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## **ASIA CEMENT (CHINA) HOLDINGS CORPORATION**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 743)**

### **UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

#### **SUMMARY**

The directors (“Directors”) of Asia Cement (China) Holdings Corporation (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2014. This announcement is made as part of the Company’s practice to publish its financial results quarterly and pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The unaudited consolidated profit attributable to owners of the Company for the nine months ended 30 September 2014 was approximately RMB530.6 million.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the nine months ended 30 September 2014 in line with its practice to publish the Group’s financial results quarterly and pursuant to paragraph 13.09 of the Listing Rules.

## Condensed Consolidated Income Statement

	<b>For the nine months ended 30 September</b>	
	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue	<b>5,957,514</b>	4,917,059
Cost of sales	<b>(4,629,557)</b>	(4,016,009)
Gross profit	<b>1,327,957</b>	901,050
Other income	<b>123,131</b>	124,878
Other gains and losses	<b>(46,750)</b>	74,623
Distribution and selling expenses	<b>(301,459)</b>	(265,460)
Administrative expenses	<b>(235,378)</b>	(192,948)
Share of profit of jointly controlled entities	<b>3,360</b>	2,402
Share of profit of associates	<b>791</b>	1,021
Finance costs	<b>(141,827)</b>	(122,312)
Profit before tax	<b>729,825</b>	523,254
Income tax expenses	<b>(185,188)</b>	(120,162)
Profit for the period	<b>544,637</b>	403,092
Profit for the period attributable to:		
Owners of the Company	<b>530,563</b>	390,778
Non-controlling interests	<b>14,074</b>	12,314
	<b>544,637</b>	403,092
	<b><i>RMB</i></b>	<i>RMB</i>
Earnings per share:		
Basic	<b>0.339</b>	0.251
Diluted	<b>0.339</b>	0.251

**Condensed Consolidated Statement of Financial Position**  
*At 30 September 2014*

	<b>As at 30 September 2014 RMB'000 (Unaudited)</b>	<b>As at 31 December 2013 RMB'000 (Audited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	11,322,544	10,313,948
Quarry	273,353	202,355
Prepaid lease payments	679,139	584,415
Goodwill	698,872	138,759
Other intangible assets	9,933	9,726
Interest in a joint venture	33,480	31,691
Interest in associates	57,749	16,920
Restricted bank deposits	25,840	25,840
Deferred tax assets	28,405	27,015
Long term receivables	35,925	35,925
Long term prepaid rental	36,087	25,094
	<u>13,201,327</u>	<u>11,411,688</u>
<b>Current assets</b>		
Inventories	969,244	714,262
Long term receivables – due within one year	20,028	28,697
Trade and other receivables	3,082,141	2,722,117
Available-for-sales investments	–	99,690
Prepaid lease payments	20,524	17,764
Loan to a related company	392,942	391,421
Amount due from associates	10,991	5,297
Restricted bank deposits	21,411	3,258
Fixed deposits	73,700	–
Bank balances and cash	1,233,055	1,967,521
	<u>5,824,036</u>	<u>5,950,027</u>
<b>Current liabilities</b>		
Trade and other payables	1,453,549	783,419
Amount due to a joint venture	8,049	6,865
Tax payables	43,698	103,117
Borrowings – due within one year	3,096,044	3,473,494
	<u>4,601,340</u>	<u>4,366,895</u>
<b>Net current assets</b>	<u>1,222,696</u>	<u>1,583,132</u>
<b>Total assets less current liabilities</b>	<u>14,424,023</u>	<u>12,994,820</u>

	<b>As at 30 September 2014 RMB'000 (Unaudited)</b>	<b>As at 31 December 2013 RMB'000 (Audited)</b>
<b>Non-current liabilities</b>		
Borrowings – due after one year	4,547,678	3,482,953
Derivative liabilities	3,722	6,300
Deferred tax liabilities	24,646	18,692
Provision for environmental restoration	12,031	9,052
	<u>4,588,077</u>	<u>3,516,997</u>
<b>Net assets</b>	<u><b>9,835,946</b></u>	<u>9,477,823</u>
<b>Capital and reserves</b>		
Share capital	140,390	139,549
Reserves	9,429,631	9,095,800
	<u>9,570,021</u>	<u>9,235,349</u>
Equity attributable to owners of the Company	9,570,021	9,235,349
Non-controlling interests	265,925	242,474
	<u>9,835,946</u>	<u>9,477,823</u>

#### Condensed Consolidated Statement of Cash Flows

	<b>For the nine months ended 30 September</b>	
	<b>2014 RMB'000 (Unaudited)</b>	<b>2013 RMB'000 (Unaudited)</b>
Net cash from operating activities	636,435	1,146,588
Net cash used in investing activities	(1,287,505)	(2,390,492)
Net cash (used in) from financing activities	(83,396)	663,857
	<u>(734,466)</u>	<u>(580,047)</u>
Net decrease in cash and cash equivalents	(734,466)	(580,047)
Cash and cash equivalents at beginning of the year	1,967,521	1,620,114
	<u>1,233,055</u>	<u>1,040,067</u>
Cash and cash equivalents at 30 September	<u>1,233,055</u>	<u>1,040,067</u>

The Group's unaudited consolidated results for the nine months ended 30 September 2014 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the last annual report for the year ended 31 December 2013.

The Directors do not recommend payment of a dividend in respect of the first nine months of 2014 (2013: Nil).

## **Business Review and Prospects**

During the third quarter of 2014, the macro economy continued to remain stable, but the growth rate of fixed assets investment declined, while the property market stayed depressed. The growth rate of cement demand hit its lowest level in 10 years. All these combined with high temperature and rains posed severe challenges to demand. The gloomy environment also hit market confidence, causing the price to fall continuously and reach its lowest level in mid-August. In certain areas, the price plunged even below the operating costs. Thanks to government's measures, the growth of new capacities lowered significantly and supply was effectively controlled. Since late August, market demand recovered and selling prices in some areas began to rise from bottom. After entering September, demand growth escalated and was expected to further push up prices.

Faced with a transforming operating environment, the Group proactively coped with its challenges. Through further market segmentation, the Group adopted marketing strategy targeted according to different competitive situations in different markets, and strengthened control of end-user distribution channel, to increase its share in core markets. Meanwhile, the Group steadily promoted measures to lower production and logistics costs so as to improve its overall competitiveness. From January to September, the Group sold a total of 21.31 million tonnes of cement and clinker, representing a 16% year-on-year growth. This together with low coal prices enabled the Group to achieve operating results meeting expectations.

During the period under review, the Group reported an unaudited consolidated revenue of RMB5,957.5 million and a net profit of RMB544.6 million, representing an increase of 21% and 35% respectively from those of the corresponding period of the previous year. Increase in revenue and net profit was mainly attributable to an increase in sales volume and average selling price of the Company's products and a decrease in cost of coal. The gross profit increased by 47% to RMB1,328.0 million and the gross profit margin was 22%, up by 4 percentage points from that of the corresponding period of the previous year.

Looking into the fourth quarter, in order to realise annual economic growth target, the government will continue to launch mini stimulus measures and economic restructuring policies, which will bring a new round of market opportunities to the cement industry. First, the Ministry of Industry and Information Technology announced that the elimination of over 82 million tonnes of obsolete production capacities in 2014 will be completed before the end of this year. The figure represented an increase of over 30 million tonnes from the original target of 50.50 million tonnes. Such will further improve the industry's supply-demand relationship. Second, the constant roll-out of favourable factors, such as squatter settlement redevelopment, intercity railways, new urbanization and other various types of infrastructure projects will drive demand growth. Third, following the market downturn in the third quarter, the industry generally pins higher hopes on market prices in the fourth quarter. To sum up, as the fourth quarter is traditionally the peak season for the industry, the growth of cement demand will inevitably accelerate. Amid a slight or even negative growth in net supply of new capacities, the overall market development is expected to head towards a more positive direction.

The overhaul of the Group's kilns has been completed during the first three quarters. In the fourth quarter, all the kilns will be in full operation. It is anticipated that sales volume of all types of cement products of the Group could exceed 30 million tonnes in 2014, representing a 12% growth when compared with 2013's 26.73 million tonnes, while profit target is expected to be met.

The Group will grasp the market opportunities in the peak season by continuing to carry out the following tasks: first, the Group will ensure the silos in Taizhou, currently under construction, to commence operation in November as planned, which will enable the Group to cater for the market in the downstream region of the Yangtze River with higher efficiency and lower costs, and allow the Group to export to overseas markets in low seasons; second, the Group will accelerate the construction of ancillary facilities of the Jiangxi Yadong's aggregate project; if the facilities could commence production in October as scheduled, they will create relatively greater benefits and niches for the Group; third, the Group will actively carry out the relocation plan of Nanchang Yadong to reduce storage and transportation costs and improve the competitiveness of the Company's products in the Nanchang market; fourth, the Group will continue to strengthen internal control management and strive to achieve the objectives of low production cost and being highly environmental-friendly; fifth, the Group will maintain a dynamic workforce by strengthening its talent pool, innovate its marketing strategy, seize market opportunities and increase its influence in core markets. To sum up, the management is optimistic and confident about the outlook for its profitability in the fourth quarter, and is of the view that it could achieve the operating performance and profit targets set at the beginning of the year.

By order of the Board  
**Asia Cement (China) Holdings Corporation**  
**Mr. Hsu, Shu-tong**  
*Chairman*

Hong Kong, 24 October 2014

*As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Dr. WU Chung-lih, Madam CHIANG SHAO Ruey-huey, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Mr. HSU Shu-ping, the non-executive Director and Chairman is Mr. HSU Shu-tong, the independent non-executive Directors are Mr. LIU Zhen-tao, Mr. TSIM Tak-lung Dominic and Dr. WONG Ying-ho Kennedy.*