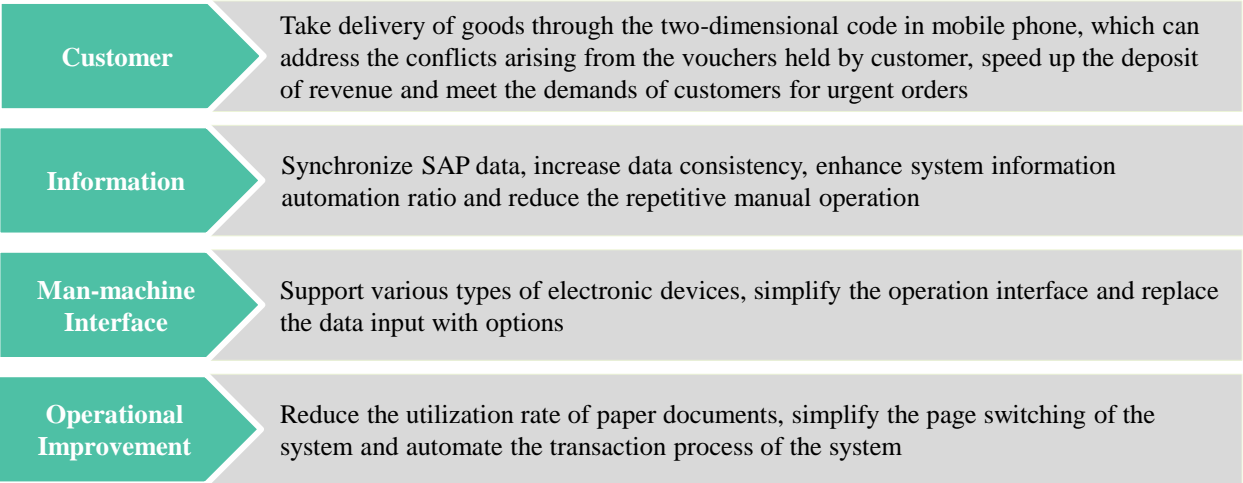


The Percentage of Recycling Products and Packaging Materials

There are two types of packaging for cement shipping, the bulk and the bag types. For Asia Cement (China), most of the package is bulk type. In 2017, the percentage of bulk cement package was 81% of the total shipment, the bag type was only 19%. The material of cement bags of Asia Cement (China) arrives at the national quality inspection standards, which can be recycled and reused to reduce the contamination to the environment. By selling to constructor by distributors and processed by contractor on the site, the bag type of cement is used to collect wastes in the construction site to effectively reduce the damage to the environment.

Ordering System Based on Mobile APP

In order to improve customer’s convenience and satisfaction of placing orders, Asia Cement (China) has developed an ordering system based on mobile APP that integrates the architectures such as customer, man-machine interface, information flow and operational improvement to provide customers with fast and satisfactory services.



Protection of Customer Privacy

Asia Cement (China) attaches great importance to customer privacy and will be responsible for the confidentiality of the information provided by the customers in business dealings. In order to make customers having dealings with the Company without worries and avoid divulge of business information, the Company strictly requires all colleagues to comply with the Company’s relevant confidentiality requirements. In addition, documents with confidential information due to business dealings should be destroyed on a regular or immediate basis, depending on their confidentiality.

In 2017, Asia Cement (China) had neither any cases related to violation of customer privacy, nor had any fines related to violation of product regulations.



Sustainable Issues Management and Engagement

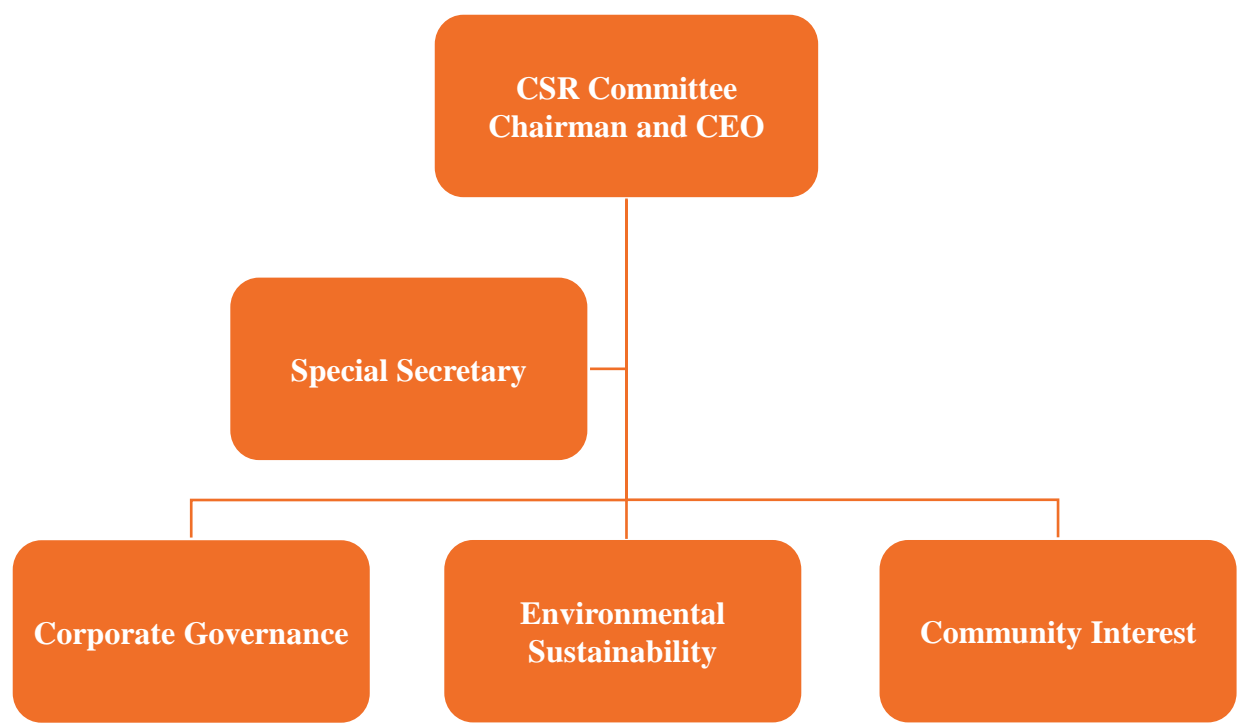
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Sustainability Issues Management

To ensure the implementation of the sustainable development, Asia Cement (China) set up a functional corporate sustainability committee (CSR Committee), in which CEO acts as the chairman and the secretarial department acts as the advisor and executive unit which is responsible for the operations, project coordination and information collection of the committee. The CSR Committee is the highest level of corporate sustainability organization within Asia Cement (China), members of which include heads of each department within operation headquarters and representatives of subsidiaries. Asia Cement (China) will conduct an investigation on sustainability issues and an identification of material considerations by the questionnaire survey and cooperation with CSR committee, and will achieve stakeholder engagement through various channels to actually respond to material issues and the requests of stakeholders for the purpose of sustainable issues management and the sustainable operations of Asia Cement (China).

Structure Chart of CSR Committee



6.1 Fulfill Sustainability Strategies

Corporate Social Responsibility Policy

To perform corporate social responsibility and improve the balance and sustainable development among economy, society and environmental ecology, Asia Cement (China) actively implemented and improved company governance, developed sustainable environment, safeguarded social benefits and strengthened the disclosure of corporate social responsibility.

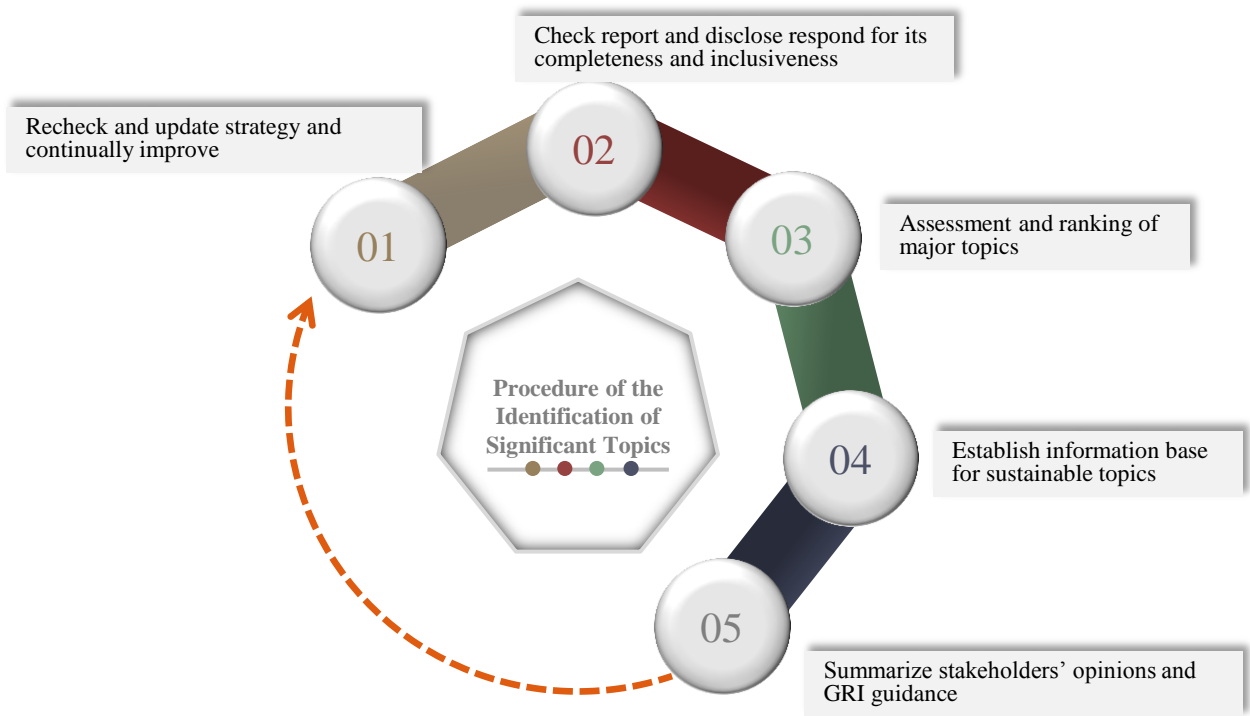
The Operation Mode of Asia Cement (China)’s Corporate Sustainability Report Committee

CSR Committee operated based on a management mode of “P-D-C-A”(Plan-Do-Check-Act) to identify stakeholders and collect and check the topics concerned by the stakeholders. To ensure the implementation of each major topic and the progress of goal achievement, CSR Committee would regularly conduct the discussion for the significant topics on economy, society and environment, the progress of goal achievement in each department and contemplation of future direction, and summarize relevant information on the achievement, the result of the Stakeholders Engagement and matters discussed and proposed by the CSR to the Chairman for review and submit the report to the Board of Director for report and confirmation.

6.2 Significant Topics Identification

Procedure of the Identification of Significant Topics

This report used the analysis procedure of the material aspects as a method to identify the sustainability topics concerned by the stakeholders and regarded it as the reference basis for information disclosure to achieve the goal of effective communication.

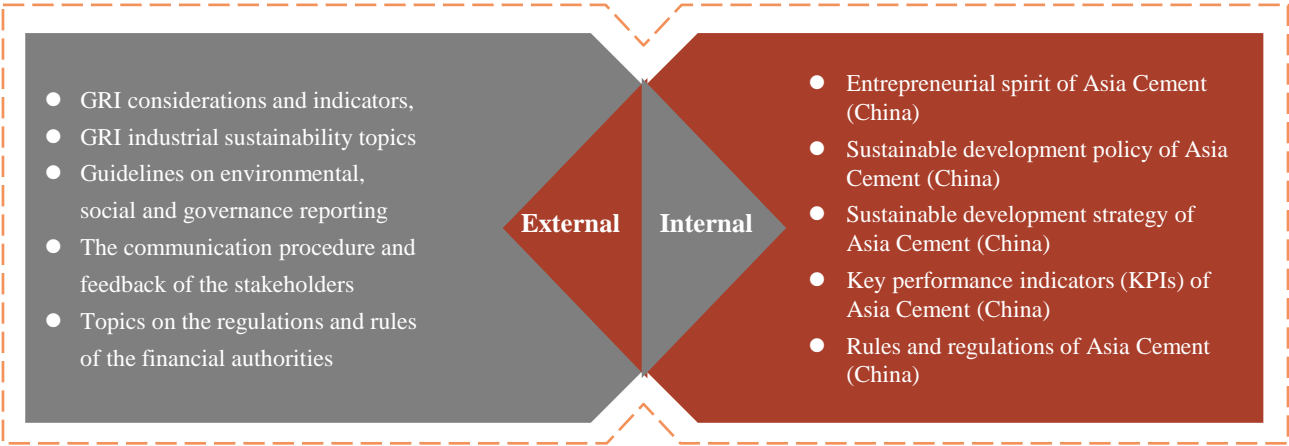


Identification of Stakeholders

Asia Cement (China) found the stakeholders by convoking staff in each department in connection to the communication of organization operation and the inclusiveness of the stakeholders and then identified the stakeholders according to six principles including responsibility, influence, proximity, dependence, representativeness and policy and strategic target. The stakeholders identified by us were classified into 11 types including staff, customer, investor/shareholder, government authority, NGO environmental protection group, academic institution, business partner, supplier, industrial community, community and the general public.

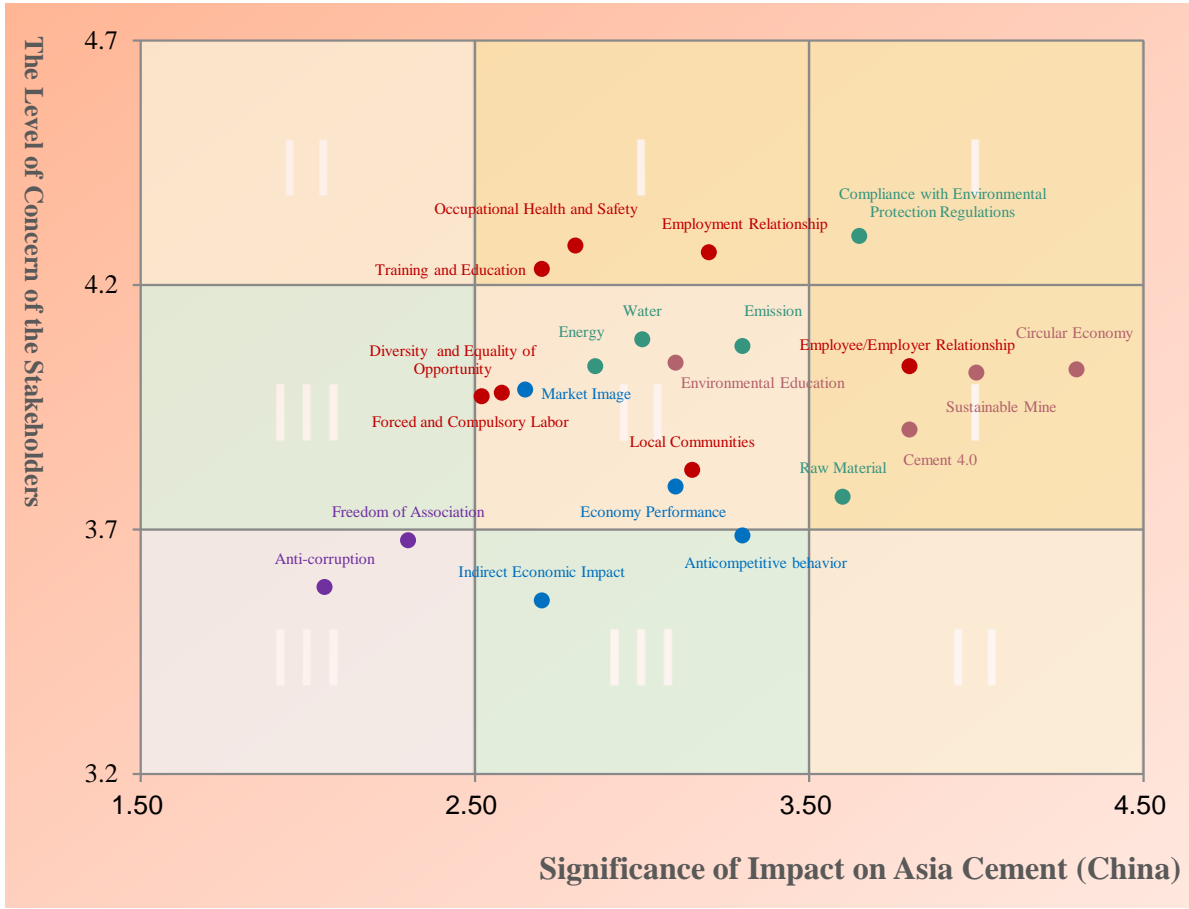
Investigation and Discussion of the Sustainability Topics

Asia Cement (China)’s procedure for the identification of material aspects was based on the framework of GRI G4 sustainability report and under the guidance of its reporting principles and defined content. As the sustainability topics covered extensively, we collected and organized the relevant topics by the following sources.



Based on the discussion by the CSR committee covering issues concerned by all sectors, and with reference to the experience of implementation in the past three years, in 2017, we included such new topics of special importance as sustainable mining, cement 4.0, recycling economy, sustainable social care and sustainable environmental education, totaling 22 topics in connection with Asia Cement (China).

★	★	★	
Level of Concern of the Stakeholders	Identification of the Impact	Identification of Significant Topics	Description on Non-material Issues
For the 22 topics identified, Asia Cement (China) collected the level of concern of the stakeholders through questionnaires, judged the relationship between the stakeholders and Asia Cement (China) and arrived at the weighted average of the concerning points of each topic and the level of the relationship to understand the level of concern of the stakeholders.	For the 22 relevant issues above, the CSR committee of Asia Cement (China) accessed the influence level of each consideration of Asia Cement (China) on the impact of economy, environment and society based on the opinion of the operation management personnel within the organization, and identified the impact on the material aspects of sustainable development of Asia Cement (China) after summarizing all the points.	A matrix of material issues was identified based on the level of concern of the stakeholders and the impact on various sustainable issues. In consideration of covering all material topics, both Quadrants I and II were directly defined as material topics of Asia Cement (China), while Quadrant III as general issues would not be disclosed. In addition, although issues like indirect economic impact and anti-competitive behavior were within the scope of Quadrant III, they were also defined as material issues directly. We have 20 material issues in total under the matrix.	Issues concerning anti-corruption and freedom of association were defined as non-material issues due to their low level in respect of the concern of the stakeholders and the impact on the organization, which was the result of a well-established trade association operating system of Asia Cement (China) and the recognition by all parties of years of efforts on the part of Asia Cement (China) in implementation of the principal of integrity management.



Major Special report topics
(4 items)

- Sustainable Mine
- Cement 4.0
- Circular Economy
- Sustainable Environmental Education

Economic of major topics
(4 items)

- Economy Performance
- Market Image
- Indirect Economic Impact
- Anticompetitive behavior

Major environmental Topics
(5 items)

- Raw Material
- Energy
- Water
- Emission
- Compliance with Environmental Protection Regulations

Major social Topics
(7 items)

- Employment Relationship
- Employee/Employer Relationship
- Occupational Health and Safety
- Training and Education
- Diversity in Staff and Equality of Opportunity
- Forced and Compulsory Labor
- Local Communities

Confirmation and Review of the Completeness of the Material Aspects

CSR committee would submit the identified material topics of Asia Cement (China) to the chairman for review and confirmation after summarizing the relevant information to ensure all topics and considerations were covered.

6.3 Stakeholders Engagement

Stakeholders Engagement

Saved for the various interactions with the stakeholders through the normal business, Asia Cement (China) also carried out Stakeholders Engagement through all kinds of ways including telephone communication, holding a meeting, satisfaction survey, visiting on site and participating in unions. The concerned topics proposed by the stakeholders would be responded as the identified topic items for material aspects through the report.

“Mailbox for corporate sustainability (achc@achc.com.cn)” was set up corresponding to the commencement of the sustainability management of the organization, and will be managed by the relevant competent department of the Company to address all topics concerned by stakeholders

Stakeholders	Issues concerned	Frequency and platform of communication	Implementation in 2017	Responding chapter
Staff	Employment relationship Occupational health and safety Training and education Benefits and interest of staff Slave labor and forced labor Diversified and equal opportunities	Electronic bulletin board All kinds of meetings New recruits interview and online announcements from time to time Updating staff codes of practice from time to time Staff interviews and performance interviews conducted by supervisor each year Planning and occasional educational training for staff	1. Weekly meetings, monthly meetings and other occasional meetings of each company 2. Zero occupational disasters and occupational diseases throughout the year 3. Annual training for all types of staff lasts 16 hours on average 4. Provide staff with complete benefits and bonuses 5. Implement the 8-hour working system	Sustainable happy workplace
Customers / partners	Customer service Product liability Product quality and technology research and development Recycling economy	Annual customer satisfaction survey Quality certification Website feedback and inspection report download Visiting customer on a regular/irregular basis Communication and feedback by phone or e-mail	1. 95% customer satisfaction 2. ISO product certificate 3. Recycling economy	Sustainable Company and Value Chain Sustainable Corporate Governance Special Report on Sustainable Issues
Investors / shareholders	Economic performance Company's operating strategies Risks and opportunities Resources Water Compliance with environmental laws	Holding of Annual General Meeting Investor zone on the Company's website Public information observatory Communication and feedback by phone or e-mail Regular declaration of energy efficiency	1. Achieve dividend payout ratio of 40% 2. Meet energy efficiency indicators	Sustainable Corporate Governance Sustainable Green Development
Government authorities	Transparent and timely information disclosure Recycling economy Compliance with regulations	Public information observatory and the Company's website Official document Explanation sessions, seminars or forums of regulations	1. Publish the significant information in accordance with the provisions in time. 2. Promote recycling economy by waste recycling	Special Report on Sustainable Issues
Non-profit organizations	Commitment to greenness Sustainable mining Risks and opportunities of climate change Sustainable environment education	Business sustainability zone on the Company's website Participating in NGO activities Seminars/forums	1. Increase by 9.33 hectares of planting and restoration in mine	Sustainable Green Development Sustainable Corporate Governance Special Report on Sustainable Issues
Academic institutions / industrial circles	Industry-academy cooperation Innovation and R&D capabilities Cement 4.0	Industry-academy cooperation projects Scholarships and grants Seminar Regular exchanges	1. Sponsor Yuan Ze University 2. Construct Yadong Hope Primary School	Sustainable Social Care Sustainable Corporate Governance Special Report on Sustainable Issues
Supplier	Company's operating strategies Supply chain management Procurement behavior	Company's website Supplier Evaluation Supplier on-site audits or visits Supplier management platform (Ecome) Questionnaire on suppliers' opinion	1. Supplier's social responsibility commitment	Sustainable Company and Value Chain
Community/local groups/the general public	Community participation Social public welfare Sustainable environment education Emission Air pollution prevention	Participation in residents' activities in neighborhood from time to time Public welfare activities Visiting local groups Company's website Communication by phone or e-mail	1. Continuous social participation 2. Continuous care for community	Sustainable Social Care Special Report on Sustainable Issues Sustainable Green Development



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Appendix

7.1 GRI G4 Guidelines Content Index: General Standard Disclosure

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General standard disclosure			Page/Notes
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	G4-48	Due review and approval of the sustainability report of the organization conducted by the highest level committee with all major considerations having been included.	78
	G4-49	The procedure of communicating significant and critical issues with the supreme governance body	75
	G4-50	The nature and the total number of significant and critical issues communicated with the supreme governance body, and the coping and solving mechanism taken subsequently.	76
	G4-51	Stating the remuneration policy for the supreme governance body and senior management by types	55
	G4-52	The remuneration determination process and if remuneration advisors being involved in the remuneration determination.	55
	G4-53	Seeking stakeholders' opinion and taking into consideration such opinion while determining remuneration.	No such plan
	G4-54	The ratio of the total annual income of the highest paid individual of the organization to the median of the total annual income of the other employees (excluding the highest paid individual)	37
	G4-55	The ratio of the increase percentage in total annual income of the highest paid individual of the organization to the median of the increase percentage in the average annual total income of other employees (excluding the highest paid individual).	37
Ethics and integrity	G4-56	The values, principles, standards and codes of conduct of the organization	56
	G4-57	Making consultation on ethical and legal behavior and organization of the internal and external mechanisms of integrity issues, such as service line or consulting line.	56
	G4-58	Internal and external mechanisms of reporting behaviors violating ethics or laws and organizational integrity-relating issues	56

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Category	Material Considerations	DMA and indicators	Page/Notes
Economy	Economic performance	DMA	58
		G4-EC1 Direct economic value generated and distributed by organization	57/58
		G4-EC2 Risks and opportunities brought about by climate change	62
		G4-EC3 Coverage of the organization's defined benefit plan obligations	62
		G4-EC4 Financial subsidies received from government	None
	Market presence	DMA	37
		G4-EC5 Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation	37
		G4-EC6 Proportion of hiring local citizens as senior management at significant locations of operation	None
	Indirect economic impacts	DMA	28
		G4-EC7 Investments in infrastructure and development and impact of supporting services	28
		G4-EC8 Material positive and adverse indirect economic impacts identified	No occurrence
Environment	Raw materials	DMA	11-14
		G4-EN1 Weight and volume of raw material used	None
		G4-EN2 Percentage of recycled raw material used	13/14

Category	Material Considerations	DMA and indicators	Page/Notes
Environment	Energy	DMA	21
		G4-EN3 Energy consumption within the organization	21
		G4-EN4 Energy consumption outside the organization	No quantitative statistics
		G4-EN5 Energy intensity	21
		G4-EN6 Reduction of energy consumption	19
		G4-EN7 Reduction in energy requirements of products and services	19/20
	Water	DMA	22
		G4-EN8 Total water withdrawal categorized by source	23
		G4-EN9 Water sources significantly affected by withdrawal of water	No impact
		G4-EN10 Percentage and total volume of water recycled and reused	--
	Biodiversity	DMA	7
		G4-EN11 Operational offices owned, leased, managed by the organization in, or adjacent to, protected areas or other areas with high value of biodiversity	9
		G4-EN12 Significant impacts of activities, products and services of the organization on the biodiversity of protected areas or other areas with high value of biodiversity	9
		G4-EN13 Habitats protected or restored	9
		G4-EN14 Stating the total number of species included in IUCN Red List and National Conservation List in the habitats affected by the operation of the organization by endangered level	None
	Emissions	DMA	17
		G4-EN15 Direct greenhouse gas emissions (scope 1)	17
		G4-EN16 Greenhouse gas indirectly discharged by energy (scope 2)	17
		G4-EN17 Greenhouse gas indirectly discharged by others (scope 3)	No statistics
		G4-EN18 Emission intensity of greenhouse gas	18
		G4-EN19 Reduction of greenhouse gas emission	19
		G4-EN20 Emission of ODS	None
		G4-EN21 Nitrogen oxide, sulphur oxide and other material air emissions	22
	Effluents and wastes	DMA	25
		G4-EN22 Total water discharge categorized by water quality and discharge destination	25
		G4-EN23 Total weight of waste categorized by type and disposal method	14
		G4-EN24 Total number and volume of severe leakages	No leakage
		G4-EN25 Weight of deemed hazardous waste under the terms of appendix I, II, III and VIII in "Basel Convention" transported, imported, exported by the organization and the percentage of those transported abroad	None
		G4-EN26 Stating the water significantly affected by water discharged by the organization and other surface runoff as well as the features, size, protected status and biodiversity value of relevant habitats	None
	Products and services	DMA	68
		G4-EN27 Mitigating the impact on the environment of products and services	20
		G4-EN28 Stating the percentage of products sold and corresponding packaging materials by category	73
	Regulation compliance	DMA	25
		G4-EN29 Significant amount fined for violation of environmental laws and regulations, and the times of non-monetary sanctions	25
	Transportation	DMA	10
		G4-EN30 Significant impacts on environmental for transporting products, other commodities, raw materials for the organization's operations, and employee transportation.	10/11
	Overall	DMA	21
		G4-EN31 Stating the total environmental protection expenditures and investment by type	21

Category	Material Considerations	DMA and indicators	Page/Notes
Environment	Environmental grievance mechanisms	DMA	—
		G4-EN34 Number of claims regarding to environmental impacts filed, addressed and solved through formal grievance mechanism	—
Society: Labor practices	Labor and employment relations	DMA	33
		G4-LA1 Total number and percentage of new recruits and departed employee categorized by age group, gender and region	36
		G4-LA2 Benefits only provided to full-time employees (excluding temporary or part-time employees) by significant operating office	37
		G4-LA3 Percentage of reinstatement and retention after parental leave categorized by gender	38
	Labor / management relations	DMA	By regulations
		G4-LA4 Whether the shortest projected period relating to significant operational changes shall be detailed described in collective negotiation	
	Occupational health and safety	DMA	43
		G4-LA5 Percentage of labor side representatives while assisting in monitoring and advising on relevant plans of occupational health and safety in formal Labor Health and Safety Management Committee (劳工健康与安全管理委员会)	44
		G4-LA6 Type of injury, rates of injury, occupational diseases, rates of working days lost and absenteeism and total number of work-relating fatalities categorized by region and gender	48/49
		G4-LA7 Workers bearing high incidence of diseases and high risk relating to their occupation	47
		G4-LA8 Relevant health and safety issues being included in the formal agreements of Trade Union (工会)	45
	Training and education	DMA	41
		G4-LA9 Average hours of training per year per employee categorized by gender and employee type	42
		G4-LA10 Strengthening the continued employability of employees and assisting them in managing the skills management and lifelong learning of retirement life	42
		G4-LA11 Percentage of employees receiving regular performance and career development reviews categorized by gender and employee type	42
	Employee diversity and equal opportunity	DMA	36
		G4-LA12 Composition of governance bodies and various members categorized by gender, age group, minority group membership and other indicators of diversity	36
	Labor practices grievance mechanisms	DMA	33
		G4-LA16 Number of grievance about labor practices filed, addressed and resolved through formal grievance mechanisms	33
Society: human rights	Forced and compulsory labor	DMA	50
		G4-HR5 Operations and suppliers identified as having significant risk for hiring child labor and measures helpful to the eradication of hiring child labor effectively.	50
		G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor and measures helpful to lessen any form of forced and compulsory labor	50
	Indigenous rights	DMA	—
		G4-HR8 Total number of incidents related to violating rights of indigenous residents and actions taken by the organization	—
Society: community	Local communities	DMA	28/29
		G4-SO1 Percentage of operations with conducting local community engagement, impact assessment and development plan	28/29
		G4-SO2 Operations with significant effective or potential negative impacts on local communities	—
	Anti-corruption	DMA	56
		G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	56
		G4-SO4 Communication and trainings on anti-corruption policies and procedures	56
		G4-SO5 Incidents of corruption confirmed and actions taken	56
	Anti-competitive behavior	DMA	—
		G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust and monopoly behavior and their outcomes	—
	Regulation compliance	DMA	By regulations
		G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with regulations	No violation of regulations
Society: product responsibility	Regulation compliance	DMA	By regulations
		G4-PR9 Monetary value of significant fines for violation of laws and regulations as a result of provision and use of products and services	No violation of regulations

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Category	Aspects	Key performance indicators	ESG indicators	Page/Notes
Environment	A1: Emissions	A1.1	Types of emissions and relevant data	17/18/22
		A1.2	Total volume of greenhouse gas emissions (calculated by ton) and (if applicable) its density (if calculated by capacity per unit, each infrastructure)	17/18
		A1.3	Total volume of hazardous wastes (calculated by ton) generated and (if applicable) its density (if calculated by capacity per unit, each infrastructure)	14
		A1.4	Total volume of harmless wastes (calculated by ton) generated and (if applicable) its density (if calculated by capacity per unit, each infrastructure)	14
		A1.5	Stating measures and achievements of reducing the volume of emission	19
		A1.6	Stating the methods of dressing hazardous and harmless wastes, measures of reducing the volume and achievements obtained	14
	A2: Resources usage	A2.1	Total consumption (calculated by 1000 kwh) of direct and /or indirect energy (e.g. electricity, gas or oil) and its density (if calculated by capacity per unit, each infrastructure) by category	21
		A2.2	Total volume of water consumption and its density (if calculated by capacity per unit, each infrastructure)	23
		A2.3	Stating the efficiency plan of energy usage and achievements obtained	19
		A2.4	Stating if any problems exists when seeking for available water source, and the plan of improving water using efficiency and achievements obtained	23
		A2.5	Total amount of packaging materials used by finished goods (calculated by ton) and (if applicable) amount attributable to per production unit	No statistics
	A3: Environment and natural resources	A3.1	Stating the significant impacts on environment and natural resources of business activities and actions taken to manage such impacts	9/10/20
Society	B1: Employment	B1.1	Total number of employees categorized by gender, employment type, age groups and regions	33/34/36
		B1.2	Turnover rate of employees categorized by gender, age groups and regions	36
	B2: Health and safety	B2.1	Mortality rate of work Number of work days lost due to work injuries	48/49
		B2.2	Number of lost work days as to work injuries	48/49
		B2.3	Stating the measures taken for occupational health and safety and relevant implementation and monitoring methods	44
	B3: Development and training	B3.1	Percentage of trained employees categorized by gender and employee type (e.g. senior management, medium management and so on)	42
		B3.2	Average hours of each employee to finish the trainings categorized by gender and employee type	42
	B4: Labor standards	B4.1	Stating the measures of reviewing recruiting practices to avoid child labor and compulsory labor	50
		B4.2	Stating measures adopted for identifying the non-compliance conditions when such non-compliance occurs	50
	B5: Supply chain management	B5.1	Number of suppliers by region	69/70
		B5.2	Stating the management related to engaging suppliers, number of suppliers conducting relevant management as well as implementation and monitoring plan of such management	—
	B6: Product responsibility	B6.1	Percentage of products in the total sold or delivered which need to be called back for health and safety problems	—
		B6.2	Investments obtained for products and services and the corresponding response programs	—
		B6.3	Stating the management only related to the maintaining and protection of intellectual property rights	—
		B6.4	Stating the processes of quality examination and procedure of calling back products	—
		B6.5	Stating the consumers' information protection and privacy policy as well as the implementation and monitoring approach	73
	B7: Anti-corruption	B7.1	The number of corruption proceedings cases claimed against issuers or its employees and adjudicated and the proceedings results during reporting period	56
		B7.2	Stating the precautionary measures and reporting procedures and relevant implementation and monitoring approach	56
	B8: Community investment	B8.1	Focusing on the fields invested (e.g. education, pleasurable environment, labor needs, health, culture, sports)	29
		B8.2	Utilizing resources (e.g. money or time) in the focused fields	28/29