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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 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 three months ended 31 March 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 for the three months ended 31 March 2011 was approximately RMB253.0 million.

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

	For the three months ended	
	31 March	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	1,652,648	951,048
Cost of sales	(1,185,401)	(766,904)
Gross profit	467,247	184,144
Other income	60,688	26,505
Other losses	(3,222)	(2,985)
Distribution and selling expenses	(68,134)	(50,833)
Administrative expenses	(64,882)	(44,172)
Share of results of jointly controlled entities	(327)	(980)
Share of loss of an associate	(166)	–
Finance costs	(53,192)	(32,594)
Profit before tax	338,012	79,085
Income tax expenses	(72,093)	(10,608)
Profit for the period	265,919	68,477
Attributable to:		
Owners of the Company	253,009	67,680
Non-controlling interests	12,910	797
	265,919	68,477

Condensed Consolidated Balance Sheet

	As at 31 March 2011 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	9,917,533	10,021,327
Quarry	213,604	215,511
Goodwill	138,759	138,759
Other intangible assets	18,174	20,421
Investment in an associate	11,587	11,753
Interests in jointly controlled entities	48,426	45,755
Prepaid lease payments	560,980	548,729
Deferred tax assets	16,081	14,877
Long term receivables	77,221	79,007
	<u>11,002,365</u>	<u>11,096,139</u>
CURRENT ASSETS		
Inventories	742,218	679,669
Trade and other receivables	2,223,082	1,983,489
Long term receivables — due within in one year	14,811	15,083
Prepaid lease payments	3,623	14,491
Amounts due from a related company	4,702	980
Derivative assets	4,179	4,181
Restricted bank deposits	24,781	19,769
Bank balances and cash	782,250	686,099
	<u>3,799,646</u>	<u>3,403,761</u>
CURRENT LIABILITIES		
Trade and other payables	913,062	886,555
Amount due to related companies	4,418	5,940
Amount due to non-controlling interests	37,000	37,000
Derivative liabilities	—	4,783
Tax payables	51,174	57,437
Bank borrowings — due within one year	1,752,959	1,244,228
	<u>2,758,613</u>	<u>2,235,943</u>
NET CURRENT ASSETS	<u>1,041,033</u>	<u>1,167,818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>12,043,398</u>	<u>12,263,957</u>

	As at 31 March 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Other payables	15,000	15,000
Bank borrowings — due after one year	4,247,072	4,722,710
Derivative liabilities	—	13,937
Deferred tax liabilities	24,781	22,521
	4,286,853	4,774,168
NET ASSETS	7,756,545	7,489,789
CAPITAL AND RESERVES		
Share capital	139,549	139,549
Reserves	7,408,229	7,154,384
Equity attributable to owners of the Company	7,547,778	7,293,933
Non-controlling interests	208,767	195,856
TOTAL EQUITY	7,756,545	7,489,789

Condensed Consolidated Cash Flow Statement

	For the three months ended 31 March	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Net cash from operating activities	192,060	116,351
Net cash used in investing activities	(74,883)	(575,339)
Net cash used in financing activities	(21,026)	637,126
Net increase in cash and cash equivalents	96,151	178,138
Cash and cash equivalents at beginning of the year	686,099	1,331,266
Cash and cash equivalents at 31 March	782,250	1,509,404

The Group's unaudited consolidated results for the three months ended 31 March 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 three months of 2011 (2010: Nil).

Business Review and Prospects

During the first quarter of 2011, the Group continued to assume a leading position in the market, increase the production capacity and broaden the market coverage. Capitalising on the national policy of energy saving and emission reduction and large-scale investment in infrastructure, the Group had continued the growth momentum in 2010 and attained better results for the three months ended 31 March 2011 as compared with those of the same period last year.

During the period under review, the Group's unaudited consolidated revenue amounted to RMB1,652.6 million, representing an increase of 74% from that of the corresponding period of the previous year. The increase in revenue was mainly attributable to the increase of production capacity and sales volume of the Group 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 and No. 2 new dry process rotary kiln at Hubei Yadong Plant and the acquisition of Wuhan Yaxin Cement Co., Ltd. and the significant increase in the average selling price of the Company's products. During the period under review, the gross profit increased by 154% to RMB467.2 million and the gross profit margin was 28%, up by 9 percentage points from that of the corresponding period of the previous year. Despite the impact from rising crude oil price worldwide, the PRC economy continued to grow rapidly with increasing investment in infrastructure, acceleration of the urbanisation progress and continued buoyancy of the rural market. The Central No. 1 Circular (中央1號文件) issued by the government at the beginning of the year aims at stepping up the construction of water resources infrastructure and 10 million units of affordable housing. This series of measures have brought various benefits for the development of cement industry and have significantly uplifted the demand for cement. At the same time, in response to the government's call for energy saving and emission reduction, the industry players in the regions where the Company operates were studying the plan for establishing a cement association, so as to enhance discipline within the industry and to promote the concept of energy saving and emission reduction. This has not only speeded up the phasing out of obsolete capacities, but has also facilitated the stability of market price of cement.

Looking ahead, with the target growth rate for GDP set at 8% by the PRC government in 2011, the demand for cement will grow accordingly. Under the backdrop of the government's strong determination to implement the policies of eliminating obsolete production capacity and encouraging large corporations to undergo merger and acquisition and restructuring, the operating environment of the cement industry will improve, while large cement corporations or conglomerates, in particular, will enjoy more benefits. To capture this market opportunity, the Group has devised a dual development strategy. On the one hand, the Group will speed up the construction of No. 5 and No. 6 new dry process rotary kilns at Jiangxi Yadong Plant each with a daily production capacity of clinker of 6,000 tonnes, and proactively seek

suitable targets for merger and acquisition to expand the existing production capacity. Such is horizontal expansion of the Group. On the other hand, the Group will grasp the opportunity in the pre-mixed concrete market by forming strategical alliance with other companies to build new or expand Group's pre-mixed plants, so as to provide services directly to various new infrastructural projects. By doing so, the Group will achieve vertical integration.

The Group will adhere to its corporate culture of sincerity, diligence, thrift, prudence and innovation. It will continue to undergo business expansion, accelerate the growth and put efforts into innovation, while capturing new opportunity from the development of the cement industry in the PRC. The Group will continue to strengthen its internal management and to enhance the overall operation quality, as well as ensure a sustainable and stable growth in the profitability of the Group. Capitalising on its current leading market position and successful track record in implementing of the above strategies, the Group is looking forward to a promising future.

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

Hong Kong, 26 April 2011

As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Madam CHIANG SHAO Ruey-huey, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Dr. WU Chung-lih, 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.