

PRESS RELEASE

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ASIA CEMENT (CHINA) INTERIM NET PROFIT LEAPED BY 110% TO RMB256 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 110 per cent in its profit attributable to owners of the Company for the six months ended 30 June 2013 (“Period”) to approximately RMB255.9 million (2012 corresponding period: approximately RMB121.8 million), with basic earnings per share doubled to RMB0.16 (2012 corresponding period: RMB0.08). The substantial growth in net profit was mainly attributable to the increase in sales volume of the Company’s products and the decrease in coal cost 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 2013 (2012 corresponding period: nil).

The Group’s cement sales surged by 18 per cent year-on-year to 11.46 million tonnes during the Period. This was mainly achieved by the Group through leveraging opportunities arising from the cement industry’s improved supply and demand conditions to increase its market share and sales.

On the other hand, cement price plunged to its bottom in recent years in the first quarter, and started to rebound in the second quarter of 2013. The Group’s revenue for the Period rose by 3 per cent year-on-year to RMB3,177.0 million. As a result of its proactive measures to improve its production efficiency and lower cost, the Group attained an 8 per cent year-on-year decrease in cement production costs per tonne. The Group’s gross profit and gross profit margin during the Period increased by 20 per cent to RMB583.8 million and by 2 percentage points to 18 per cent when compared with those of the same period last year respectively.

“During the first half of 2013, in particular the first quarter, market competition remained ferocious. The Group maintained full disposal of all output, while consistently improving its production efficiency to strengthen competitiveness. We had broadened the sources of coal purchase to secure stable supply and lower coal consumption costs. The Group is also a pioneer in observing the State’s denitrification policy, to lower the emission of nitrogen oxide (NOx). To intensify market penetration, the Group had lifted its local market share in various regions, with an attempt to enlarge profit margins. The Group had strengthened its distribution network, and increased the number of outlets and strengthened marketing in the rural area, in order to enhance the market dominance of cement products under the Group’s brand name in the rural area. In addition, the Group had fully capitalized on the logistics advantages, including convenience and low-cost, of the waterway transport of Yangtze River to expand downstream sales points,” remarked Mr Hsu Shu-tong, Chairman of Asia Cement (China).

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In light of steady economic growth, progress in urbanisation, and the PRC government's proactive and continued support for the development of agricultural modernization, affordable housing and hydraulic facilities, the Group believes that cement demand will maintain a steady growth in the second half of the year. Furthermore, the PRC government has recently proposed the plan to focus on accelerating the development of mass transit system, including inter- and intra-city railway and integrated transport hubs. The Group can benefit directly from the substantial cement demand from the construction of intercity railway, given the extensive coverage of the economically-developed cities along the mid and down streams of the Yangtze River by the Group's various production plants.

On the supply side, pressure from excessive capacities will be further eased by the government's severe measures of prohibiting new capacity development and suspension of unauthorised project under construction. More stringent environmental protection requirements and policies that promote mergers and acquisitions in the cement industry, as well as China Cement Association's tightening of the granting of production licenses will accelerate elimination of obsolete and inefficient capacities.

Mr Hsu added: "Although third quarter is traditionally a low season for the industry, the stable market environment at the end of the second quarter is expected to continue. The Group's Jiangxi Yadong No. 5 and No. 6 kilns will commence production at the end of the third and fourth quarters respectively, just in time to greet the industry's traditional peak season, and are expected to achieve favourable sales and output volumes."

Mr Chang, Tsai-hsiung, Vice Chairman of the Group, said: "In the second half of 2013, the Group will capitalize on the improvement in the cement industry. In addition to pushing forward the completion of Jiangxi Yadong No. 5 and No. 6 kilns, the Group plans to construct silos at strategic locations along the Yangtze River and to expand downstream commercial concrete business, to develop and operate an aggregate business. We strive to optimise our sales network and create synergy among the various operations within the Group. The Group will continue to uphold its stringent environmental standards and comply strictly with the government's energy saving and emission reduction policies, so as to be an exemplar for environmental-friendly and energy-saving production recognised by governments in various regions."

About Asia Cement (China)

Asia Cement (China) Holdings Corporation is one of the leading integrated cement producers in the Central Yangtze River region (which includes the provinces of Jiangxi and Hubei) and a major integrated cement producer in Sichuan Province. The Group'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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