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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 2010

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 2010. 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 2010 was approximately RMB67.7 million.

The Directors of the Company are making this announcement of the Group's unaudited consolidated results for the three months ended 31 March 2010 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	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	951,048	850,285
Cost of sales	(766,904)	<u>(602,253)</u>
Gross profit	184,144	248,032
Other income	26,505	17,895
Other expenses and losses	(2,985)	(3,131)
Distribution and selling expenses	(50,833)	(45,101)
Administrative expenses	(44,172)	(41,559)
Share of results of jointly controlled entities	(980)	(585)
Finance costs	(32,594)	<u>(42,598)</u>
Profit before tax	79,085	132,953
Income tax expenses	(10,608)	<u>(12,401)</u>
Profit for the period	68,477	<u>120,552</u>
Attributable to:		
Owners of the Company	67,680	120,116
Minority interest	797	<u>436</u>
	68,477	<u>120,552</u>

Condensed Consolidated Balance Sheet

	As at 31 March 2010 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2009 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	9,277,365	8,844,152
Quarry	139,457	140,661
Interests in jointly controlled entities	45,046	46,026
Prepaid lease payments	402,989	392,470
Deposits paid for land use rights	101,282	101,143
Deposits paid for mining right	24,642	24,642
Deferred tax assets	14,130	14,029
Long term receivables	54,920	56,152
	<u>10,059,831</u>	<u>9,619,275</u>
CURRENT ASSETS		
Inventories	563,644	483,989
Trade and other receivables	1,177,496	1,115,751
Long term receivables — due within in one year	11,030	11,030
Tax recoverable	13,665	5,836
Prepaid lease payments	2,480	9,919
Amounts due from related companies	3,332	—
Derivative financial instrument	96	130
Restricted bank deposits	148,624	82,340
Time deposit	—	—
Bank balances and cash	1,509,404	1,331,266
	<u>3,429,771</u>	<u>3,040,261</u>
CURRENT LIABILITIES		
Trade and other payables	755,101	673,771
Amount due to related companies	6,817	6,111
Tax payables	15,441	25,768
Bank borrowings — due within one year	1,582,955	947,155
	<u>2,360,314</u>	<u>1,652,805</u>
NET CURRENT ASSETS	<u>1,069,457</u>	<u>1,387,456</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>11,129,288</u>	<u>11,006,731</u>

	As at 31 March 2010 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2009 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT LIABILITIES		
Other payables	18,000	18,000
Bank borrowings — due after one year	3,970,516	3,911,519
Deferred tax liabilities	10,066	10,121
	<u>3,998,582</u>	<u>3,939,640</u>
NET ASSETS	<u><u>7,130,706</u></u>	<u><u>7,067,091</u></u>
CAPITAL AND RESERVES		
Share capital	139,549	139,549
Reserves	6,857,427	6,794,609
Equity attributable to owners of the Company	6,996,976	6,934,158
Minority interest	133,730	132,933
TOTAL EQUITY	<u><u>7,130,706</u></u>	<u><u>7,067,091</u></u>

Condensed Consolidated Cash Flow Statement

	For the three months ended 31 March	
	2010 <i>RMB'000</i> <i>(Unaudited)</i>	2009 <i>RMB'000</i> <i>(Unaudited)</i>
Net cash from operating activities	116,351	265,189
Net cash used in investing activities	(575,339)	(515,812)
Net cash from financing activities	637,126	502,174
	<u>178,138</u>	<u>251,551</u>
Net increase in cash and cash equivalents	178,138	251,551
Cash and cash equivalents at beginning of the year	1,331,266	2,078,228
Cash and cash equivalents at 31 March	<u><u>1,509,404</u></u>	<u><u>2,329,779</u></u>

The Group's unaudited consolidated results for the three months ended 31 March 2010 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 2009.

The Directors do not recommend payment of a dividend in respect of the first three months of 2010 (2009: Nil).

Business Review and Prospects

In the first quarter of year 2010, the Group maintained its leading position in existing markets. The Group's production capacity and market share continued to enhance, with improved operational efficiency. Benefiting from the launch of numerous construction and infrastructure projects in Sichuan and Central Yangtze River Region, the Group continued its growth momentum in 2009 and achieved satisfactory operating results in the three months ended 31 March 2010 (the "Reporting Period").

During the Reporting Period, the Group's unaudited consolidated revenue was RMB951.0 million, representing an increase of 12% year on year. Rise in revenue was mainly attributable to increased sales volume and revenue as a result of enhanced production capacity upon the full operation of the No. 1 new dry process rotary kiln at Hubei Yadong Plant in March 2009. During the Reporting Period, gross profit decreased by 26% to RMB184.1 million, and gross profit margin also dropped by 10 percentage points to 19%. The adjustment in gross profit was mainly attributable to the following reasons: (i) the influx of cement from other regions into Sichuan Province and increase in local production capacity further pressurized the sales of manufacturers in Sichuan Province and caused the cement price to significantly drop since mid 2009; (ii) owing to seasonal and climatic factors, the demand for cement decreased, leading to a decline in cement price in the markets where the Group had presence; (iii) since the coal used in the Reporting Period were purchased and ordered in the fourth quarter of 2009, the beneficial effect from the recent decline in coal price had not been reflected. For the Reporting Period, the unaudited consolidated profit attributable to owners of the Company was approximately RMB67.7 million, representing a decrease of 44% year on year.

Amid global economic meltdown in 2009, the PRC government's RMB4 trillion economic stimulus package substantially spurred growth in cement demand. In 2009, the Group's sales volume of cement amounted to approximately 14 million tonnes, representing a year-on-year growth of 38%. The State has set its targets for GDP growth rate and fixed assets investment growth rate for 2010 at 8% and 20% respectively (among which, real estate investment growth rate was set at 18%). Moreover, a number of provincial and municipal governments have also announced large-scale investment plans mainly for infrastructure and rural development. All these are expected to substantially boost the demand for cement products and further stabilize the market prices, driving growth in the cement industry. Taking advantage of the huge market opportunities, the Group has formulated an overall expansion plan focusing on its core markets in Sichuan Province and Central Yangtze River Region. The Group's total rated clinker production capacity has increased to 9.66 million tonnes (the actual annual clinker output can reach 11.55 million tonnes) after the No. 3 new dry process rotary kiln at Sichuan

Yadong Plant started operation in March 2010. In addition, the Group is constructing No. 1 new dry process rotary kiln at Huanggang Yadong Plant (scheduled to be completed in April 2010), No. 4 new dry process rotary kiln at Jiangxi Yadong Plant (scheduled to be completed in April 2010), and No. 2 new dry process rotary kiln at Hubei Yadong Plant (scheduled to be completed by the end of 2010). With the completion of the aforesaid three projects, the Group's total rated clinker production capacity will increase to 13.8 million tonnes (the actual annual clinker output will reach 16.5 million tonnes). The Group's production volume will further increase in 2011.

The State has successively introduced a series of policies to restrain excess capacity and redundant investment since the fourth quarter of 2009, which will help mitigate competitive pressure in the Group's key markets, stabilize cement prices, improve economic efficiency and facilitate sustainable development of the cement industry in the long run.

Looking ahead, the cement market outlook will be more optimistic, with the State's determination to facilitate a healthy and sustainable development of the cement industry and promulgation of the building materials subsidies programme for rural areas. The Group will adopt a prudent development approach in response to market changes. In addition to consolidating its market position in strategic markets and enhancing operational efficiency through capacity expansion, the Group will also cautiously seek appropriate strategic partners to speed up expansion in capacity and market coverage. With its current leading market position as well as successful execution of the aforementioned organic expansion and strategic mergers and acquisitions, the Group is confident in its development prospects.

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

Hong Kong, 26 April 2010

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.