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ASIA CEMENT (CHINA) INTERIM NET PROFIT SURGED BY 50 % To RMB 383 MILLION

Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 00743) together with its subsidiaries (the “Group”) reported a significant year-on-year upsurge of 50 per cent in its profit attributable to owners of the Company for the six months ended 30 June 2014 (“Period”) to approximately RMB 383.2 million (2013 corresponding period: approximately RMB255.9 million), with basic earnings per share doubled to RMB0.246 (2013 corresponding period: RMB0.164). The substantial growth in net profit was mainly attributable to the increase in sales volume and average selling price of the Company’s products when compared with that of the corresponding period of the previous year.

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013 corresponding period: nil).

The Group’s cement and clinker sales surged by 14 per cent year-on-year to 13.43 million tonnes during the Period. This was mainly achieved through the Group’s timely adjustment of its sales strategies in accordance with market changes, strengthening of production management and enhancement of equipment’s operating efficiency to keep improving its overall competitiveness.

The Group’s revenue for the Period rose by 23 per cent year-on-year to RMB 3,909.0 million. The Group’s gross profit during the Period increased by 59 per cent to RMB 930.2 million when compared with that of the same period last year. The improvement in gross profit was mainly attributable to an increase in sales volume and average selling price of cement products and a decrease in cost of coal when compared with that of the corresponding period of the previous year.

Mr Hsu Shu-tong, Chairman of Asia Cement (China), said: “Against a complicated macroeconomic environment and industrial situation, we proactively faced the challenges by adopting flexible measures to cope with market competition. In April 2014, the Group acquired the entire equity interest in Sichuan Lanfeng Cement Co., Ltd, thus increasing its annual cement production capacity by 5 million tonnes to 35 million tonnes per annum. The Company was therefore able to command the largest market share in the Chengdu cement market. We have been maintaining high environmental standards, implementing measures in compliance with national energy saving and emission reduction policies, and remaining at the forefront of the industry in reduction of denitration and nitrogen oxides emission. Through its efficient sales channel, the Group continued to maintain its main objective of a 1 to 1 sales to output ratio during the first half of the year, and sold an aggregate of 13.43 million tonnes of cement and clinker, representing a year-on-year increase of 14 per cent. Benefiting from increase in

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cement price and a continued low coal price, the Group achieved satisfactory results, with significant growth in overall profits when compared with the corresponding period of last year.”

With the government’s promulgation of mini-stimulus measures, fixed asset investment growth rate for the full year is expected to surpass 17.5 per cent. The Group believes that increase in affordable housing projects, policy on three agricultural issues, major hydraulic facilities, railway, energy conservation and environmental protection, as well as social undertakings will all drive cement demand. The Group can benefit directly from the substantial cement demand.

On the supply side, pressure from excessive capacities will be further eased by the government’s intensified efforts in eliminating obsolete cement capacity. The recent promulgation of air pollution control policy, the policy for addressing overcapacity, the abolishment of 32.5 grade composite cement according to the new national standard as well as differential electricity prices for decrepit enterprises, will facilitate healthy and positive development of the industry and effectively improve supply-demand situation.

Mr Hsu added: “Although cement price fell short of expectations in the second quarter, we are confident that the price will recover in the second half of the year. It is expected that industry players will be more proactive in exercising self-discipline to suspend the operation of kilns to conserve energy and reduce emission in the third quarter, which will further improve supply and demand situation. As such, we are optimistic about the future market trend. We expect the price to start to rise at the end of the third quarter, and to leap further as growth in demand accelerates after the arrival of the peak season in the fourth quarter.”

Mr Chang, Tsai-hsiung, Vice Chairman of the Group, said: “As the Group’s production capacity gradually expands, we will be more proactive in monitoring changes in the external environment and prepare ourselves in advance for the development, in order to be among the first to seize market opportunities and be proactive in competition. The Group will ensure the silos in Taizhou, currently under construction, to commence operation in the fourth quarter of this year. It will facilitate deployment of production and sales in the downstream region of the Yangtze River and, when necessary, allows the Group to ship to overseas markets.”

About Asia Cement (China)

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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