



CHINA ACM

CHINA ADVANCED CONSTRUCTION MATERIALS GROUP, INC.

China ACM
NASDAQ: CADC
March 2011

www.china-acm.com

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Recent price (as of 3/11/11): \$4.12
52-week trading range: \$2.95 – \$5.65
Shares outstanding (fully diluted):..... 18.2 M
Market capitalization: \$75.0 M
Price/Earnings (LTM Adjusted Earnings): 4.4X
Cash and Short Term Investments (12/31/10):... \$15.1 M
Total Shareholders' Equity (12/31/10): \$70.3 M
Adjusted Net Income (LTM 12/31/10): \$17.2 M
Insider ownership: 31%
Analyst coverage: Global Hunter: BUY Rating/PT \$7.50
Roth Capital: BUY Rating/PT \$8.00
Fiscal year-end: June 30



ABOUT CHINA ACM

China ACM is a profitable, leading producer of advanced, eco-friendly ready-mix concrete (RMC) and related technical services for large scale, high-speed rail (HSR) and other complex infrastructure projects. Leveraging its proprietary technology and value-add engineering services model, the Company has won work on numerous high profile projects including the 30,000 km China HSR expansion, the Olympic Stadium Bird's Nest, Beijing South Railway Station, Beijing International Airport, U.S. and French embassies and CCTV Headquarters to name a few.

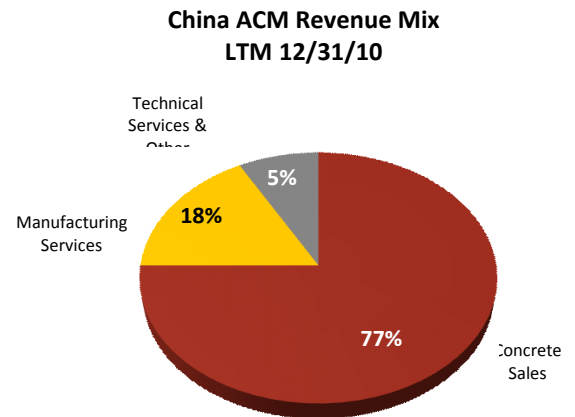
Founded in 2002, Beijing-based China ACM provides its materials and services through its network of fixed ready-mix concrete plants covering the Beijing metropolitan area. It also has technical consulting services and preferred procurement agreements with other independently-owned plants across China. Additionally, the Company owns numerous portable plants deployed in various provinces across China primarily to major high speed rail projects.

WHY INVEST IN CHINA ACM?

- ❖ Infrastructure pure play capitalizing on China's trillion dollar infrastructure spend
- ❖ Leading position in the large, highly-fragmented RMC market with significant barriers to entry
- ❖ Premium quality/eco-friendly products and track record of success on high profile projects position China ACM for sustained growth
- ❖ Transition to services model driving margin expansion
- ❖ Solid balance sheet to fund growth
- ❖ Eight-year track record of profitable growth
- ❖ Strong management team and Board with commitment to corporate governance

BUSINESS SEGMENTS

Cement is a commodity, and one ingredient in concrete. Concrete, especially the Company's premium patented RMC blends – is a high-margin specialty product requiring extensive chemical engineering expertise. China ACM's business is separated into three primary operating segments. Concrete Sales result from China ACM's production of RMC at its four fixed plants in Beijing with a maximum annual capacity of four million cubic meters. For its Manufacturing Services segment, China ACM produces RMC at 25 portable plants supporting HSR projects in various provinces. Portable plants are assembled at or near the project location and can be dismantled and moved expeditiously. China ACM also provides Technical Services, such as chemical engineering and RMC production consulting to contractors, and operates two technical service plants owned by third parties.



LARGE AND GROWING MARKET OPPORTUNITY

China's growth is leading the world with a 9.3% increase in GDP for 2010. Economic growth, urbanization and a growing middle class are driving massive infrastructure spending. China's construction spend is growing at 9% annually and is expected to reach \$1.7 trillion by 2014. This translates to an estimated \$15 billion spend on concrete mixing contracts for HSR alone. According to a McKinsey study, China will account for 50% of global building activity by 2015.

The eco-friendly concrete market is rapidly growing, driven by increased demand for high grade concrete for infrastructure projects and more stringent construction standards. The Ministry of Construction and People's Congress passed legislation mandating energy-efficiency, pollution prevention, low emissions and recyclable building materials. Additionally, more complex architectural designs are raising the demand for premium concrete mixtures and more advanced technical services. As a result, the Company's RMC production has grown at a 27% CAGR since 2001.

LEADING POSITION IN ECO-FRIENDLY READY-MIX CONCRETE (RMC) FOR CHINA'S LONG-TERM INFRASTRUCTURE BUILD OUT

China ACM has an active R&D division and valuable IP portfolio which is often the basis for its new contract wins. It specializes in RMC formulations ranging from controlled low-strength material to high-strength concrete produced specifically to meet individual project requirements. The Company provides both industry standard and highly specialized products.

The Chinese government's implementation of Decree #341 in 2004 is driving rapid growth of RMC. This law bans on-site concrete production in over 200 cities across China in order to reduce environmental impact from on-site mixing and improve the quality of concrete used in construction. The use of portable RMC plants minimize worksite noise, dirt and transportation impact; its recycled additives are environmentally safe. China-ACM is leveraging its leadership position in the production of premium environmentally safe RCM to drive revenue growth.

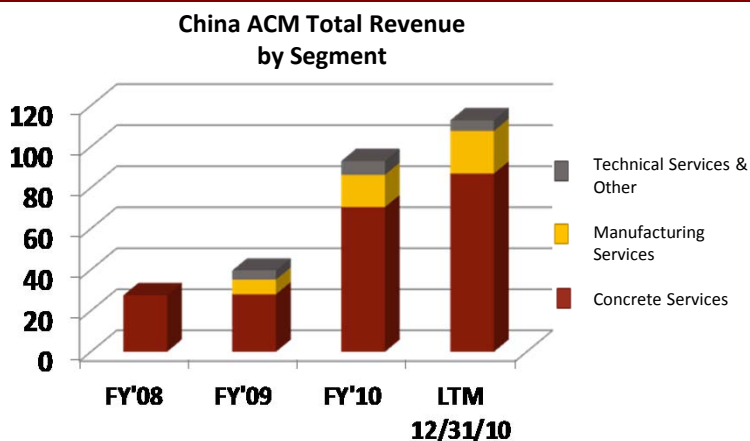
HIGHLY-FRAGMENTED MARKET RIPE FOR RATIONALIZATION

The Chinese RMC industry is dominated by four large state-owned (SOE) conglomerates, namely Jiangong Shangong Center, Jingo Group Concrete, Zhuzong Shangong Center and Zhonghang Konggang Concrete – all four are China ACM key clients. The remaining market is highly fragmented and ripe for consolidation. Of approximately 2,400 companies, 80% produce less than 300,000 cubic meters. As one of only three publicly traded RMC companies, China ACM is one of a handful of companies with the scale, capacity, relationships and capital to effectively compete on large, high-caliber projects.

POISED FOR GROSS MARGIN EXPANSION

China ACM is poised for margin expansion as the services segment of its business becomes a larger part of its overall revenue mix. In its Manufacturing Services segment, general contractors supply the raw materials, resulting in higher gross margins. For its Technical Services offerings, China ACM provides technology and personnel to manage plant operation for other RMC producers. This is a scalable and highly profitable business segment.

Gross margins for the last twelve months were 19.2%. China ACM's fastest growing segment, Manufacturing Services, had a 39.5% gross margin.



THE CHINA ACM ADVANTAGE

Proprietary Products and Technology Certified by Highest Ranking Government and Industry Associations

Unlike cement which is a commodity, premium RMC is a high margin specialty product requiring extensive chemical engineering expertise and IP. China ACM holds patents on advanced technologies including a superior 100-year RMC warranty versus the 50-year industry standard. Meeting environmental hurdles is also critical in addressing the proliferation of green standards. China ACM's green technology uses recyclable materials that meet increasingly stringent government standards, and it is one of only ten companies certified "green" by the Ministry of Environmental Protection. These technologies further boost China ACM's bottom line as the Company qualifies for a 6% VAT exemption (for meeting high government eco-standards) and a 15% high-tech corporate income tax benefit (for its special mixes meeting the 100-year warranty).

Well-established Relationships and Reputation with China's Largest Contractors and Developers

China ACM's growth initiatives include expanding its strong relationships with SOE contractors, extending geographic reach in China and international markets, and capitalizing on industry consolidation to acquire or lease undervalued assets to gain market share. To drive margin expansion, China ACM is steadily increasing its relative percentage of Manufacturing Services business, thereby achieving higher margins with less upfront investment and longer-term HSR contracts that will provide sustained growth for many years to come.

Track Record of Success on High-Profile HSR and Other Technically Complex Infrastructure Projects

China ACM has a strong reputation built on an established track record of work on some of the highest profile and most complex projects in China, including the U.S. and French Embassy, Beijing South Railway Station, Beijing International Airport, National Centre for Performing Arts and CCTV Headquarters.

Seasoned Management Team and Corporate Governance-Focused Board of Directors

China ACM has a highly experienced management team. Senior management participated in drafting the national standards for concrete in China. Xianfu Han, Chairman and CEO, served previously in the highest non-government post (Vice Chair) for the Beijing Concrete Association (BCA). Weili He, China ACM Vice Chairman and COO, currently serves as Vice Chair of the BCA. Jeremy Goodwin, President, CFO & Director, co-founded 3G Capital Partners and served previously with ING Baring Capital Partners HK. China ACM's Board has four independent Directors including Sean Wang, CFO and Director of Rongsheng Heavy Industries; Denis Slavich, former CFO of Bechtel Group and KMR Power Corporation; Larry Goldman, a former Partner at Livingston, Wachtell & Co., a Manhattan-based CPA firm; and Jing Liu, a Senior Manager of investment banking at China Jianyin Investment Limited and China Construction Bank.



SOLID BALANCE SHEET & EIGHT-YEAR TRACK RECORD OF PROFITABLE GROWTH

RECENT FINANCIAL RESULTS Condensed Results of Operations - Selected Data

	Three months ended December 31 (Unaudited)		Twelve months ended June 30	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Total Revenue	\$ 34,525,946	\$ 26,164,312	\$ 93,040,847	\$ 39,714,802
Gross profit	6,682,110	5,234,626	19,336,146	15,196,760
Selling, general and administrative expenses	2,632,218	1,157,250	5,439,579	1,717,794
Income from operations	4,049,892	4,077,376	13,896,567	13,478,966
Adjusted Net Income available to common shareholders	4,930,284	4,307,984	15,703,265	11,547,461
Adjusted diluted earnings per share	\$ 0.27	\$ 0.29	\$ 0.95	\$ 0.82

Consolidated Balance Sheet- Selected Data

	December 31 (Unaudited)		June 30	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS				
Cash	\$ 3,153,149	\$ 1,696,339	\$ 3,300,820	\$ 3,634,805
Short term investments	11,947,960	0	0	71,880
Accounts receivable	62,491,063	23,231,389	36,072,691	11,815,402
Total current assets	87,438,536	34,431,786	45,834,200	25,302,604
Total assets	\$ 125,607,639	\$ 73,206,977	\$ 85,611,440	\$ 56,319,773
LIABILITIES AND SHAREHOLDERS' EQUITY				
Total debt	\$ 14,367,800	\$ 146,259	\$ 0	\$ 4,512,200
Total current liabilities	51,478,541	27,920,359	21,508,744	20,036,003
Total liabilities	55,284,296	33,466,882	24,429,264	20,036,003
Total shareholders' equity	\$ 70,323,343	\$ 35,508,946	\$ 61,182,176	\$ 30,042,351

Note: Adjusted Net Income = Net Income + Change in Fair Value of Warrant Expense + Non Cash Stock Compensation Expense

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