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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 2011**

#### **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 2011. 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 2011 was approximately RMB967.7 million.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the nine months ended 30 September 2011 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

	<b>For the nine months ended 30 September</b>	
	<b>2011</b>	2010
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	<b>5,902,318</b>	3,675,792
Cost of sales	<b>(4,225,541)</b>	(3,071,458)
Gross profit	<b>1,676,777</b>	604,334
Other income	<b>103,906</b>	40,299
Other gains	<b>88,502</b>	14,563
Distribution and selling expenses	<b>(240,198)</b>	(191,965)
Administrative expenses	<b>(205,675)</b>	(128,644)
Share of profit (loss) of jointly controlled entities	<b>418</b>	(1,131)
Share of profit of an associate	<b>1,323</b>	–
Finance costs	<b>(163,165)</b>	(123,514)
Profit before taxation	<b>1,261,888</b>	213,942
Income tax expenses	<b>(258,344)</b>	(41,755)
Profit for the period	<b>1,003,544</b>	172,187
Profit for the period attributable to:		
Owners of the Company	<b>967,668</b>	168,355
Non-controlling interests	<b>35,876</b>	3,832
	<b>1,003,544</b>	172,187
	<i>RMB</i>	<i>RMB</i>
Earnings per share:		
Basic	<b>0.622</b>	0.108
Diluted	<b>0.622</b>	0.108

**Condensed Consolidated Statement of Financial Position**  
At 30 September 2011

	<b>30 September 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
<b>Non-current assets</b>		
Property, plant and equipment	<b>9,700,165</b>	10,021,327
Quarry	<b>244,196</b>	215,511
Prepaid lease payments	<b>532,497</b>	548,729
Goodwill	<b>138,759</b>	138,759
Other intangible assets	<b>19,387</b>	20,421
Interests in jointly controlled entities	<b>24,788</b>	45,755
Interests in an associate	<b>13,077</b>	11,753
Deferred tax assets	<b>20,637</b>	14,877
Long term receivables	<b>68,039</b>	79,007
	<b>10,761,545</b>	11,096,139
<b>Current assets</b>		
Inventories	<b>805,198</b>	679,669
Long term receivables – due within one year	<b>6,561</b>	15,083
Trade and other receivables	<b>2,795,624</b>	1,983,489
Prepaid lease payments	<b>17,500</b>	14,491
Amount due from an associate	<b>5,141</b>	980
Derivative assets	–	4,181
Restricted bank deposits	<b>54,343</b>	19,769
Time deposits	<b>392,000</b>	–
Bank balances and cash	<b>1,222,236</b>	686,099
	<b>5,298,603</b>	3,403,761
<b>Current liabilities</b>		
Trade and other payables	<b>862,743</b>	886,555
Amounts due to non-controlling interests	<b>20,109</b>	37,000
Amounts due to jointly controlled entities	<b>4,511</b>	5,940
Tax payables	<b>50,968</b>	57,437
Bank borrowings – due within one year	<b>1,168,573</b>	1,244,228
Derivative liabilities	<b>7,302</b>	4,783
	<b>2,114,206</b>	2,235,943
<b>Net current assets</b>	<b>3,184,397</b>	1,167,818

	<b>30 September 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
<b>Total assets less current liabilities</b>	<b>13,945,942</b>	12,263,957
<b>Non-current liabilities</b>		
Other payables	12,000	15,000
Bank borrowings – due after one year	4,985,223	4,722,710
Fixed rate notes	586,000	–
Derivative liabilities	–	13,937
Deferred tax liabilities	24,779	22,521
	<b>5,608,002</b>	4,774,168
<b>Net assets</b>	<b>8,337,940</b>	7,489,789
<b>Capital and reserves</b>		
Share capital	139,549	139,549
Reserves	7,960,403	7,154,384
Equity attributable to owners of the Company	8,099,952	7,293,933
Non-controlling interests	237,988	195,856
<b>Total equity</b>	<b>8,337,940</b>	7,489,789

#### Condensed Consolidated Statement of Cash Flows

	<b>For the nine months ended 30 September</b>	
	<b>2011 RMB'000 (Unaudited)</b>	2010 RMB'000 (Unaudited)
Net cash from operating activities	818,669	198,769
Net cash used in investing activities	(761,252)	(1,573,489)
Net cash from financing activities	478,720	528,870
Net decrease in cash and cash equivalents	536,137	(845,850)
Cash and cash equivalents at beginning of the year	686,099	1,331,266
Cash and cash equivalents at 30 September	<b>1,222,236</b>	485,416

The Group's unaudited consolidated results for the nine months ended 30 September 2011 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 2010.

The Directors do not recommend payment of a dividend in respect of the first nine months of 2011 (2010: Nil).

## **Business Review and Prospects**

During the third quarter of 2011, the PRC government continued to reinforce its macroeconomic control, persisted with tight monetary policies to check inflation and tightened its control over real estate market. All these had posed severe challenges to the cement industry. In addition, demand for cement weakened, with slight decrease in market price due to the rainy weather in mid and downstream areas of the Yangtze River. In the southwestern region, the substantial increase in new production capacity had led to rigorous market competition and relatively large decrease in prices. In the face of such challenges, the Group strengthened internal management, further broadened its raw material and fuel sourcing, lowered its operating costs and closely coordinated its key processes including production, sales and transportation, so as to improve operating efficiency. The Group had also strengthened cooperation with other market players in order to ensure better communication and avoid fierce competition among peers as well as to facilitate orderly growth of the market. Capitalizing on the above measures, mid and downstream areas of the Yangtze River reported satisfactory sales results, with the price was maintained at a high level, while the Sichuan market gradually became stable. During the first three quarters of 2011, the Group's sales volume of cement products amounted to 17.1 million tonnes, representing an increase of 22% as compared to that of the corresponding period of 2010. The net profit attributable to owners of the Company amounted to RMB967.7 million, representing a substantial increase of 475% as compared to that of the corresponding period of 2010. The substantial increase in net profit was primarily attributable to (i) the increase in production capacity and sales volume after the full operation of No. 3 new dry process rotary kiln at Sichuan Yadong Plant, No. 1 new dry process rotary kiln at Huanggang Yadong Plant, No. 4 new dry process rotary kiln at Jiangxi Yadong Plant, No. 2 new dry process rotary kiln at Hubei Yadong Plant and Wuhan Yaxin Cement Co, Ltd.; (ii) the significant increase in the average selling price of the Company's products compared with that of the corresponding period of the previous year.

Investment in the cement industry in the PRC has already started to decline, with slowdown in the growth of supply, while investment in the cement products industry has been increasing significantly, with accelerated growth in demand. In addition, the government continues to adopt various measures, such as intensifying its efforts in energy conservation and emission reduction, encouraging merger and acquisition and consolidation by large enterprises and eliminating obsolete production capacities (as announced by the Ministry of Industry and Information Technology, 782 enterprises with obsolete cement production capacities of 153,280,000 tonnes will be closed in 2011). All these measures will further optimize the structure of the cement industry, enhance discipline within the industry, and rationalize the competition and cooperation between peers. It is expected that the outlook for the cement industry will be promising. On the whole, despite the temporary halt in investment in railway projects and the continuous tight monetary policies, it is expected that large scale investment in hydraulic works, construction of affordable housing, accelerating urbanization and further development of rural markets will effectively drive cement consumption.

In response to the above, the Group will speed up the construction of No. 5 and No. 6 new dry process rotary kilns at Jiangxi Yadong Plant. The construction of these new dry process rotary kilns is expected to be completed and put into production in 2013, and each of these lines will have a daily production capacity of 6,000 tonnes of clinker. Upon government approval and in line with the “Twelfth Five Year Plan”, the Group will construct a vertically integrated cement plant with modern energy conservation and emission reduction facilities in northern China, to assist the local government in disposing waste from nearby urban and rural areas with its cement kilns, a way to fulfill its corporate social responsibility. Furthermore, the Group will further develop the ready-mixed concrete business with an aim to enhance its competitiveness in various areas and create better value for its shareholders. Leveraging the current leading position of the Group and its proven track records of growing in line with the government policies, the Group is confident about its prospects.

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

Hong Kong, 24 October 2011

*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.*