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ASIA CEMENT (CHINA)'S 2014 FIRST QUARTER NET PROFIT SURGED BY 13.7 TIMES YOY TO RMB126 MILLION

Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 00743) together with its subsidiaries (the “Group”) reported unaudited consolidated revenue and profit attributable to owners of the Company of approximately RMB1,601.4 million and RMB125.7 million respectively for the three months ended 31 March 2014 (the “Period”), representing year-on-year increases of approximately 21 per cent and approximately 1,373 per cent respectively. The leap in the Group’s earnings for the Period was mainly attributable to an increase in average selling price of the Company’s products and a decrease in cost of coal over the same period last year.

Although inventories of domestic cement enterprises rose rapidly during the Chinese new year, an anticipated positive market outlook had contributed to relatively stable prices in Wuhan and Chengdu areas, except for the central and downstream regions of the Yangtze River where prices experienced seasonal adjustment. Furthermore, reduction in the growth of new capacity had significantly eased supply pressure when compared to previous years. The overall market condition was much better than that of the same period in 2013.

During the Period, the Group sold a total of 5.29 million tonnes of cement and clinker, representing a 2 per cent year-on-year increase, while cement price rose significantly year-on-year. With a decrease in cost of coal during the Period, the Group’s gross profit increased by 165 per cent to RMB385 million and gross profit margin was 24 per cent, up by 13 percentage points from that of the corresponding period of the previous year.

Along with the implementation of new environmental standards in Mainland China, greater efforts to eliminate obsolete production capacity of the cement industry, escalation of the progress of agricultural modernization, and gradual execution of measures of new-type urbanisation plan, Asia Cement (China) expected cement demand in 2014 will increase by 6-8 per cent when compared with that of last year. With improved weather conditions since the second quarter, demand will rise and help quickly push up price, which is expected to stabilize at high levels, as effect of the State’s policy to address over-capacity will begin to be felt starting from the third quarter. In the fourth quarter, which is the traditional peak season, production and

sales of the market will flourish.

Mr Hsu Shu-tong, Chairman of the Company, said: “The Group will actively push ahead with various merger and acquisition and cooperation plans, and accelerate the construction of silos in Taizhou, to ensure that they can be put into operation in the fourth quarter of 2014 as scheduled. In addition, the Group will consolidate existing sales channels and fully capitalize on its synergy to flexibly adjust raw materials and products among the relevant companies in the central and downstream regions of the Yangtze River.”

Asia Cement (China) currently has a total of 13 dry-process cement production lines with an annual cement production of 30 million tonnes. Upon the completion of the acquisition of Sichuan Lanfeng Cement Co., Ltd. announced in mid-April, the Group’s production capacity will increase to 35 million tonnes. The Group plans to achieve the target of 40 million tonnes and 50 million tonnes of annual production capacity in 2015 and 2016 respectively.

About Asia Cement (China) Holdings Corporation

Asia Cement (China) is one of the major leading cement producers in the central and downstream Yangtze River regions and southwestern region, with major markets in Jiangxi, Hubei, Sichuan, and Yangzhou. It has also extended its market reach to Shanghai, Zhejiang, Fujian and Hunan. The Company’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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