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## **Asia Cement (China) Holdings Corporation**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 743)**

### **UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 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 for the three months ended 31 March 2012 was approximately RMB60.0 million.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the three months ended 31 March 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 three months ended  
31 March

	2012 <i>RMB'000</i> <i>(Unaudited)</i>	2011 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue	1,295,125	1,652,648
Cost of sales	<u>(1,063,453)</u>	<u>(1,185,401)</u>
Gross profit	231,672	467,247
Other income	35,196	60,688
Other gains and losses	5,816	(3,222)
Distribution and selling expenses	(72,447)	(68,134)
Administrative expenses	(60,996)	(64,882)
Share of profit (loss) of jointly controlled entities	716	(327)
Share of profit (loss) of an associate	850	(166)
Finance costs	<u>(55,276)</u>	<u>(53,192)</u>
Profit before tax	85,531	338,012
Income tax expenses	<u>(24,092)</u>	<u>(72,093)</u>
Profit for the period	<u>61,439</u>	<u>265,919</u>
Attributable to:		
Owners of the Company	60,016	253,009
Non-controlling interests	<u>1,423</u>	<u>12,910</u>
	<u>61,439</u>	<u>265,919</u>

## Condensed Consolidated Balance Sheet

	As at <b>31 March</b> <b>2012</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2011 <i>RMB'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9,495,770	9,557,197
Quarry	216,004	219,475
Goodwill	138,759	138,759
Other intangible assets	16,923	17,839
Interest in an associate	14,455	13,605
Interests in jointly controlled entities	26,060	25,344
Prepaid lease payments	516,066	536,954
Deferred tax assets	21,146	21,200
Restricted bank deposits	19,217	19,217
Long term receivables	59,102	59,383
	<u>10,523,502</u>	<u>10,608,973</u>
<b>CURRENT ASSETS</b>		
Inventories	927,997	741,106
Trade and other receivables	2,522,300	2,986,842
Long term receivables — due within in one year	14,942	14,942
Prepaid lease payments	15,172	14,552
Amounts due from an associate	6,500	6,892
Restricted bank deposits	19,648	18,192
Time deposits	843,350	—
Bank balances and cash	726,482	1,730,867
	<u>5,076,391</u>	<u>5,513,393</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	634,785	720,211
Amount due to related companies	5,255	3,899
Amount due to non-controlling interests	1,865	10,955
Tax payables	17,561	68,030
Bank borrowings — due within one year	1,714,010	1,335,726
	<u>2,373,476</u>	<u>2,138,821</u>
<b>NET CURRENT ASSETS</b>	<u>2,702,915</u>	<u>3,374,572</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>13,226,417</u>	<u>13,983,545</u>

	<b>As at 31 March 2012 RMB'000 (Unaudited)</b>	<b>As at 31 December 2011 RMB'000 (Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	–	12,000
Bank borrowings — due after one year	<b>4,394,522</b>	5,216,061
Derivative liabilities	<b>9,007</b>	7,772
Deferred tax liabilities	<b>23,759</b>	24,079
	<b>4,427,288</b>	5,259,912
<b>NET ASSETS</b>	<b>8,799,129</b>	8,723,633
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>139,549</b>	139,549
Reserves	<b>8,392,319</b>	8,333,486
Equity attributable to owners of the Company	<b>8,531,868</b>	8,473,035
Non-controlling interests	<b>267,261</b>	250,598
<b>TOTAL EQUITY</b>	<b>8,799,129</b>	8,723,633

### Condensed Consolidated Cash Flow Statement

	<b>For the three months ended 31 March</b>	
	<b>2012 RMB'000 (Unaudited)</b>	<b>2011 RMB'000 (Unaudited)</b>
Net cash from operating activities	<b>442,579</b>	192,060
Net cash used in investing activities	<b>(966,434)</b>	(74,883)
Net cash used in financing activities	<b>(480,532)</b>	(21,026)
Net (decrease) increase in cash and cash equivalents	<b>(1,004,387)</b>	96,151
Cash and cash equivalents at beginning of the year	<b>1,730,869</b>	686,099
Cash and cash equivalents at 31 March	<b>726,482</b>	782,250

The Group's unaudited consolidated results for the three months ended 31 March 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 three months of 2012 (2011: Nil).

## **Business Review and Prospects**

During the first quarter of 2012, despite increased practice of self-discipline in the cement industry, the sector was affected by various unfavourable factors, resulting in decreased quantity and price in the cement industry across China in the first quarter. These factors included: the government's continued austerity measures against the property market; slowdown in investment in infrastructure such as railway and highway as a result of tightened capital flow; elevated operating costs due to upsurges in international crude oil price; the addition of 205 million tonnes of clinker production capacity in 2011; continued bad weather; and excess capacity and aggravated competition. The Group overcame these challenges through various approaches: 1) proactively carried out technical modification to increase production volume while lowering energy consumption; 2) continued to broaden the source of raw material and fuel and improve coordination among the production, sales and transportation to lift operation efficiency and lower costs; 3) support the cement industry's promotion of energy saving and emission reduction and strengthened communication with other market players, with a view to maintain market stability. All these efforts enabled the Group to maintain its operating results for the first quarter of 2012 at a relatively higher level when compared to other market players in the same regions, even though the prices of the Group's products in all its markets dropped.

During the period under review, the Group's unaudited consolidated revenue amounted to RMB1,295.1 million, representing an decrease of 22% from that of the corresponding period of the previous year. The decrease in revenue was mainly attributable to the decreased of sales volume of the Group and the average selling price of the Company's products. During the period under review, the gross profit decreased by 50% to RMB231.7 million and the gross profit margin was 18%, down by 10 percentage points from that of the corresponding period of the previous year.

Looking ahead, the cement market in 2012 will initially decline and gradually pick up in the later part of the year. The full recovery is expected to take place in the second half of 2012. Our confidence stems from the following four factors: 1) the government is making every effort to resolve the funding of infrastructure projects such as railway and highway projects; 2) Central Government's No. 1 document re-emphasises the "issues of agriculture, farmer and rural area", leading to a promising outlook for the rural market; 3) the scale of construction of affordable housing remains large; 4) urbanization is now in full swing. All these short, middle and long-term development plans will stimulate continued growth in the cement market demand. It is expected that cement demand across the country in 2012 will reach 2,200 million tonnes. Furthermore, industry players have basically reached consensus in self-discipline after such arrangement being put into practice for two years. Cement enterprises were able to accommodate competition while pursuing common interests through practising self-discipline to create positive market sentiment and a win-win situation. Moreover, the government is

determined to curb the growth in new capacity and to escalate the elimination of obsolete capacity. As a result, investments in the cement industry start to drop significantly, while investments in the cement-related products industry maintain a relatively fast growth rate. In view of the above, better prospects await the cement industry.

The Group will continue to uphold its business philosophy of “Integrity, Diligence, Simplicity, Prudence and Innovation”. It will keep on expanding its business and strives to reach another peak. The Group is currently expediting the construction of Jiangxi Yadong No. 5 and No. 6 new dry process rotary kilns (each with a daily clinker production capacity of 6,000 tonnes and expected to be completed and put into operation in 2013). The Group is also actively engaged in talks for acquisition targets or strategic alliance. It endeavours to achieve, as early as possible, a production capacity target of 40 million tonnes to 50 million tonnes. Another goal of the Group is to expand its business along the supply chain. The Group continues to intensify its penetration of ready-mixed concrete market, and it is highly possible to enhance this segment’s profit contribution to the Group. 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 expects a promising outlook for its upcoming quarterly results.

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

Hong Kong, 26 April 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.*