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ASIA CEMENT (CHINA) 2013 ANNUAL NET PROFIT LEAPED BY 108% TO RMB823 MILLION

Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 743) together with its subsidiaries (the “Group”) reported a significant year-on-year upsurge of 108 per cent in profit attributable to owners of the Company for the year ended 31 December 2013 (the “Year”) to approximately RMB823.0 million (2012: approximately RMB395.1 million). The substantial growth in net profit was mainly attributable to the increase in both production capacity and sales volume of the Group, improvement in the average selling prices of products and decrease in coal cost when compared with those of the previous year. Basic earnings per share for the Year rose from RMB0.254 in 2012 to RMB0.529 during the Year.

The Board of the Company recommends the payment of a final dividend of RMB0.15 per share for the year ended 31 December 2013 (2012: RMB0.10), representing a payout ratio of 28 per cent.

During the Year, the Group achieved further economies of scale by timely capitalising on the inauguration of No. 5 kiln in Jiangxi Ya Dong Cement Corporation Ltd. at the end of September, in addition to full capacity utilisation of its existing 11 production lines. The Group sold 25.73 million tonnes of cement during the Year, representing a 13 per cent increase from that of the previous year. By geographical region, the Group sold a total of 20.45 million tonnes of cement in central and downstream regions of Yangtze River in 2013, representing an increase of 16 per cent from that of 2012. Sichuan Yadong sold 5.28 million tonnes of cement in 2013, representing an increase of 4 per cent from that of 2012.

Infrastructure and housing construction increased as a result of the State’s policies on industry restructuring and promotion of urbanization. Growth in new capacity, on the other hand, slowed down significantly under government’s tightened control over capacity and environmental protection policy. Furthermore, the annual target of eliminating obsolete capacity was accomplished well ahead of schedule. The cement industry was thus under favourable internal and external conditions. The Group’s cement selling price was RMB253 per tonne (excluding tax), which was RMB5 higher than that of the previous year. The revenue for the Year amounted to RMB7,330.8 million, representing a 10 per cent year-on-year increase.

On the other hand, the Group had strengthened its competitiveness by adopting various measures, including leveraging more on the advantage of central procurement to lower its coal purchase costs and production costs. Gross profit amounted to RMB1,616.7 million, representing an increase of 44 per cent from that of 2012. The gross profit margin grew by 5 percentage points to 22 per cent.

“During the Year, infrastructure investments and robust rural market activities led to stable growth in cement market demand, with improvement in supply-demand relationship and significant increase in industry profit when compared with that of 2012. Meanwhile, the Group had reallocated resources of various companies under it to maximize efficiency. In response to market change, the Group had made timely adjustment to its sales strategies, thereby enlarging its share in major markets, and overcome challenges with noticeable results,” said Mr. Hsu Shu-tong, Chairman of Asia Cement (China).

Due to massive wave of new urbanization sweeping across the country, fixed asset investments and property investments will continue to be stable, while infrastructure investment prospects remain promising. Within the industry, it is generally thought that cement demand in 2014 will increase by 6 to 7 per cent. Although the growth rate is lower than 11 per cent of 2013, it is still a relatively high growth rate. The Group believes that in 2014, growth in demand will remain stable, while supply is likely to grow at a slower pace or stay at the same level. As such, the outlook for the cement industry is positive.

Jiangxi Ya Dong's No. 5 and 6 kilns were officially inaugurated in September 2013 and January 2014 respectively. These two kilns are now running smoothly, with an average daily output of 7,000 tonnes. Benefiting from these additional kilns, Jiangxi Ya Dong's annual production capacity increased from 8 million tonnes to 14 million tonnes, placing the factory among China's and even the world's largest cement production plants.

The Group's total cement production capacity has increased to 30 million tonnes upon the inauguration of Jiangxi Ya Dong's No. 6 production line at the beginning of 2014. The Group will continue to seek opportunities to further expand and strengthen its existing operation scale and efficiency. The Group aims at achieving the target of 40 million tonnes annual production capacity in 2015 and 50 million tonnes in 2016.

"2014 is the year in which the Group has all of its 13 production lines in full operation. The Group will continue to actively make timely adjustment to its sales strategy and market planning according to market changes, striving to increase sales volume in regional markets. It will identify appropriate merger and acquisition opportunities to seek suitable targets for acquisition and strategic cooperation through various methods including acquisition of equity interests in small to medium quality cement enterprises, in order to further expand and strengthen its existing operation scale and efficiency," said Mr. Chang Tsai-Hsiung, Vice Chairman of the Group.

The Group is constructing silos in Taizhou, Jiangsu Province, which will be completed in August this year. This means the Group will extend its sales network to overseas, while intensifying its market penetration in Mainland China. The Group will continue to identify appropriate location for building new mixing plants and actively look for cooperation opportunities with State-run construction companies.

In 2013, the Group achieved a number of breakthroughs in technology; including Jiangxi Ya Dong Cement Corporation Ltd.'s adoption of separate grinding of sandstone and limestone to obtain the relevant powders to formulate a raw meal, and modification of the raw meal grinding system, which effectively improve the quality and output of clinker and reduce energy consumption. This innovative technology was named "Model Project for Energy Saving and Emission Reduction Technology in Jiangxi Province" by the Jiangxi Provincial Government. Sichuan Yadong Cement Co., Ltd. successfully developed a proprietary flue gas denitration system, which saved cost by 80 per cent when compared to same equipment model purchased from outside vendor. After the successful operation of the system, it was named Model Project for Promotion of Advanced Environmental Protection Technology by the environmental protection department of Sichuan Province, and all affiliated companies adopted the system and arranged for relevant technical transfer.

In additional, the Group and its parent company, Asia Cement Corporation, forged an alliance with China Anhui Conch Group Company Limited ("Conch Group") and China Conch Venture Holdings Limited ("Conch Venture") by entering into strategic partnership framework agreements in early 2014. The Group's parent company and Conch Venture also entered into an investment agreement. Both parties will cooperate extensively on the areas of environmental protection and energy saving

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technology, using cement kilns to facilitate the treatment of waste such as urban waste and sludge, reducing the cost of residual heat power generation, as well as logistics and trading. The parties will jointly develop international markets and actively grasp opportunities arising from Mainland China, Taiwan, Hong Kong, Macau and the global cement markets.

About Asia Cement (China) Holdings Corporation

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.

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