Asia Cement (China) Holdings Corporation

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2012 ANNUAL RESULTS ANNOUNCEMENT

2012 ANNUAL RESULTS HIGHLIGHTS

- Revenue decreased by 19% to approximately RMB6,684.1 million (2011: approximately RMB8,206.8 million).
- Profit attributable to owners of the Company decreased by 71% to approximately RMB395.1 million (2011: approximately RMB1,340.8 million). The significant adjustment in profit attributable to owners of the Company was mainly attributable to the significant decrease in average selling prices of the Company's products compared with that of the corresponding period of the previous year.
- Basic earning per share amounted to RMB0.25 (2011: RMB0.86), representing a decrease of approximately 71%.
- The Board proposed a final dividend of RMB10 cents per share, representing a payout ratio of 40%.

THE FINANCIAL STATEMENTS

Results

The board (the "Board") of directors (the "Directors") of Asia Cement (China) Holdings Corporation (the "Company"), together with its subsidiaries (collectively the "Group"), hereby announces the audited consolidated results of the Group for the year ended 31 December 2012, together with the comparative figures for 2011 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	NOTES	**2012** *RMB'000*	2011 *RMB'000*
Revenue	*3*	**6,684,149**	8,206,833
Cost of sales		**(5,562,181)**	(5,920,435)
Gross profit		**1,121,968**	2,286,398
Other income	*4*	**155,941**	134,396
Other gains and losses	*5*	**17,125**	130,969
Distribution and selling expenses		**(332,547)**	(324,176)
Administrative expenses		**(264,253)**	(274,464)
Share of profit of jointly controlled entities		**4,047**	974
Share of profit of an associate		**1,377**	1,852
Finance costs		**(194,731)**	(213,808)
Profit before tax		**508,927**	1,742,141
Income tax expense	*6*	**(102,321)**	(352,746)
Profit for the year	*7*	**406,606**	1,389,395
Other comprehensive expense:			
Fair value loss on a hedging instrument in cash flow hedge		**(2,767)**	(7,772)
Total comprehensive income for the year		**403,839**	1,381,623
Profit for the year attributable to:			
Owners of the Company		**395,123**	1,340,836
Non-controlling interests		**11,483**	48,559
		406,606	1,389,395
Total comprehensive income for the year attributable to:			
Owners of the Company		**392,356**	1,333,064
Non-controlling interests		**11,483**	48,559
		403,839	1,381,623
Dividend – Proposed final	*8*	**155,625**	264,563
		RMB	RMB
Earnings per share	*9*		
Basic		**0.25**	0.86
Diluted		**0.25**	0.86

Consolidated Statement of Financial Position
At 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,380,366**	9,557,197
Quarry		**214,909**	219,475
Prepaid lease payments		**582,957**	536,954
Goodwill		**138,759**	138,759
Other intangible assets		**13,981**	17,839
Interests in a jointly controlled entity		**28,891**	25,344
Interest in an associate		**14,982**	13,605
Held-to-maturity investments		**126,225**	–
Restricted bank deposits		**25,840**	19,217
Deferred tax assets		**20,761**	21,200
Long term receivables		**59,417**	59,383
		10,607,088	10,608,973
CURRENT ASSETS			
Inventories	*10*	**757,090**	741,106
Long term receivables – due within one year		**16,011**	14,942
Trade and other receivables	*11*	**2,557,010**	2,986,842
Prepaid lease payments		**17,080**	14,552
Amount due from an associate		**4,614**	6,892
Held-for-trading investments		**55,143**	–
Restricted bank deposits		**14,814**	18,192
Bank balances and cash		**1,620,114**	1,730,867
		5,041,876	5,513,393
CURRENT LIABILITIES			
Trade and other payables	*12*	**660,156**	720,211
Amounts due to non-controlling interests		**2,043**	10,955
Amounts due to a jointly controlled entity		**8,267**	3,899
Tax payables		**26,132**	68,030
Borrowings – due within one year		**2,739,881**	1,335,726
		3,436,479	2,138,821
NET CURRENT ASSETS		**1,605,397**	3,374,572
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,212,485**	13,983,545

	NOTES	2012 RMB'000	2011 RMB'000
NON-CURRENT LIABILITIES			
Other payables	*12*	**–**	12,000
Borrowings – due after one year		**3,294,173**	5,216,061
Derivative liabilities		**10,539**	7,772
Deferred tax liabilities		**18,093**	24,079
Provision for environmental restoration		**6,000**	–
		3,328,805	5,259,912
NET ASSETS		**8,883,680**	8,723,633
CAPITAL AND RESERVES			
Share capital	*13*	**139,549**	139,549
Reserves		**8,461,660**	8,333,486
Equity attributable to owners of the Company		**8,601,209**	8,473,035
Non-controlling interests		**282,471**	250,598
TOTAL EQUITY		**8,883,680**	8,723,633

Notes to the Condensed Consolidated Financial Statements

For the year ended 31 December 2012

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 7 April 2004 under the Companies Law (2003 Revision), Chapter 22 of the Cayman Islands. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20 May 2008. The immediate and ultimate holding company is Asia Cement Corporation, a company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation. The address of the registered office of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies and the principal place of business of the Company is at Portion of Unit B, 11th Floor, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are manufacture and sale of cement, concrete and related products.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee (formerly called the IFRIC).

Amendments to IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRSs 2009–2011 Cycle[1]
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities[2]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

Except for IFRS 9, IFRS 10, IFRS 11, IFRS12, IAS 27(as revised in 2011), IAS 28 (as revised in 2011), IFRS 13 and IAS 1 (amendments), the directors of the Company anticipate that the application of the other new and revised IFRSs will have no significant impact on the consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
Sales of cement products and related products	**6,059,141**	7,533,973
Sales of concrete	**625,008**	672,860
	6,684,149	8,206,833

4. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Government grants	**73,230**	72,849
Transportation fees income	**8,165**	11,460
Sales of scrap materials	**6,471**	14,819
Interest income on bank deposits	**60,553**	27,963
Interest income on held-to-maturity investments	**115**	–
Imputed interest income on long term receivables	**264**	386
Rental income, net of outgoings	**714**	655
Others	**6,429**	6,264
	155,941	134,396

5. OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000*
Exchange gains, net	**6,612**	170,837
Recovery of (allowance for) doubtful debts, net	**10,857**	(25,947)
Loss on disposal/write-off of property, plant and equipment (note)	**(693)**	(11,961)
Gain on disposal of a jointly controlled entity	**–**	31
Loss on changes in fair value of derivative financial instruments, net	**–**	(1,991)
Gain on changes in fair value of held-for-trading investments	**349**	–
	17,125	130,969

Note: In the current year, the Group has reclassified the loss on disposal/write-off of property, plant and equipment of RMB693,000 (2011: RMB11,961,000) from administrative expenses to other gains and losses for better presentation.

6. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
The tax expense comprises:		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**102,402**	349,184
Withholding tax paid	**4,895**	8,143
Under provision in prior years	**571**	184
Deferred tax	**(5,547)**	(4,765)
	102,321	352,746

The PRC EIT is calculated at the prevailing tax rate on the taxable income of the group entities in the PRC.

Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards. On 26 December 2007, the State Council of the PRC issued a circular of Guofa [2007] No. 39 – Notice of the State Council Concerning Implementation of Transitional Rules for Enterprise Income Tax Incentives ("Circular 39"). The EIT Law and the Circular 39 have changed the applicable tax rate for certain PRC subsidiaries of the Group from the preferential rate of 15% to 24% and 25% for the years ended 31 December 2011 and 2012 respectively.

Pursuant to article 2(1) of "The Notice of Taxation Preferential Policy in the Western Region issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs" ("Cai Shui [2001] No. 202"), "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010" and "The Notice of Implement of Transitional Preferential Corporate Income Tax Policy issued by State Council" ("Guo Fa [2007] No. 39"), Sichuan Yadong was granted a tax concession to pay corporate income tax at a preferential rate of 15% until 2011. The tax rate of Sichuan Yadong is 25% from 1 January 2012 onwards.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group were exempted from PRC EIT for two years starting from their first profit making year and followed by a 50% reduction on the PRC EIT for the next three years. The tax rates of these subsidiaries are 12.5% for both years. The tax concessions of these subsidiaries were expired on 31 December 2012.

For the year ended 31 December 2012, the relevant tax rates for the PRC subsidiaries of the Group ranged from 12.5% to 25% (2011: ranged from 12.5% to 25%).

Neither provision for Hong Kong Profits Tax nor Singapore income tax has been made in the consolidated statement of comprehensive income as the Group had no assessable profit arising in these jurisdictions for both years.

The Company is not subject to income tax in Cayman Islands and any other jurisdictions.

7. PROFIT FOR THE YEAR

	2012 ***RMB'000***	2011 *RMB'000*
Profit for the year has been arrived at after charging:		
Depreciation and amortisation		
– Property, plant and equipment	**711,351**	701,351
– Prepaid lease payments	**15,383**	15,392
– Quarry	**12,781**	12,391
– Other intangible assets	**5,006**	4,835
	744,521	733,969
Staff costs, including directors' remuneration		
Salaries and other benefits	**305,553**	280,033
Retirement benefits scheme contributions	**21,984**	16,533
Total staff costs	**327,537**	296,566
Auditors' remuneration	**4,830**	6,330
Cost of inventories recognised as expenses	**5,562,181**	5,920,435
Rental payments under operating leases	**26,671**	20,170

8. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Dividend recognised as distributions during the year:		
2011 Final, paid – RMB17 cents per share (2011: 2010 final dividend RMB10 cents per share)	**264,563**	155,625

A final dividend for the year ended 31 December 2012 of RMB10 cents per share (2011: RMB17 cents per share) amounting to approximately RMB155,625,000 (2011: RMB264,562,500) has been proposed by the Board after the end of the reporting period. The proposed final dividend for the current year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**395,123**	1,340,836
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,556,250**	1,556,250
Effect of dilutive employee share options	**–**	1,169
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,556,250**	1,557,419

The share options had anti-dilutive effect on the earnings per share for the year ended 31 December 2012 as the average market price of the Company's share was lower than the exercise price of the options.

10. INVENTORIES

	2012	2011
	RMB'000	*RMB'000*
Spare parts and ancillary materials	**333,619**	306,698
Raw materials	**287,727**	307,740
Work in progress	**61,723**	72,884
Finished goods	**74,021**	53,784
	757,090	741,106

11. TRADE AND OTHER RECEIVABLES

	2012 *RMB'000*	2011 *RMB'000*
Trade receivables	**1,116,918**	978,086
Less: accumulated allowance	**(62,889)**	(74,145)
	1,054,029	903,941
Bills receivable	**1,251,709**	1,839,726
Other receivables	**49,265**	32,011
Less: accumulated allowance	**(2,332)**	(2,332)
	46,933	29,679
	2,352,671	2,773,346
Advances to suppliers	**159,448**	144,156
Deposits	**8,246**	7,516
Prepayments	**2,130**	3,434
Value-added tax recoverable	**34,515**	58,390
	2,557,010	2,986,842

The Group has a policy of allowing a credit period from 30 to 90 days for cement customers and 365 days for concrete customers whereas longer credit term are allowed to certain selected customers with good credit histories or settled by bills.

The following is an ageing analysis of trade receivable net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	Cements		**Concrete**		**Total**	
	2012 *RMB'000*	2011 *RMB'000*	**2012** *RMB'000*	2011 *RMB'000*	**2012** *RMB'000*	2011 *RMB'000*
0-90 days	**467,775**	426,814	**192,439**	174,719	**660,214**	601,533
91-180 days	**96,136**	45,354	**117,475**	113,064	**213,611**	158,418
181-365 days	**5,338**	5,316	**134,490**	119,692	**139,828**	125,008
Over 365 days	**–**	–	**40,376**	18,982	**40,376**	18,982
	569,249	477,484	**484,780**	426,457	**1,054,029**	903,941

The following is an ageing analysis of bills receivable (trade-related) presented based on the dates of bills issued by the customers at the end of the reporting period:

	Cements		Concrete		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
0-90 days	**822,913**	1,220,886	**38,421**	14,670	**861,334**	1,235,556
91-180 days	**372,864**	591,751	**8,989**	5,958	**381,853**	597,709
181-365 days	**8,522**	5,961	**–**	500	**8,522**	6,461
	1,204,299	1,818,598	**47,410**	21,128	**1,251,709**	1,839,726

Trade receivables at the end of reporting period mainly comprise amounts receivable from the cement and concrete business. No interest is charged on the trade receivables.

12. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**295,135**	296,783
Bills payable	**9,196**	4,685
	304,331	301,468
Accruals	**74,170**	74,506
Advances from customers	**86,798**	92,700
Staff wages and welfare payable	**50,087**	54,310
Value added tax payable	**15,297**	51,660
Construction cost payable	**50,142**	52,805
Payables to ex-shareholders of Wuhan Yaxin	**–**	10,311
Other payables	**79,331**	94,451
	660,156	732,211
Analysed for reporting purposes as:		
Non-current liabilities *(note)*	**–**	12,000
Current liabilities	**660,156**	720,211
	660,156	732,211

Note: The balance represented consideration payables for acquisition of quarries and was fully settled during the year ended 31 December 2012.

The following is an ageing analysis of trade and bills payable presented based on the invoice dates at the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
0–90 days	**272,654**	274,938
91–180 days	**15,601**	18,597
181–365 days	**7,517**	6,476
Over 365 days	**8,559**	1,457
	304,331	301,468

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period for trade purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. SHARE CAPITAL

	Number of shares	**Amount**	**Shown in the financial statements as**
		HK$'000	*RMB'000*
Ordinary shares of HK$0.1 each			
Authorised:			
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	10,000,000,000	1,000,000	
Issued and fully paid:			
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	1,556,250,000	155,625	139,549

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Haunted by various negative factors, the global economy in 2012 lacked growth momentum. Against such a backdrop, China's annual GDP growth rate, although still reaching a relatively high level of 7.8%, had significantly slowed down when compared to 2011's 9.2%. Similar situations were found in other economic indicators including fixed assets investment, total import and export amount and real estate investment. The impact of the ups and downs of the economy was deeply felt by the cement sector, which is a pillar industry of China. From January to August 2012, new capacity (40 million tonnes per annum) in the various regions where the Group operated was unleashed. Despite the slight growth in demand, the market was unable to digest such an enormous amount of additional capacity. Moreover, severe price wars had led to the decline in market price, trimming the industry profits by more than 50% when compared to that of the same period in 2011. However, since September 2012, the measures introduced by the Chinese government to stabilise economic growth had significantly driven market demand. While cement enterprises also actively conformed with China Cement Association's call for self-discipline and promotion of energy-saving and emission reduction. As a result, the selling price began to rise. In 2012, cement consumption amounted to 2.2 billion tonnes, up by 7% from 2.06 billion tonnes in 2011.

In 2011, new clinker production capacity of 205 million tonnes was unleashed, and in 2012, there was an additional supply of 90 million tonnes, indicating an aggravation of overcapacity. The government spared no effort to continue to push ahead with the elimination of obsolete production capacities. In 2012, a total of 1,053 backward cement companies, with an aggregate capacity of 270 million tonnes were closed down. The eliminated capacities had reached record high, which significantly helped to ease the pressure of excessive capacity in the cement industry.

The Group is a leading integrated cement manufacturer in the mid and downstream regions of Yangtze River, as well as a major integrated cement producer in Sichuan, with an extensive coverage of sales network. The Group has extended its business to downstream industries, setting up commercial concrete companies in various areas to provide a wide range of choices to consumers. In 2012, the Group increased its production volume through improved production process and better management. Such increase in output volume was realised before the expansion of new production capacity. Sales volume of cement and clinker of the Group for 2012 rose by 5%, from 22,845,000 tonnes in 2011 to 23,881,000 tonnes in 2012. The Group realised a satisfactory profit when compared with other industry players.

Sichuan Region

Almost all the new capacities have been released, but the market demand driven by the post-earthquake reconstruction works has also come to an end. According to the relevant statistics, cement demand in Sichuan Province in 2012 declined by 11% (national demand grew by 7% on average). From January to September 2012, in order to secure market share, industry players engaged in fierce competition, leading to decline in market price and sluggish sales. Since the fourth quarter, driven by the cement association and leading enterprises, market players engaged in energy-saving and emission reduction to suspend production. This together with the market demand brought by the traditional peak season had led to rebound in cement prices, while sales volume rose by certain degrees. In 2012, the Company sold a total of 5,100,000 tonnes of cement, representing a 3% increase when compared to 4,930,000 tonnes in 2011.

Central and downstream regions of Yangtze River

The Group's main production and sales areas are located in central and downstream regions of Yangtze River, with convenient water transport by which products can be conveniently and swiftly transported and sold to various markets along the river. In 2012, the markets along the middle and lower reaches of the Yangtze River rebounded after experiencing declines.

1. In the first half of 2012, there were 35,000,000 tonnes of new cement production capacity unfolded in the region. All the cement producers strove to maximise their production and sales volume. Despite the slight increase in market demand, the market was unable to digest the excessive capacities. The price wars among market players with the aim of securing customers caused cement price to plummet. Some players responded to the cement association's call and engaged in market discipline to save energy and reduce emission. However, the effects of short-term suspension of production could not change the downward trend of the overall market. Market prices continued to decline and hit rock bottom in August 2012.

2. Since September 2012, demand gradually rose on robust rural market and government's accelerated infrastructure investment, enabling the market to quickly reduce its inventory level. After three quarters of price war, market players were gradually weakened, and began to engage in energy-saving and emission reduction to suspend production led by the cement association, with satisfactory results. The market price had rebounded from the bottom by RMB90-100 per tonne.

3. Sales volume of cement and clinker of the Group in 2012 reached historical high in these regions, amounting to 17,610,000 tonnes and 840,000 tonnes respectively.

Operating Results

Revenue

The Group's principal business activities are manufacture and sale of cement, concrete and related products. As shown in the table below, for 2012, the Group's revenue amounted to RMB6,684.1 million, representing a decrease of RMB1,522.7 million or 19% from RMB8,206.8 million for 2011. The decrease in revenue was mainly attributable to the slowdown of China's economy and China's fixed asset investment since the second half of 2011. Therefore, the market selling prices of cement products in China in general continued to drop during 2012. The selling prices and revenue of the Group's cement products had been inevitably impacted.

	2012		2011	
Region	***RMB'000***	***%***	*RMB'000*	*%*
Central Yangtze River	**3,939,397**	**59**	4,783,948	58
Sichuan	**1,485,326**	**22**	1,711,861	21
Yangtze River Delta and Others	**1,259,426**	**19**	1,711,024	21
Total	**6,684,149**	**100**	8,206,833	100

In respect of revenue contribution for 2012, sales of cement products accounted for 84% (2011: 87%) and sales of concrete accounted for 9% (2011: 8%). The table below shows the sales breakdown by product during the reporting period:

	2012		2011	
	RMB'000	***%***	*RMB'000*	*%*
Cement Products	**5,638,970**	**84**	7,112,885	87
Clinker	**232,947**	**4**	119,653	1
RMC	**625,008**	**9**	672,860	8
Blast-furnace slag powder	**187,224**	**3**	301,435	4
Total	**6,684,149**	**100**	8,206,833	100

The table below shows the sales volume of each of the Group's products during the reporting period:

	2012	2011
	'000 units	*'000 units*
Cement Products	**22,708**	22,401
Clinker	**1,173**	444
RMC	**1,990**	2,017
Blast-furnace slag powder	**871**	1,171

Note: The sales volume for cement, clinker, and blast-furnace slag powder is measured in tonnes and that for RMC is measured in cubic meters.

Based on the sales revenue and sales volume as set out above, the average selling price of cement products was RMB248 per tonne in 2012 (2011: RMB317 per tonne).

Cost of Sales and Gross Profit

The Group's cost of sales primarily includes cost of raw materials, fuel expenses (consisting of coal and electricity costs), employee compensation and benefits, depreciation and amortisation and other overhead costs. In 2012, the Group's cost of sales decreased by 6% to RMB5,562.2 million from RMB5,920.4 million for 2011 due to the decrease in the cost of raw materials and fuel expenses.

The gross profit for 2012 was RMB1,122.0 million (2011: RMB2,286.4 million), with a gross profit margin of 17% (2011: 28%). The adjustment in gross profit was mainly attributable to the significant decrease in average selling price of the Company's products compared with that of the previous year.

Other Income

Other income mainly comprises government grants, transportation fee income, interest income and sales of scrap materials. For 2012, other income amounted to RMB155.9 million, representing an increase of RMB21.5 million or 16% from RMB134.4 million for 2011. The increase in other income was attributable to the increase in interest income on bank deposits during the year.

Other Gains and Losses

Other gains and losses mainly comprise net foreign exchange gains, recovery of (allowance for) doubtful debts and loss on disposal/write-off of property, plant and equipment. For 2012, other gains and losses amounted to RMB17.1 million, representing a decrease of RMB113.9 million or 87% from RMB131.0 million for 2011. The decrease in other gains and losses was principally attributable to the decrease in foreign exchange gains from US dollar-denominated bank borrowings.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For 2012, the distribution and selling expenses amounted to RMB332.5 million, representing an increase of RMB8.3 million or 3% from RMB324.2 million for 2011. The increase in distribution costs was attributable to the increase in repair and maintenance costs in 2012.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses decreased by 4%, from RMB274.5 million to RMB264.3 million. The decrease was attributable to the decrease in the general office expenses.

The 9% decrease in finance costs was mainly due to (i) more borrowing costs capitalised during the year since the construction of two new production lines and (ii) decrease in interest rate.

Profit before Tax

As a result of the foregoing factors, the profit before tax for 2012 decreased by RMB1,233.2 million, or 71%, to RMB508.9 million from RMB1,742.1 million for 2011.

Income Tax Expenses

In 2012, income tax expenses decreased by RMB250.4 million, or 71%, to RMB102.3 million from RMB352.7 million for 2011. The effective tax rate of the Group for 2011 and 2012 was 20.2% and 20.1% respectively.

Non-controlling Interests

In 2012, non-controlling interests amounted to RMB11.5 million, representing a decrease of RMB37.1 million, or 76%, from RMB48.6 million for 2011 primarily due to a decrease in profit contribution from Jiangxi Yadong and Wuhan Yaxin.

Profit for the Year

For 2012, the net profit of the Group amounted to RMB406.6 million, representing a decrease of RMB982.8 million or 71% from RMB1,389.4 million for 2011.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial and liquidity position for the year ended 31 December 2012. Total assets decreased by 3% to approximately RMB15,649.0 million (31 December 2011: approximately RMB16,122.4 million) while total equity grew by 2% to approximately RMB8,883.7 million (31 December 2011: approximately RMB8,723.6 million).

Restricted Bank Deposits, Bank Balances and Cash

As at 31 December 2012, the Group's restricted bank deposits, bank balances and cash amounted to approximately RMB1,660.8 million (31 December 2011: RMB1,768.3 million) of which about 96% was denominated in RMB and about 4% in United States dollars, with the remainder denominated in Hong Kong dollars and Singapore dollars.

Cash Flow

The Group derives its net cash inflow from operations primarily through the receipt of payments for the sale of its cement and concrete products. The Group's cash outflow from operations is used primarily for raw material purchases, payment for fuel and power, distribution costs, staff salaries and interest payments. Cash generated from operating activities increased from RMB1,291.1 million in 2011 to RMB1,550.0 million in 2012. This was mainly due to the decrease in trade and other receivables.

The Group's cash inflow from investment activities primarily consists of interest income and proceeds from disposal of property, plant and equipment. The Group's cash outflow from investment activities primarily consists of purchases of property, plant and equipment, land use rights and quarry and purchase of held-to-maturity investments. In 2012, the net cash used in investment activities of the Group amounted to RMB692.4 million, representing an increase of 58% from RMB437.7 million for 2011. The increase in cash flow by RMB254.7 million used in investment activities was primarily attributable to more cash used for the purchase of property, plant and equipment to expand the production capacities of the Group and the purchase of investment product for treasury purpose.

In 2012, the net cash used in financing activities of the Group amounted to RMB968.3 million. This was primarily due to more repayment of bank borrowings made in 2012.

Capital Expenditure

Capital expenditure for the year ended 31 December 2012 amounted to approximately RMB627.3 million and capital commitments as at 31 December 2012 amounted to approximately RMB436.3 million. Both the capital expenditure and capital commitments were mainly related to the purchases of plant and equipment for the new production lines. The Group anticipates that funding for those commitments will come from future operating revenue, bank borrowings and other sources of finance when appropriate.

Borrowings

The Group's borrowings as at 31 December 2012 and 2011 are summarised below:

	As at 31 December			
	2012		2011	
	RMB'000	*%*	*RMB'000*	*%*
Short-term borrowings	**2,739,881**	**45**	1,335,726	20
Long-term borrowings	**3,294,173**	**55**	5,216,061	80
Currency denomination				
– Renminbi	**2,251,737**	**37**	2,845,196	43
– US dollars	**3,782,317**	**63**	3,672,542	56
– Hong Kong dollars	**–**	**–**	34,049	1
Borrowings				
– secured	**–**	**–**	–	–
– unsecured	**6,034,054**	**100**	6,551,787	100
Interest rate structure				
– fixed-rate borrowings	**586,000**	**10**	640,388	10
– variable-rate borrowings	**5,448,054**	**90**	5,911,399	90
Interest rate				
– fixed-rate borrowings		**2.95%**		2.95%-5.90%
– variable-rate borrowings		**90% to 100% of the Benchmark Interest Rate of the PRC or LIBOR plus margin of 0.5%–3.5%**		90% to 100% of the Benchmark Interest Rate of the PRC or LIBOR plus margin of 0.5%–3.5%

As at 31 December 2012, the Group had unutilised credit facilities in the amount of RMB4,300 million.

As at 31 December 2012, the Group's gearing ratio was approximately 43% (31 December 2011: 46%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2012 and 2011 respectively.

Pledge of Assets

The Group did not have any pledge or charge on assets as at 31 December 2012.

Contingent Liabilities

As at the date of this announcement and as at 31 December 2012, the Board is not aware of any material contingent liabilities.

Human Resources

As at 31 December 2012, the Group had 4,148 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds scheme according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The remuneration packages are subject to review on a regular basis.

In addition, the Group also adopted the Pre-IPO Share Option Scheme and the Share Option Scheme, under which eligible directors and employees are entitled to various share options to subscribe for the ordinary shares in the Company in accordance with their past and potential contribution to the growth of the Group. As at 31 December 2012, about 11,578,000 share options were granted under the Pre-IPO Share Option Scheme and no share options have been exercised to date. Also, as at 31 December 2012, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

The Group did not make any significant investment, material acquisitions or disposals during 2012.

Foreign Exchange Risk Management

The Group's sales and purchases during the reporting period were mostly denominated in Renminbi. However, some of the Group's bank borrowings were denominated in foreign currencies.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally as well as the demand and supply of RMB. The appreciation or devaluation of RMB against foreign currencies may have an impact on the operating results of the Group.

The Group currently does not maintain a foreign currency hedging policy. However, the Group's management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

2. BUSINESS PROSPECTS

The Group remains relatively optimistic about the cement market in 2013, due to the following factors:

1. 2013 is the year where China's new leadership begins. Besides reinforcing various economic measures, the new government will also actively carry out more reforms after it comes to power. As such, the economic vitality in the short run will

improve, while the pace of reform will accelerate. In view of the cement industry, the market demand will maintain steady growth. The government will actively push ahead with energy saving and emission reduction as well as structural adjustment, and continue to intensify elimination of obsolete capacity and promote mergers and acquisitions of large-scale enterprises. These are all beneficial to the long-term development of the cement industry.

2. In December 2012, Central Economic Work Conference highlighted the following measures: adjust macro-economic measures to promote sustainable and healthy development of the economy; strengthen agricultural development; and actively and steadily push ahead with urbanization, as well as strive to improve the quality of urbanization. As such, a further relaxation of the PRC government's fiscal policy is expected to be seen in 2013, and more resources will be allocated to fixed asset investment, affordable housing construction and transport infrastructure construction. Small and medium-sized cities and rural areas will have vast potential for development. In addition, since October 2012, the PRC government has accelerated approval of infrastructure projects (construction of railways, highways, airports, urban mass transits and integrated logistic centres). This combined with significant increase in industrial power supply indicates that the market will be stabilized and improved, with strong support for cement demand in near future.

3. The inauguration of new capacity for cement production in 2012 has significantly slowed down, and deceleration is expected to increase in 2013. Meanwhile, the PRC Ministry of Industry required each province and city to report the plan for eliminating obsolete cement capacity in 2013. It is expected that the amount to be eliminated will exceed 200 million tonnes, which may partly help to relieve the problem of overcapacity.

4. In December 2012, China's top two largest cement manufacturers – China National Building Material Company Limited and Anhui Conch Cement Company Limited entered into a strategic cooperation agreement. These two corporations will strengthen interaction and cooperation in respect of energy saving, technology and market coordination in future. The cooperation between these two corporations will significantly boost confidence in the cement market. It also signifies that the industry is gradually shifting from unhealthy competition to healthy competition, and from irrational price war to a more rational approach for mutual benefits.

5. China Cement Association, as a representative of the industry associations, has a well-developed operating structure through close to two years of continuous exploration and improvement. Moreover, the association has also gained wide recognition and respect from industry players. In 2013, the association will continue to play a pivotal role in the aspect of energy-saving and emission reduction, which will facilitate the balance of market and acceleration of eliminating obsolete production capacity.

6. The Group remains confident in all of its developments in future. It will continue to leverage its competitive edge and uphold its business philosophy of "Integrity, Diligence, Simplicity, Prudence and Innovation". It will seize various opportunities

and overcome difficulties, as well as strengthening its internal management, with the aim to expand and consolidate its business. The Group will also speed up the construction of Jiangxi Yadong No. 5 and No. 6 new dry process rotary kilns (each has a daily clinker production capacity of 6,000 tonnes) which are expected to be completed and commence operation in 2013. In the meantime, the Group will step up merger and acquisition activities, to further improve its overall market planning, and will strive to achieve the target annual production capacity of 50,000,000 tonnes as early as possible. All in all, by leveraging its existing leading market position and proven track record in aligning its business development strategies with government industry policies, the Group expects its profitability to be improved subject to market conditions.

OTHER INFORMATION

Dividend

In acknowledging continuous support from the Group's shareholders, the Board recommends the payment of a final dividend of RMB10 cents per ordinary share in respect of the year ended 31 December 2012, subject to approval by shareholders at the forthcoming annual general meeting of the Company. The dividend will be payable on 11 June 2013 to shareholders whose names appear on the Register of Member of the Company on 28 May 2013.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 15 May 2013 to Wednesday, 22 May 2013, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 14 May 2013.

Subject to the approval of shareholders at the AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after close of business at 4:30 p.m. on Tuesday, 28 May 2013 being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 May 2013.

Corporate Governance

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the year ended 31 December 2012, except the following:

Code provision A.1.8 of the CG Code requires that the Company should arrange appropriate insurance cover in respect of legal actions against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is low. Nevertheless, the Board will review this arrangement from time to time in light of the prevailing circumstances and arrange for appropriate insurance coverage as soon as practicable.

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Liu, Zhen-tao, Mr. Lei, Qian-zhi, Mr. Tsim, Tak-lung Dominic and Dr. Wong Ying-ho Kennedy, the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 25 May 2012 as they were out of town for other businesses.

Audit Committee

The Company established the Audit Committee on 27 April 2008 with written terms of reference in compliance with the Code on Corporate Governance Practices as set forth in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include the review of financial reporting processes and internal control system of the Group. Currently, the Audit Committee comprises Mr. Tsim, Tak-lung Dominic (Chairman), Mr. Hsu, Shu-tong and Dr. Wong Ying-ho Kennedy, all of whom are non-executive Directors and the majority of whom are independent non-executive Directors.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also reviewed auditing, internal control and financial reporting matters, including the review of the annual results for the year ended 31 December 2012, together with the management.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors (the "Code"). The Company, having made specific enquiry with all Directors, confirms that its Directors had complied with the required standards set out in the Code throughout the year ended 31 December 2012.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (www.hkexnews.com.hk) and the Company (www.achc.com.cn). The annual report 2012 of the Company will be dispatched to shareholders and published on the aforesaid websites in due course.

Appreciation

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the period.

By order of the Board
Asia Cement (China) Holdings Corporation
Mr. Hsu, Shu-tong
Chairman

Hong Kong, 22 March 2013

As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Dr. WU Chung-lih, Madam CHIANG SHAO Ruey-huey, Mr. CHANG Chen-kuen and Mr. LIN Seng-chang, the non-executive Director and Chairman is Mr. HSU Shu-tong, the independent non-executive Directors are Mr. LIU Zhen-tao, Mr. LEI Qian-zhi, Mr. TSIM Tak-lung Dominic and Dr. WONG Ying-ho Kennedy.