

To: Business Editors

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## **ASIA CEMENT (CHINA) POSTED A RMB4.3 BILLION REVENUE FOR FIRST 3 QUARTERS CONTINUED TO ACHIEVE FULL DISPOSAL OF ALL OUTPUT, WITH SALES VOLUME UP BY 1.24 MILLION YOY**

Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 00743) together with its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2016 (the “Period”) sold a total of 22.64 million tonnes of cement products, representing an increase of 1.24 million tonnes or 5.8 per cent from 21.40 million tonnes of the same period of 2015, thus maintaining full disposal of all output. During the Period, the Group reported unaudited consolidated revenue of RMB4,338,800,000.

Through the implementation of several cost-efficient measures, the Group overcame the rising prices of raw materials and fuel with noticeable achievement, as reflected in the decrease of 11 per cent in overall cost of cement when compared to that of the same period in 2015. Although the cement market improved markedly in the third quarter, the Group’s cement prices decreased 9 per cent year-on-year during the first three quarters. Moreover, due to a significant non-operating loss, the Group still recorded a loss of RMB32.58 million for the Period.

In the central and downstream region of the Yangtze River where the Group is located, cement demand was severely affected by flooding resulted from rainy weather in July and the post-disaster recovery and scorching temperatures in August. In addition, the substantial rise in coal prices in July and August pushed up the production costs of clinker and cement. Under such environment, industry peers generally faced operational difficulties. Since August, the industry had responded to the call of China Cement Association and implemented energy-saving and emission reduction measures, as well as exercised self-discipline to reduce production. Meanwhile, due to G20 summit held in Hangzhou in late August till early September, enterprises in the surrounding areas were mandatory required to restrict production, which greatly reduced cement supply in the downstream region of Yangtze River, thus accelerating the pace at which industry players exercised self-discipline and increasing their willingness to reduce production. Affected by the above-mentioned factors, cement prices began to increase since August. Entering September, as production restriction continued to be imposed on enterprises in certain regions and downstream infrastructure projects commencing construction continued to rise, cement prices kept soaring.

Looking into the fourth quarter, Mr. Hsu Shu-tong, Chairman of the Group, said: “The Group expects production and sales in the cement industry will be on the rise. From a macro perspective, various economic indicators have picked up since August, demonstrating the effectiveness of the government policy to maintain steady growth, and it is more obvious that the economy is moving towards a stable development. Experts widely expect that the rate of economic growth in the fourth quarter will be higher than that in the previous three quarters. Meanwhile, the State Council also reaffirmed to step up efforts in the implementation of proactive fiscal policy and sent inspection teams to urge local governments to push ahead with the construction of major infrastructure projects. In addition, property investment and private investment, which had been market concerns, seem to show signs of stabilization. On the aspect of infrastructure investment, the National Development and Reform Commission recently put forth Public-Private Partnership projects worth RMB2.14 trillion and approved a large number of urban rail transit projects, while infrastructure investment in

railway will increase to meet the investment target for the full year. The aforesaid favourable factors will drive growth in cement market demand.”

The Group will strive to capitalise on the current favourable situation to step up efforts not only in lowering costs of procurement, production and transportation but also in reducing receivables and grooming professional and management talents at different levels to achieve better operating performance. The Group expects that the total sales volume of cement products in 2016 will reach 31.40 million tonnes, representing an increase of 3.4 per cent from 30.38 million tonnes for 2015.

### **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 river-way 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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