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

### **亞洲水泥(中國)控股公司**

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

**(Stock Code: 743)**

## **UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

### **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 2009. 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”).

#### **For the nine months 30 September 2009**

Revenue increased by [38]% to approximately RMB[3,040.8] million (2008: approximately RMB[2,201.4] million)

Profit attributable to owners of the Company grew by [74]% to approximately RMB[477.5] million (2008: approximately RMB[275.0] million)

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the nine months ended 30 September 2009 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</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	[3,040,771]	[2,201,355]
Cost of sales	<u>[(2,116,292)]</u>	<u>[(1,555,997)]</u>
Gross profit	[924,479]	[645,358]
Other income	[81,356]	[76,420]
Other expenses and losses	[(54,933)]	[(50,661)]
Distribution and selling expenses	[(166,418)]	[(138,581)]
Administrative expenses	[(128,809)]	[(100,287)]
Share of results of jointly controlled entities	[(496)]	[446]
Finance costs	<u>[(119,156)]</u>	<u>[(107,975)]</u>
Profit before taxation	[536,023]	[324,720]
Income tax expenses	<u>[(55,529)]</u>	<u>[(23,736)]</u>
Profit for the period	<u><u>[480,494]</u></u>	<u><u>[300,984]</u></u>
Profit for the period attributable to:		
Owners of the Company	[477,458]	[274,996]
Minority interests	<u>[3,036]</u>	<u>[25,988]</u>
	<u><u>[480,494]</u></u>	<u><u>[300,984]</u></u>
	<b>RMB</b>	<b>RMB</b>
Earnings per share:		
Basic	<u><u>0.307</u></u>	<u><u>0.234</u></u>
Diluted	<u><u>0.307</u></u>	<u><u>0.234</u></u>

**Condensed Consolidated Statement of Financial Position**

	<b>30 September 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	[8,009,459]	[6,908,257]
Quarry	[125,065]	[71,434]
Interests in jointly controlled entities	[44,512]	[30,275]
Prepaid lease payments	[368,668]	[284,758]
Deposit paid for land use rights	[107,980]	[185,268]
Deferred tax assets	[18,322]	[10,637]
Long term receivables	[79,847]	[53,070]
	<u>[8,753,853]</u>	<u>[7,543,699]</u>
<b>CURRENT ASSETS</b>		
Inventories	[506,567]	[415,485]
Trade and other receivables	[1,021,218]	[767,070]
Long term receivables — due within one year	[1,318]	[6,140]
Tax recoverable	[10,125]	[8,519]
Prepaid lease payments	[8,225]	[7,939]
Amounts due from related companies	[—]	[37]
Restricted bank deposits	[129,517]	[102,943]
Time deposits	[—]	[20,000]
Bank balances and cash	[1,504,357]	[2,078,228]
	<u>[3,181,327]</u>	<u>[3,406,361]</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	[574,474]	[525,414]
Amount due to related companies	[2,520]	[7,487]
Tax payables	[20,744]	[4,747]
Bank borrowings — due within one year	[1,002,667]	[1,309,722]
	<u>[1,600,405]</u>	<u>[1,847,370]</u>
<b>NET CURRENT ASSETS</b>	<u>[1,580,922]</u>	<u>[1,558,991]</u>

	<b>30 September 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>[10,334,775]</u>	<u>[9,102,690]</u>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings — due after one year	[3,392,032]	[2,503,898]
Deferred tax liabilities	<u>[12,227]</u>	<u>[7,778]</u>
	<u>[3,404,259]</u>	<u>[2,511,676]</u>
<b>NET ASSETS</b>	<u><u>[6,930,516]</u></u>	<u><u>[6,591,014]</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	[139,549]	[139,549]
Reserves	<u>[6,660,319]</u>	<u>[6,332,072]</u>
Equity attributable to owners of the Company	[6,799,868]	[6,471,621]
Minority interests	<u>[130,648]</u>	<u>[119,393]</u>
<b>TOTAL EQUITY</b>	<u><u>[6,930,516]</u></u>	<u><u>[6,591,014]</u></u>

**Condensed Consolidated Statement of Cash Flows**

	<b>For the nine months ended</b>	
	<b>30 September 2009 RMB'000 (Unaudited)</b>	2008 RMB'000 (Unaudited)
Net cash from operating activities	[673,271]	[392,421]
Net cash used in investing activities	[(1,538,886)]	[(1,747,675)]
Net cash from financing activities	<u>[291,744]</u>	<u>[2,890,200]</u>
Net (decrease) increase in cash and cash equivalents	[(573,871)]	[1,534,946]
Cash and cash equivalents at beginning of the year	<u>[2,078,228]</u>	<u>[620,216]</u>
Cash and cash equivalents at 30 September	<u><u>[1,504,357]</u></u>	<u><u>[2,155,162]</u></u>

The Group's unaudited consolidated results for the nine months ended 30 September 2009 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 2008.

The Directors do not recommend payment of a dividend in respect of the first nine months of 2009 (2008: Nil).

### **Business Review and Prospects**

For the third quarter of 2009, the Group continued to emerge as a strong market player in its principal markets with enhanced capacity and market coverage, and strengthened operational efficiency. Capturing the launch of numerous construction and infrastructure projects in Sichuan Region and Central Yangtze River Region, the Group was able to maintain the growth momentum and achieved satisfactory results for the nine months ended 30 September 2009.

For the nine months ended 30 September 2009, the Group's unaudited consolidated revenue amounted to RMB[3,040.8] million, representing an increase of [38]% over the corresponding period of last year. The revenue growth was attributable to the enhanced production capacity following the full operation of No. 2 rotary kiln at Sichuan Yadong Plant and No.1 rotary kiln at Hubei Yadong Plant which commenced operation in December 2008 and March 2009 respectively, driving up both the sales volume and revenue. Profit attributable to owners of the Company for the nine months ended 30 September 2009 was approximately RMB[477.5] million, representing a [74]% growth over the same period last year.

During the period under review, gross profit increased by [43]% to RMB[924.5] million while gross profit margin amounted to [30]%, which is [1] percentage point higher than that of the same period last year. With acceleration of construction activities after the rainy season, the increasing cement demand is expected to increase the cement price in the fourth quarter of this year.

With the PRC government strives to maintain a GDP growth rate of 8%, many provincial and local governments have announced large-scale investment plan focusing on infrastructure project and rural construction. All these are expected to significantly boost the demand for cement product and further sustain the price of cement product, contributing to the near-term growth of the industry. To capture these enormous market opportunities, the Group has formulated a comprehensive expansion plan with strategic focus on its major markets, in particular Sichuan Region and Central Yangtze River Region. With the construction of No. 1 rotary kiln at Huangang Yadong Plant, No. 3 rotary kiln at Sichuan Yadong Plant and No. 4 rotary kiln at Jiangxi Yadong Plant, which are all scheduled to be completed before the first quarter of 2010 and the construction of No. 2 kiln at Hubei Yadong Plant is scheduled to be completed by the end of 2010, the rated production capacity of the Group will then increase to 13.8 million tonnes of clinker per annum. (actual annual production capacity of clinker can reach 16.8 million tonnes).

In August 2009, the PRC's State Council has promulgated new policy to control capacity growth in cement industry in certain provinces. Such policy is expected to control the total cement capacity and maintain a healthy demand and supply balance, facilitating the stability of cement price. Through accelerating the pace of eliminating outdated capacity and controlling the future growth of total cement capacity by tightening new capacity approvals, we believe the sustainable development of cement industry is able to be achieved in the long run.

Looking forward, the Group will adopt a steady development strategy in accordance with market changes, with an aim of strengthening its market presence in its strategic markets through capacity expansion, and enhancement of operational efficiency and distribution network. As part of our future development strategies, the Group will continue to expand and strengthen its footholds in Sichuan Region and Central Yangtze River Region. With its current leading market position and proven track record in executing the aforesaid strategies, the Group's growth prospect is set to be promising.

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

Hong Kong, 16 October 2009

*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.*