

Contact: Shiu Ka Yue / Christine Chan / Amanda Cheung  
Tel: 28016239 (90291865 / 61739039 / 90312604)

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## **ASIA CEMENT (CHINA) POST 36% RISE IN NET PROFIT TO RMB 531 MILLION FOR 2014 FIRST THREE QUARTERS**

Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 00743) together with its subsidiaries (collectively the “Group”) reported unaudited consolidated revenue and profit attributable to owners of the Company of RMB5,957,500,000 and RMB530,600,000 respectively for the nine months ended 30 September 2014 (the “Period”), representing year-on-year increases of 21 per cent and 36 per cent respectively. The growth in consolidated revenue and net profit was mainly attributable to an increase in sales volume and average selling price of cement products, and a decrease in cost of coal.

During the Period, the Group sold a total of 21.31 million tonnes of cement and clinker, representing a 16 per cent year-on-year growth. This together with low coal prices enabled the Group to achieve operating results meeting expectations. During the Period, gross profit and gross profit margin were RMB1,328,000,000 and 22 per cent respectively, representing year-on-year increases of 47 per cent and 4 percentage points respectively.

Mr Hsu Shu-tong, Chairman of Asia Cement (China), said: “In 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. 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.”

Looking into the fourth quarter, Mr Hsu said: “As the fourth quarter is traditionally the peak season for the industry, the growth of cement demand is expected to accelerate. The Group is therefore optimistic and confident about the outlook for its profitability in the fourth quarter. The government will continue to launch mini stimulus measures and economic restructuring policies, bringing new market opportunities to the cement industry. The Ministry of Industry and Information Technology announced that the

elimination of over 82 million tonnes of obsolete production capacities will be completed before the end of the year. The figure represented an increase of over 30 million tonnes from the original target of 50.50 million tonnes, thereby improving the industry's supply-demand relationship.”

Mr Hsu added: “The continued roll-out of squatter settlement redevelopment, intercity railways, new urbanization and other various types of infrastructure projects in the fourth quarter is believed to help drive demand growth. Moreover, in view of the market downturn in the third quarter, the industry generally pins higher hopes on market prices in the fourth quarter. Due to various favourable factors, 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 per cent growth when compared with 2013's 26.73 million tonnes, while profit target is expected to be met.”

The Group will ensure the silos in Taizhou, currently under construction, to commence operation in November. The Group will also accelerate the construction of ancillary facilities of the Jiangxi Yadong's aggregate project, striving to commence production in October. In order to reduce storage and transportation costs, the Group will actively carry out the relocation plan of Nanchang Yadong. Furthermore, the Group will strive to achieve the objectives of low production cost and being highly environmental-friendly through strengthening internal control management. The Group will also strengthen its talent pool and leverage innovative marketing strategy to seize market opportunities, thereby increasing its influence in core markets.

### **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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