

To: Business Editors

Date : 22 March 2017



ASIA CEMENT (CHINA) REALISED 2016 NET PROFIT OF RMB134 MILLION CEMENT SALES CONTINUED TO GROW TO 30.87 MILLION TONNES

Asia Cement (China) Holdings Corporation (“Asia Cement (China)” or the “Company”, stock code: 00743) together with its subsidiaries (collectively the “Group”) reported a revenue of RMB6,338,152,000 (2015: RMB6,391,165,000) for the year ended 31 December 2016 (the “Year”). During the Year, the Company resumed profitability, realising a profit attributable to owners of the Company of RMB133,562,000 (2015: loss of RMB299,123,000). Basic earnings per share were RMB0.085 (2015: basic loss per share was RMB0.191). The Board of the Company recommends the payment of a final dividend of RMB3 cents per ordinary share for the year ended 31 December 2016 (2015: RMB5 cents per ordinary share).

During the Year, the overall cement demand in China increased. The Group’s sales volume maintained a stable growth, with cement average selling price for the Year basically the same as that of 2015. In addition, the Group continued to optimise its production cost and proactively adjust financial structure to lower foreign exchange risk, thus continuously improving its operating results. During the Year, the Group recorded a gross profit and gross profit margin of RMB1,250,152,000 and 19.7 per cent respectively, representing year-on-year increases of 31 per cent and 4.7 percentage points respectively.

Benefitting from the recovery of the national infrastructure construction and property market in 2016, and leveraging the good reputation of the Skyscraper brand cement built over the years, the Company sold a total of 30.87 million tonnes of cement products during the Year, representing an increase of 1.6 per cent year-on-year. The Group’s core markets maintained the top two rankings by market share. With respect to overseas markets, amid a complex international landscape in 2016, the Group’s export volume remained basically the same as in 2015, attributable to the Group’s sales diversification.

By geographical region, approximately 70 per cent of the Group’s cement capacity (about 24 million tonnes) was located in the central and downstream regions of Yangtze River. The Group was among this region’s largest cement enterprises in terms of production capacity. In Wuhan, Jiujiang and Yangzhou, the Company ranked first in market share, while in Nanchang it ranked second. Despite the various unfavourable factors, the Group sold a total of 22.11 million tonnes of cement products in the central and downstream regions of Yangtze River in 2016, only slightly down by 1.4 per cent when compared to that of 2015 (basically in line with the drop in market demand), by leveraging its long-term dedication to market development for over 10 years and guarantee of high product and service quality.

The Group had an aggregate cement capacity of 11 million tonnes in Chengdu region, being the largest cement producer in the region and ranked first in market share. Market demand in Chengdu increased by 5 per cent in 2016 as compared to that of 2015. The Group stepped up its marketing efforts in the region. For 2016, the Group sold a total of 8.76 million tonnes of cement

products in the Southwestern region, representing an increase of 800,000 tonnes or 10.1 per cent from 2015's 7.96 million tonnes.

Along with the economic transformation during the “13th Five-Year Plan” period, the overall demand for cement in China’s cement industry will decrease, while the cement industry will formally enter the stage of eliminating excess capacity. Moreover, under the supply side reform, which is the objective of eliminating excess capacity, the government policy has expressly prohibited the construction of new capacity before 2020, stated its determination to eliminate 32.5 low-grade cement, and encouraged mergers between large enterprises to enhance concentration of production. Furthermore, more stringent requirements are imposed on enterprises with respect to environmental protection, energy consumption, safety, quality and other standards.

Looking into 2017, Mr Hsu Shu-tong, Chairman of Asia Cement (China), said: “The real estate market under the austerity measures may cool down. Cement demand will be driven mainly by infrastructure construction. Off-peak season production and other measures to limit production are expected to support cement prices. Coal price is expected to recover to a reasonable level. All these will help control cement costs.”

In 2017, the Group plans to sell a total of over 31.62 million tonnes of cement products, representing an increase of 750,000 tonnes or 2.4 per cent from that of 2016.

“The Group will strive for improvement while maintaining steady development. The Group will consolidate its Chengdu market and other principal markets along the Yangtze River; solidify its quality customer base comprising companies with sound and healthy operations; and uphold its core business strategy of “Three Highs, One Low”, namely “High Quality, High Efficiency, High Level of Environmental Protection, and Low Cost”. Leveraging its solid foundation, the Group will strive for improvement in production technology, management practices and operational mindset. The Group will also seek mergers and acquisition, or strategic cooperation, striving to achieve an aggregate capacity target of 50 million tonnes,” added Mr Hsu.

About Asia Cement (China) Holdings Corporation

Asia Cement (China) is one of the top 10 cement and clinker production enterprises in China as well as 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.

- End -

Issued by: Asia Cement (China) Holdings Corporation
Through: CorporateLink Limited

Media enquiries: CorporateLink Limited

Christine Chan Tel: 2801 6090 / 6173 9039

Email: christine@corporatelink.com.hk

Kathryn Lu Tel: 2801 6045 / 6708 2879

Email: kathryn@corporatelink.com.hk