CorporateLink
A Business Communications Specialist
智策 企業推廣顧問

PRESS RELEASE

Contact:	Phoebe Leung / Christine Chan/ Vivian Cheung / Dorothy To	Date:	16 August 2012
Tel：	28016239 (93393206 / 6173 9038/ 92376253 / 91236718)	Pages:	2

ASIA CEMENT (CHINA) POSTED INTERIM REVENUE OF RMB3,072 MILLION

Asia Cement (China) Holdings Corporation ("Asia Cement (China)" or the "Company", stock code: 00743) together with its subsidiaries (the "Group") reported its consolidated revenue of RMB3,071,500,000 for the six months ended 30 June 2012 (the "Period") (2011 corresponding period: RMB3,829,300,000), while net profit for the Period of RMB123,400,000(2011 corresponding period: RMB664,600,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011 corresponding period: nil).

During the first half of 2012, fixed assets investment in Mainland China declined, with slowdown in the progress of infrastructure construction due to credit crunch and continued depression in the real estate industry under the implementation of austerity measures. Furthermore, 205 million tonnes of clinker capacity constructed in 2011 become fully operational in 2012, and 150 million tonnes of new clinker capacity will be added to the market in 2012. Of that supply of new capacity, a large amount will take place in the principal markets of the Company (Chengdu and middle reaches of the Yangtze River). All these had aggravated overcapacity in the cement industry. In addition, an unusual long period of rain in the first half of the year, followed by a hot summer, had led to a slight drop in the sales volume of cement products but a general decline in selling prices. The average selling price of the Group's products was thus severely affected during the Period, with a retreat in gross profit margin to 16% (2011 corresponding period: 30%). However, the Group's high operating efficiency, effective cost control and synergistic benefits within the Group had enabled it to maintain a better operating performance as compared to other market players, although it was a relatively small growth and the Group's selling prices in various markets dropped in the first half of 2012.

To cope with the ever-changing business environment, the Group carried out technical modification and energy-saving and emission reduction measures, resulting in improved production volume and product quality. The Group also strengthened its internal control, lowered production costs, explored new sales methods and markets, and increased market dominance, thereby maintaining a 100% production-to-sales ratio. Moreover, the Group responded to China Cement Association's call for energy-saving and emission-reduction, with an aim to take the leadership role in the market to work for the overall healthy development of the industry by avoiding unhealthy competition.

Looking in the second half of the year, Mr Hsu Shu-tong, Chairman of Asia Cement (China), said: "The cement market in the second half of 2012 is expected to gradually rebound from its rock bottom. To speed up the elimination of obsolete production capacities, the government will eliminate 270 million tonnes of obsolete production capacities in 2012. It is believed that this will effectively ease the pressure of overcapacity. Furthermore, the government's strong support for merger, acquisition and reorganization will lead to continued improvement in the market's demand and supply balance. The government (in Central and Western China, including Hubei, Jiangxi and Sichuan, where the Group has presence) has also actively pushed ahead with large-scale construction of railway, highway, airport and hydraulic projects, which will stimulate steady growth in cement demand. All these will lift the output and price of cement in the second half of 2012 when compared to that of the first half of the year."

Dr Wu Chung Lih, Chief Executive Officer of the Group, added: "In order to capitalize on the momentous opportunity arising from economic restructuring, the Group has set its objectives in line with the relevant government policies. The Group will strive to achieve, as soon as possible, a production volume target of 40 million tonnes and a production capacity target of 50 million tonnes through escalating the construction of Jiangxi Yadong No. 5 and No. 6 new dry process rotary kilns, and actively negotiating for targets for merger and acquisition or for strategic alliance. Moreover, the Group will extend its business along the supply chain by constructing new ready-mixed concrete plants or seeking cooperation with existing facilities to provide direct services to various infrastructure projects."

Commenting on the operating environment in the second half of 2012, Dr Wu Chung Lih said: "It now appears that the market will not improve in the third quarter, but entering the fourth quarter, under the support of various favourable factors and full resumption of public sector construction, cement prices across the country will in general rebound. Asia Cement (China) will leveraging its premium cement product with consistent quality to continue to win trust from construction units of key projects, and to achieve a 100% production-to-sales ratio. In addition, the drop in the cost of coal will contribute to a lower production cost. All these enable the Company's management to be cautiously optimistic about the outlook for the fourth quarter.

About Asia Cement (China)

Asia Cement (China) Holdings Corporation is one of the leading integrated cement producers in the Central Yangtze River region (which includes the provinces of Jiangxi and Hubei) and a major integrated cement producer in Sichuan Province. The Group's vertical integration spans from the excavation of principal raw materials, to production, sale and distribution of clinker and different types of cement and RMC products through a well-established road and riverway transportation network to its principal markets. The Company's shares became listed on the main board of the Stock Exchange of Hong Kong Limited on 20 May 2008.

- End -

Issued by: Asia Cement (China) Holdings Corporation
Through: CorporateLink Limited