

To: Business Editor

【For Immediate Release】



**Dongpeng Holdings Company Limited**  
**東鵬控股股份有限公司**  
**(Stock Code: 3386)**

**Announces 2014 Interim Results**

**Revenue Increased by 27.4% to RMB1,623.9 Million**

**Profit Attributable to Owners of the Company Surged by 47.7% to HK\$179.1 Million**

<u>Financial Highlights</u>	For the six months ended 30 June (RMB Million)		
	2014 (Unaudited)	2013 (Audited)	Change %
Revenue	1,623.9	1,274.7	+27.4%
Gross profit	579.5	473.4	+22.4%
Gross margin	35.7%	37.1%	-1.4pts
Profit attributable to owners of the Company	179.1	121.2	+47.7%
Net Profit Margin	11.0%	9.5%	+1.5pts
Basic earnings per share	RMB0.14	RMB0.13	+7.7%

[27 August 2014, Hong Kong] **Dongpeng Holdings Company Limited** (“Dongpeng” or the “Company” and, together with its subsidiaries, the “Group”, Stock Code:3386), the largest ceramic tile company in China, announced its interim results for the period ended 30 June 2014 (the “Period”).

In the first half of 2014, the Group leveraged its dual sales model of direct sales and third party distributors to continuously realize an effective and efficient expansion strategy, increase market recognition of “Dongpeng” brand, expand the customer base, deliver high quality customer services, and further enhance the Group’s leading position in the industry. During the Period, the Group’s total revenue amounted to approximately RMB1,623.9 million, representing an increase of 27.4% (1H2013: approximately RMB 1,274.7 million). The increase in total revenue was primarily attributable to an increase in the sales of the high-end glazed tile products and bathroom products.

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During the Period, the Group recorded the gross profit of RMB579.5 million, representing an increase of 22.4% over the corresponding period last year (1H2013: approximately RMB473.4 million). The gross profit margin slightly decreased 1.4 percentage points to 35.7% (1H2013: 37.1%). Profit attributable to owners of the Company was approximately RMB179.1 million (1H2013: approximately RMB121.1 million), representing a significant increase of 47.7% as compared to the same period last year.

## Business Review

For the six months ended 30 June (RMB Million)					
	Revenue		Change	% of Total Revenue	
	2014 (Unaudited)	2013 (Audited)	%	2014	2013
Unglazed Tile Products	647.6	621.8	+4.1%	39.9%	48.8%
Glazed Tile Products	754.5	596.9	+26.4%	46.4%	46.8%
Subtotal	1,402.1	1,218.7	+15.1%	86.3%	95.6%
Bathroom Products	221.8	56.0	+295.8%	13.7%	4.4%
<b>Total Revenue</b>	<b>1,623.9</b>	<b>1,274.7</b>	<b>+27.4%</b>		

### Ceramic Tile Business

The ceramic tile business is mainly consisted of the sales from unglazed tile products and glazed tile products. During the Period, revenue from glazed tile products increased by 26.4% to RMB754.5 million (1H2013: RMB596.9 million), while revenue from unglazed tile products increased by 4.1% to RMB647.6 million (1H2013: RMB621.8 million).

The Group's continuous sales and marketing efforts and expansion of sales channels sustained the growth of the ceramic tile business during the Period. The Group newly increased 216 retail outlets (including self owned and third party operated) to the total number of 1,825, covering over 600 cities across all provinces in China. Meanwhile, the Group continued to devote significant resources into technological innovation, new product design and development, and introduced 19 new product series including the glossy glazed tiles product series, namely Iran White Jade series (伊朗白玉系列), Cappuccino series (卡布奇系列) and landscape stone series (山水石系列), and the unglazed tiles product series, namely matt supreme travertine series (亞光面至尊洞石系列) and world travertine series (世界洞石系列). In addition, the Group continued to expand and diversify the product of ceramic chips into the mass-market products and boosted the sales growth. At the same time, sales of the antique-inspired tiles also ramped up and their usage in real estate projects increased.

### **Bathroom Products Business**

The acquisition of Dongpeng Sanitary Ware in May 2013 significantly promoted the bathroom products business with the revenue increased by 295.8% to RMB221.8 million (1H2013: RMB56.0 million). In July 2014, the Group acquired 62% equity interests in Innoci in order to expand its business in the mid to high-end bathroom product market. Leveraging excellent product design capabilities and brand positioning of Innoci's talented and experienced product design team, as well as production capacity, distribution channels and logistic advantage of the Company, it will bring new momentum to Dongpeng to expand its business and sales in the contemporary and design-driven market sector, propelling the long-term steady development of the bathroom product business.

### **Utilization of On-line Sales Platform**

Due to changing consumers' shopping habits, the Group has increased its online sales effort. During the first half of 2014, the Group has conducted online marketing sales events across China with many well known internet portals, including Jia.com, CityTogo.com, Meilele.com, 17house.com, to8to.com, etc. These online sales events allow the Group to reach out to customers, and capture new market shares rapidly. For illustration, regarding the strategic collaboration with Jia.com, the Group planned to set up 11 provincial experience centers across China, of which 5 are already opened and the remaining 6 centers are under renovation. Further, there were a total of 14 marketing sales events with Jia.com during the six months ended 2014, each highly successful with an attendance of over 1,200 people.

Looking ahead, the Group will strive to achieve greater synergic effect between its ceramic tile business and bathroom products business. The Group will also draw on the high-end stylish positioning of Innoci to strengthen its brand recognition and solidify its leading market position in the PRC ceramic tile market. Furthermore, the Group will increase its effort in cross selling, enhance distributor management, improve its product mix and operational efficiency, as well as allocate more resources into the development of online sales channels so as to seize the business opportunities in the online consumer market and create connections between online and offline stores.

**Mr. He Xinming, the Chairman of Dongpeng** said, "China's economy is expected to maintain its steady growth in the second half of 2014. In addition, as the home decoration and improvement market has always been less volatile in comparison to the property market, the Group believes that continued urbanization, increasing in per capita disposable income, growing demand for home renovation and upgrading activities will continue to fuel China's home decoration and renovation market in the second half of 2014. Leveraging on the long-established Dongpeng brand, its outstanding operational, marketing and logistics efficiencies and direct access to the capital market after the IPO, Dongpeng will actively expand its business and optimize nationwide sales network, bringing returns to its shareholders."

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### **About Dongpeng Holdings Company Limited**

Dongpeng Holdings Company Limited is the largest ceramic tile company in China with leading market share in high-end ceramic tiles market in China. Dongpeng designs, develops, produces, markets and sells a wide variety of ceramic tile and bathroom products under the “Dongpeng” brand, which has been recognized as the most valuable brand in the industry among China’s 500 Most Valuable Brands by the World Brand Laboratory for eight consecutive years. Dongpeng manages an extensive nationwide sales network 1,825 retail outlets covering over 600 cities across China. Its products are also sold in 66 countries worldwide. Leveraging on its strong innovation and development capabilities, advanced SAP system and extensive nationwide sales network, Dongpeng will continuously strengthen its brand recognition, optimize its sales network, enhance its product mix and expand its bathroom products business, so as to solidify its leading market position.