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ASIA CEMENT (CHINA) HOLDINGS CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

SUMMARY

The directors (“Directors”) of Asia Cement (China) Holdings Corporation (“the Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2012. This announcement is made as part of the Company’s practice to publish its financial results quarterly and pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The unaudited consolidated profit attributable to owners of the Company for the nine months ended 30 September 2012 was approximately RMB147.0 million.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the nine months ended 30 September 2012 in line with its practice to publish the Group’s financial results quarterly and pursuant to paragraph 13.09 of the Listing Rules.

Condensed Consolidated Income Statement

	For the nine months ended 30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	4,732,099	5,902,318
Cost of sales	(4,035,923)	(4,225,541)
Gross profit	696,176	1,676,777
Other income	112,742	103,906
Other gains and losses	(18,761)	88,502
Distribution and selling expenses	(247,202)	(240,198)
Administrative expenses	(207,656)	(205,675)
Share of profit of jointly controlled entities	2,833	418
Share of profit of an associate	1,295	1,323
Finance costs	(150,351)	(163,165)
Profit before tax	189,076	1,261,888
Income tax expenses	(39,681)	(258,344)
Profit for the period	149,395	1,003,544
Profit for the period attributable to:		
Owners of the Company	146,965	967,668
Non-controlling interests	2,430	35,876
	149,395	1,003,544
	<i>RMB</i>	<i>RMB</i>
Earnings per share:		
Basic	0.094	0.622
Diluted	0.094	0.622

Condensed Consolidated Statement of Financial Position
At 30 September 2012

	30 September 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Non-current assets		
Property, plant and equipment	9,385,088	9,557,197
Quarry	212,884	219,475
Prepaid lease payments	525,763	536,954
Goodwill	138,759	138,759
Other intangible assets	14,745	17,839
Interests in jointly controlled entities	28,176	25,344
Interests in an associate	14,900	13,605
Deferred tax assets	31,838	21,200
Long term receivables	59,550	59,383
Restricted bank deposits	25,780	19,217
	<u>10,437,483</u>	<u>10,608,973</u>
Current assets		
Inventories	753,928	741,106
Long term receivables — due within one year	16,942	14,942
Trade and other receivables	2,586,012	2,986,842
Prepaid lease payments	15,184	14,552
Amount due from an associate	5,271	6,892
Restricted/pledged bank deposits	19,043	18,192
Time deposits	1,234,332	—
Bank balances and cash	445,576	1,730,867
	<u>5,076,288</u>	<u>5,513,393</u>
Current liabilities		
Trade and other payables	729,084	720,211
Amounts due to non-controlling interests	3,621	10,955
Amounts due to jointly controlled entities	1,023	3,899
Tax payables	13,207	68,030
Borrowings — due within one year	2,843,722	1,335,726
	<u>3,590,657</u>	<u>2,138,821</u>
Net current assets	<u>1,485,631</u>	<u>3,374,572</u>
Total assets less current liabilities	<u>11,923,114</u>	<u>13,983,545</u>

	30 September 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Non-current liabilities		
Other payables	–	12,000
Borrowings — due after one year	3,270,171	5,216,061
Derivative liabilities	11,730	7,772
Deferred tax liabilities	15,948	24,079
	<u>3,297,849</u>	<u>5,259,912</u>
Net assets	<u>8,625,265</u>	<u>8,723,633</u>
Capital and reserves		
Share capital	139,549	139,549
Reserves	8,212,299	8,333,486
	<u>8,351,848</u>	<u>8,473,035</u>
Equity attributable to owners of the Company	8,351,848	8,473,035
Non-controlling interests	273,417	250,598
	<u>8,625,265</u>	<u>8,723,633</u>

Condensed Consolidated Statement of Cash Flows

	For the nine months ended 30 September	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Net cash from operating activities	1,175,079	818,669
Net cash used in investing activities	(1,639,528)	(761,252)
Net cash (used in) from financing activities	(820,842)	478,720
	<u>(1,285,291)</u>	<u>536,137</u>
Net decrease in cash and cash equivalents	(1,285,291)	536,137
Cash and cash equivalents at beginning of the year	1,730,867	686,099
	<u>445,576</u>	<u>1,222,236</u>
Cash and cash equivalents at 30 September	445,576	1,222,236

The Group's unaudited consolidated results for the nine months ended 30 September 2012 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the last annual report for the year ended 31 December 2011.

The Directors do not recommend payment of a dividend in respect of the first nine months of 2012 (2011: Nil).

Business Review and Prospects

In the third quarter of 2012, the global economy was still under the shadow of the European debt crisis. As the world's second largest and a fast-growing economy, China also faced notable downside pressure. Each economic indicator (PMI, GDP, above-scale industrial added value, fixed asset investment, real estate development and investment as well as imports and exports) showed a slower growth rate compared to last year's corresponding period. The cement industry had remained sluggish since the first two quarters, while the market saw an additional clinker production capacity of 64 million tonnes between January and August. With demand weakened by factors such as high temperature in July and August as well as traditional agricultural peak season, the imbalance of demand and supply had intensified. In an attempt to clear inventory, competition in the industry became ferocious. Although a number of regional cement associations attempted to adjust market supply through suspending kiln operations in different phases, the problem of oversupply could not be corrected by short-term production suspension. As such, cement prices kept falling. In response to such "tough" conditions, the Group remained positive by timely adjusting its sales and marketing strategies. In addition, it had taken effective measures to control production cost, while adhering to the principle of 100% production-to-sales ratio.

During the period under review, the Group reported an unaudited consolidated revenue of RMB4,732.1 million and a net profit of RMB149.4 million, representing decreases of 20% and 85% respectively from those of the corresponding period of the previous year. Decline in revenue and net profit was mainly attributable to a decrease in the average selling price of the Company's products. The gross profit decreased by 58% to RMB696.2 million and the gross profit margin was 15%, down by 13 percentage points from that of the corresponding period of the previous year.

The cement market is expected to bottom out in the fourth quarter. First, in respect of supply, the task of eliminating 270 million tonnes of obsolete production capacities in the first three quarters had been effectively executed, while the supply of new production capacities had slowed down. Such had helped alleviate the overall demand and supply pressure. In the meantime, continued low prices had either eliminated small and medium enterprises or made it harder for them to survive, leaving more room to be taken up by large enterprises. Second, with respect to demand, the CPI continued to decrease (2.0% in August), indicating the fight against inflation had been successful at this stage. The government had shifted the focus of its policy to maintaining stable economic growth and introduced various incentive measures. In September alone, the National Development and Reform Commission approved over a trillion yuan infrastructure investment projects. Construction of "railway, highway and airport" and hydraulic projects will definitely speed up. In addition, with the continuous development of the rural market, it is expected the overall demand will increase steadily. After the market underwent depression in the first three quarters and with the arrival of the traditional peak season in the fourth quarter, market players will deeply feel the need for rational competition. The cooperation among industry players led by regional cement associations and the voluntary suspension of kiln operations to save energy and reduce emission will be more effective. On the whole, the future of the market looks more promising than at the end of the previous quarter.

The Group firmly believes the cement industry in mainland China will sustain stable development in the long run. The Group will continue to uphold its business philosophy of “Integrity, Diligence, Simplicity, Prudence and Innovation” to embrace various challenges while expanding and strengthening its business. The Group will improve its refined management, fully leverage its competitive edge and enhance its competitiveness. It 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 and is expected to be completed and commence production in 2013). In the meantime, the Group will step up mergers and acquisitions to realize its planned production capacity target. All in all, by leveraging its current leading market position and proven track record in aligning its business development strategies with government industry policies, the Group’s operating prospects in the fourth quarter will probably resume the momentum of its profitability in the fourth quarter of 2010.

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

Hong Kong, 26 October 2012

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.