

To: Business Editors

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ASIA CEMENT (CHINA) ACHIEVED FULL DISPOSAL OF ALL OUTPUT IN THE FIRST QUARTER OF 2016 REVENUE REACHED RMB1.2 BILLION

Affected by the prevailing depressed conditions of the industry, Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 00743) together with its subsidiaries (collectively the “Group”) reported a year-on-year decline of 22 per cent in the Group’s cement price for the three months ended 31 March 2016 (the “Period”), leading to an operating loss of the Company for the Period. The Group reported an unaudited consolidated revenue of RMB1,198.7 million and a loss for the Period of RMB62.8 million.

The Group had made strenuous efforts to overcome impact from adverse factors such as lower market demand, by firmly pushing forward various cost saving measures. The Group’s consolidated cement cost in the first quarter of 2016 reduced by 15 per cent year-on-year. The Group continued to fine-tune production organisation and adjustment of transportation and sales in accordance with output to reduce storage and transportation costs, as well as stepped up efforts in the expansion of core markets. Through the abovementioned efforts, the Group continued to achieve full disposal of all output during the Period. The Group sold a total of 6.46 million tonnes of cement products, representing an increase of 940,000 tonnes or 17 per cent from 5.52 million tonnes for the corresponding period of 2015, thereby achieving growth amid a market downturn.

The first quarter is generally the traditional off season of the cement industry. Significant decline in demand led to intensified market competition. Moreover, there was a lack of consensus on self-discipline among industry players, while product prices continued to fall. Entering March, as weather conditions improved, more projects gradually commenced construction. This together with the government and association’s implementation of measures to eliminate excessive capacity, adjust industry structure and stabilise prices has led to gradual increase in price in certain regions.

“The year of 2016 is the first year of China’s “13th Five-Year Plan”. The government has set the GDP growth target for 2016 at 6.5 per cent – 7 per cent, signifying that the macro-economy will maintain a medium- to high-speed growth. With the government’s implementation of a series of supply-side structural reforms to “eliminate excessive capacity, clear inventory, deleverage, reduce costs and shore up weakness”, the Group is of the view that the cement market still has great potential for growth. First, the national fixed assets investment and property development investment have started to stabilise and increase. Sales of commodity housing, which had long been stagnant,

begin to pick up, while construction of affordable housing projects in cities and towns is steadily being carried out. In 2016, 6 million residential units in shanty towns will be renovated. In addition, the government continues to push forward new-type urbanisation and agricultural modernisation by expediting the commencement of a number of key projects. All these will drive cement market demand,” said Mr Hsu Shu-tong, Chairman of the Group.

On the supply side, the government will accelerate the cleansing of “zombie enterprises”, develop green production and step up efforts to tackle pollution. All these will significantly facilitate the reduction of industry’s supply and enhancement of quality. In addition, the complete abolition of 32.5 grade cement and C30 grade concrete has been put on the agenda. It is estimated that with the deepening of the supply-side reform, more policies favourable for industry restructuring and industry upgrade will be promulgated, and the supply side of the industry will continue to improve.

The Group will continue to strive to reduce costs, expand industry chain, enlarge export sales, conduct talent grooming and improve internal control management, as well as achieve full disposal of all output. It is expected that the Group’s aggregate sales volume of cement products in the first half of 2016 will amount to 15 million tonnes, representing an increase of 15 per cent or 1.98 million tonnes from 13.02 million tonnes for the corresponding period of 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 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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