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Asia Cement (China) Holdings Corporation

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 22% to RMB6,391.2 million (2014: approximately RMB8,193.7 million).
- Loss attributable to owners of the Company was RMB299.1 million (2014: Profit attributable to owners of the Company approximately RMB790.3 million).
- Basic loss per share amounted to RMB0.191 (2014: Basic earning per share RMB0.507).
- The Board proposed a final dividend of RMB5 cents per share.

THE FINANCIAL STATEMENTS

The board (the "Board") of directors (the "Directors") of Asia Cement (China) Holdings Corporation (the "Company"), together with its subsidiaries (collectively, the "Group"), hereby announces the audited consolidated results of the Group for the year ended 31 December 2015, together with the comparative figures for 2014 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015

	NOTES	**2015** **RMB'000**	2014 *RMB'000*
Revenue	*3*	**6,391,165**	8,193,716
Cost of sales		**(5,434,903)**	(6,282,321)
Gross profit		**956,262**	1,911,395
Other income	*4*	**128,548**	161,430
Other gains and losses	*5*	**(419,610)**	(43,761)
Distribution and selling expenses		**(415,318)**	(415,017)
Administrative expenses		**(322,460)**	(339,164)
Finance costs		**(177,673)**	(188,151)
Share of profit of joint ventures		**1,518**	4,183
Share of profit of an associate		**1,398**	193
(Loss) profit before tax		**(247,335)**	1,091,108
Income tax expense	*6*	**(45,375)**	(278,128)
(Loss) profit for the year	*7*	**(292,710)**	812,980
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sales investment		**–**	(379)
Fair value gain on a hedging instruments in cash flow hedges		**2,876**	3,424
Total comprehensive (loss) income for the year		**(289,834)**	816,025
(Loss) profit for the year attributable to:			
Owners of the Company		**(299,123)**	790,313
Non-controlling interests		**6,413**	22,667
		(292,710)	812,980
Total comprehensive (loss) income for the year attributable to:			
Owners of the Company		**(296,247)**	793,358
Non-controlling interests		**6,413**	22,667
		(289,834)	816,025
Dividend – Proposed final	*8*	**78,343**	235,028
		RMB	*RMB*
(Loss) earnings per share	*9*		
Basic		**(0.191)**	0.507
Diluted		**(0.191)**	0.506

Consolidated Statement of Financial Position
At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,879,534**	11,364,794
Quarry		**256,476**	266,118
Prepaid lease payments		**640,879**	663,148
Investment properties		**20,950**	–
Goodwill		**693,000**	693,000
Other intangible assets		**4,638**	8,554
Interest in joint ventures		**74,345**	75,613
Interest in an associate		**17,711**	17,113
Restricted bank deposits		**29,106**	25,840
Deferred tax assets		**72,531**	29,766
Long term receivables		**–**	22,380
Long term prepaid rental		**29,057**	31,864
		12,718,227	13,198,190
CURRENT ASSETS			
Inventories	*10*	**740,781**	966,335
Long term receivables – due within one year		**27,953**	20,573
Trade and other receivables	*11*	**2,510,213**	3,039,842
Prepaid lease payments		**20,150**	18,118
Loan to related companies		**456,935**	437,000
Amount due from an associate		**7,247**	–
Amount due from a joint venture		**36,058**	–
Restricted bank deposits		**4,366**	18,347
Bank balances and cash		**1,105,250**	2,324,584
		4,908,953	6,824,799
CURRENT LIABILITIES			
Trade and other payables	*12*	**1,041,963**	1,201,699
Amount due to a joint venture		**18,160**	6,668
Amount due to ultimate holding company		**828**	–
Tax payables		**10,847**	46,874
Derivative liabilities		**–**	2,876
Borrowings – due within one year		**3,379,212**	4,804,222
		4,451,010	6,062,339
NET CURRENT ASSETS		**457,943**	762,460
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,176,170**	13,960,650

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Borrowings – due after one year		**3,565,860**	3,814,465
Deferred tax liabilities		**21,170**	27,839
Provision for environmental restoration		**18,214**	13,212
		3,605,244	3,855,516
NET ASSETS		**9,570,926**	10,105,134
CAPITAL AND RESERVES			
Share capital	*13*	**140,390**	140,390
Reserves		**9,158,952**	9,690,227
Equity attributable to owners of the Company		**9,299,342**	9,830,617
Non-controlling interests		**271,584**	274,517
TOTAL EQUITY		**9,570,926**	10,105,134

Notes to the Condensed Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands on 7 April 2004 under the Companies Law (2003 Revision), Chapter 22 of the Cayman Islands. The shares of the Company have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20 May 2008. The immediate and ultimate holding company is Asia Cement Corporation, a company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at Portion of Unit B, 11th Floor, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "Group") are principally engaged in the manufacture and sale of cement, concrete and related products.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for first annual IFRS financial statements beginning on or after 1 January 2016.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after 1 January 2016.
[5] Effective for annual periods beginning on or after a date to be determined.
[6] Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company consider the application of the new and revised IFRSs would not have any material impact on the consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of cement products and related products	**5,880,746**	7,324,517
Sales of concrete	**510,419**	869,199
	6,391,165	8,193,716

4. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Government grant income	**56,273**	76,256
Transportation fee income	**10,321**	9,612
Sales of scrap materials	**4,883**	13,534
Interest income on bank deposits	**41,620**	46,197
Interest income on held-to-maturity investments	**–**	2,654
Rental income, net of outgoings *(note)*	**5,879**	7,440
Others	**9,572**	5,737
	128,548	161,430

Note: The direct operating expenses incurred for generating rental income amount to approximately RMB5,502,000 (2014: RMB5,554,000).

5. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Exchange loss, net	**(368,647)**	(10,441)
Allowance for doubtful debts, net	**(41,877)**	(31,974)
Loss on disposal/write-off of property, plant and equipment	**(3,171)**	(1,346)
Loss from changes in fair value of investment property	**(5,050)**	–
Impairment loss on investment in a joint venture	**(861)**	–
Loss on disposal of intangible assets	**(4)**	–
	(419,610)	(43,761)

6. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
The tax expense comprises:		
Current tax:		
– PRC enterprise income tax ("EIT")	**77,502**	283,278
Withholding tax paid	**14,303**	5,314
Under(over)provision in prior years	**3,004**	(5,337)
Deferred tax	**(49,434)**	(5,127)
	45,375	278,128

The PRC EIT is calculated at the prevailing tax rate on the taxable income of the Group's entities in the PRC.

During 2015, the relevant tax rates for the PRC subsidiaries of the Group ranged from 15% to 25% (2014: ranged from 15% to 25%).

Pursuant to "The Notice on Tax Policy Issues In Relation to further Implementation of the western development strategy" (State Administration of Taxation Caishui [2011] no. 58, Sichuan Yadong Cement Co., Ltd. ("Sichuan Yadong"), Sichuan Lanfeng Cement Co., Ltd. ("Sichuan Lanfeng") and Sichuan Ya Li Transportation Co., Ltd. ("Sichuan Yali") were granted a tax concession to pay corporate income tax at a preferential rate of 15% (2014: 15%) in 2015.

Neither provision for Hong Kong Profits Tax nor Singapore income tax has been made in the consolidated statement of comprehensive income as the Group had no assessable profit arising in these jurisdictions for both years.

The Company is not subject to income tax in the Cayman Islands and any other jurisdictions.

7. (LOSS) PROFIT FOR THE YEAR

	2015	2014
	RMB'000	*RMB'000*
(Loss) Profit for the year has been arrived at after charging:		
Depreciation and amortisation		
– Property, plant and equipment	**852,881**	934,710
– Prepaid lease payments	**23,579**	19,295
– Quarry	**18,044**	18,622
– Other intangible assets	**5,098**	5,455
	899,602	978,082
Auditors' remuneration	**4,129**	4,845
Staff costs, including directors' remuneration		
Salaries and other benefits	**370,855**	362,953
Retirement benefits scheme contributions	**30,954**	25,567
Total staff costs	**401,809**	388,520
Cost of inventories recognised as expenses	**5,434,903**	6,282,321
Rental payments under operating leases	**35,070**	41,283

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividend recognised as distributions during the year:		
2014 Final, paid – RMB15 cents		
(2014: 2013 final dividend RMB15 cents) per share	**235,028**	233,438

A final dividend for the year ended 31 December 2015 of RMB5 cents per share (2014: RMB15 cents per share) amounting to approximately RMB78,342,550 (2014: RMB235,027,650) has been proposed by the Board after the end of the reporting period. The proposed final dividend for the current year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
(Loss) earnings		
(Loss) earnings for the purposes of basic earnings per share ((loss) profit for the year attributable to owners of the Company)	**(299,123)**	790,313
Earnings for the purposes of diluted earnings per share ((loss) profit for the year attributable to owners of the Company)	**(299,123)**	790,313
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,566,851**	1,559,648
Effect of dilutive potential ordinary shares: Share options issued by the Company	**–**	1,816
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,566,851**	1,561,464

10. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Spare parts and ancillary materials	**350,869**	378,618
Raw materials	**207,560**	385,348
Work in progress	**99,798**	123,388
Finished goods	**82,554**	78,981
	740,781	966,335

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**1,328,696**	1,502,968
Less: allowance for doubtful debts	**(139,676)**	(101,156)
	1,189,020	1,401,812
Bills receivable	**1,058,108**	1,284,071
	2,247,128	2,685,883
Other receivables	**53,269**	49,332
Less: allowance for doubtful debts	**(2,332)**	(2,332)
	50,937	47,000
	2,298,065	2,732,883
Advances to suppliers	**152,484**	176,156
Deposits	**15,584**	12,389
Prepayments	**2,012**	12,313
Value-added tax recoverable	**42,068**	106,101
	2,510,213	3,039,842

The Group has a policy of allowing a credit period of 30 to 90 days for cement customers and 180 to 365 days for concrete customers whereas longer credit terms are allowed to certain selected customers with good credit histories or settled by bills.

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	Cements		**Concrete**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
0–90 days	**387,970**	520,293	**98,071**	228,882	**486,041**	749,175
91–180 days	**159,863**	167,207	**75,249**	182,215	**235,112**	349,422
181–365 days	**51,287**	59,273	**168,915**	196,944	**220,202**	256,217
Over 365 days	**140,012**	9,397	**107,653**	37,601	**247,665**	46,998
	739,132	756,170	**449,888**	645,642	**1,189,020**	1,401,812

The following is an ageing analysis of bills receivable (trade-related) presented based on the dates of bills issued by the customers at the end of the reporting period:

	Cements		Concrete		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
0–90 days	**704,668**	917,048	**16,567**	13,579	**721,235**	930,627
91–180 days	**331,443**	349,294	**4,530**	3,200	**335,973**	352,494
181–365 days	**900**	950	**–**	–	**900**	950
	1,037,011	1,267,292	**21,097**	16,779	**1,058,108**	1,284,071

12. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**529,543**	525,649
Accruals	**90,929**	85,970
Advances from customers	**99,646**	98,206
Staff wages and welfare payable	**58,898**	69,420
Value added tax payable	**14,626**	25,379
Construction cost payable	**46,634**	62,890
Other tax payable	**25,514**	111,908
Due to original holders of Sichuan Lanfeng	**17,692**	46,301
Consideration payable for acquisition of a subsidiary	**90,690**	90,690
Other payables	**67,791**	85,286
	1,041,963	1,201,699

The following is an ageing analysis of trade and bill payables presented based on the invoice dates at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
0–90 days	**449,018**	455,247
91–180 days	**47,006**	35,124
181–365 days	**10,295**	27,713
Over 365 days	**23,224**	7,565
	529,543	525,649

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period for trade purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. SHARE CAPITAL

	Number of shares	Amount	Shown in the financial statements as
		HK$'000	*RMB'000*
Ordinary shares of HK$0.1 each			
Authorised:			
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	10,000,000,000	1,000,000	
Issued and fully paid:			
At 1 January 2014	1,556,250,000	155,625	139,549
Exercise of share option under the Pre-IPO Share Option Scheme	10,601,000	1,060	841
At 31 December 2014, 1 January 2015 and 31 December 2015	1,566,851,000	156,685	140,390

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Despite facing a complex international landscape and greater downward economic pressure in 2015, the central government of the People's Republic of China ("PRC" or "China") was able to maintain its strategic focus on handling situations at home and aboard. It followed the work guidance of "making progress while maintaining stability", proactively adapted to and led the economy into a new normal, adopted new theories to guide new practices and new strategy to explore new development. It also made constant innovation in macroeconomic adjustments, deepened structural reform, and pushed ahead with "mass entrepreneurship and innovation". As a result, the economy was able to achieve a moderate, stable and sound development. The GDP growth rate for 2015 was 6.9% year-on-year, representing a slight decrease of 0.5 percentage points when compared with 7.4% growth rate in 2014, which was within a reasonable range.

In 2015, China's cement industry experienced a serious decline in economic efficiency. The industry continued the downward trend that began in 2014. The overall cement demand declined by approximately 130 million tonnes from that of the previous year. The escalating overcapacity problem had led to vicious market competition, resulting in continued decline in cement product price and significant drop in profitability of cement companies. Competition in regional markets intensified, forcing a large number of companies to be in such dire straits that they had to suspend all production activity or half of their production activity. The contradictions and problems that emerged and had not been solved at the time when the industry relied on high growth in demand were fully exposed and magnified in 2015.

China's economic structure was undergoing a period of rapid transformation. The national year-on-year growth rate of fixed asset investment stood at 10% in 2015, which dropped by 5.7 percentage points when compared with that of 2014. The national property development investment increased by 1% year-on-year, which was 9.5 percentage points lower than that of 2014. With the continued optimization of industry structure, traditional industries with high energy consumption saw continued slow growth or even negative growth. As a traditional basic industry, the cement sector was also under the pressure of declining demand. The industry entered difficult times, showing signs of weakening throughout the year. In 2015, the national cement output was 2.348 billion tonnes, representing a decrease of 128 million tonnes from 2014's 2.476 billion tonnes or a decrease of approximately 5% year-on-year. Meanwhile, according to Digital Cement's statistics, the cement price in 2015 plunged by over 20% when compared to that of 2014.

In 2015, demand for cement witnessed its first ever decline while supply continued to grow. According to Digital Cement's statistics, the additional clinker capacity unleashed in China in 2015 was 47.12 million tonnes (equivalent to approximately 63 million tonnes of cement capacity), while only 38 million tonnes of obsolete cement capacity was eliminated during the year. As a result, the net increase in cement capacity was 25 million tonnes. Although PC32.5 grade cement was abolished from 1 December 2015 pursuant to the new national standards, industry players turned to produce PC32.5R grade cement as an alternative product. As such, the actual market share released was limited. The abovementioned factors had aggravated the imbalance of supply and demand and intensified market competition. Due to insufficient demand, industry players could not reach a consensus on effective implementation of self-discipline in energy saving and emission reduction. Each plant strove to run at full production level until its inventory was fully stocked and operations of its kilns had to be stopped. Price wars and vicious competitions prevailed. The market price had been falling sharply since the beginning of the year and reached its 10-year low in August. Although a rebound was witnessed with the arrival of the traditional peak season in September, it was a relatively weak recovery. Prices in some regions continued to drop, and "softened during peak season" and "weakened during low season" throughout the year. Although low coal price benefited the cement sector in terms of production cost control, cement prices in general were low, leading to disappointing industry profitability. Compared to 2014, the industry profit plunged by approximately 60%, and over 40% of enterprises recorded losses. There was greater exposure to financial risks among cement companies.

The Group had taken various measures to cope with the increasingly competitive and difficult operating environment of the cement industry. First, the Group used various measures to achieve "lower cost and higher efficiency". The purchasing cost of fuel and other equipment, as well as production maintenance expenses and other management fees decreased significantly when compared with those in 2014. Through the abovementioned efforts, the Group's total cost of cement production dropped by 13.5% when compared with 2014, thereby increasing the overall competitiveness. Second, the Group continued to push ahead with internal management reform, refinement and optimization. The Group's management headquarters speeded up institutional development, standardised operation procedures of its subsidiaries, and improved the implementation details of production, transportation, sales, etc. All these significantly increased management efficiency. In addition, the training of professional staff at different levels as well as that of the management team was carried out accordingly. Furthermore, there was also improvement in the management of account receivables. Third, the Group achieved new overseas market developments by exploring international markets. In May 2015, the Group's silo in Taizhou commenced operation and started exporting products. A total of 230,000 tonnes of different cement products were exported to Singapore, the United States and other overseas markets during the year under review. The Group not only expanded along the value chain, but also enhanced its overall efficiency. Fourth, by adopting flexible marketing strategies with specific targets, the Group expanded sales to areas near its production plants and increased market influence in its core markets. Amid shrinking market demand, the Group's sales in Wuhan, Chengdu, Nanchang, Jiujiang and Yanzhou still increased in spite of the market situation. Fifth, the Group grasped opportunities from infrastructure projects launched by the government. Leveraging its well-established sales network and premium quality and services, the Group successfully won the tenders for supplying to a number of key infrastructure projects in Hubei, Jiangxi, Sichuan and Jiangsu. The total contract volume exceeded 3 million tonnes.

Last but not least, the Group had adhered to high-level environmental protection and green development strategy. The Group had been resolute in implementing government and industry policies. With respect to environmental protection and energy saving and utilization of resources, the Group had achieved high standards within the industry. For instance, on the aspect of denitrification, carbon credit purchase and dust collecting bag, the Group had remained at the forefront of industry, building a corporate image of energy saving, emission reduction, clean production and environmental protection.

The national cement demand shrank by 5% in 2015, but the joint efforts of the management and staff had enabled the Group to achieve a 2.3% year-on-year increase in clinker output to more than 24 million tonnes for 2015. The total sales volume of cement products was about 30.38 million tonnes, representing a 2% increase when compared to that of 2014 and crossing the mark of 30 million tonnes for the first time. However, being affected by the general low level of prices, the Group's cement price dropped by 20.3% when compared to that of 2014, sending the gross profit down by approximately 50% (which was similar to the change in the national profit). Moreover, affected by the significant devaluation of RMB since August 2015, the Group recorded a severe non-operating loss (foreign exchange loss from US dollar-denominated bank borrowings as a result of the devaluation of RMB). As a result of the abovementioned factors, the Group failed to achieve a satisfactory profitability.

Table 1: Total sales volume (Unit: '000 tonnes)

Item	**2015**	2014	% Change
Cement	**28,418**	28,302	0
Clinker	**1,758**	1,276	38
Blast-furnace slag powder	**202**	401	(50)
Total	**30,378**	29,979	1

Table 2: Breakdown of sales volume of cement by region (Unit: '000 tonnes)

Item	**2015**	2014	% Change
Southeastern region	**10,411**	10,835	(4)
Central region	**7,847**	7,898	(1)
Southwestern region	**7,818**	6,929	13
Eastern region	**2,342**	2,640	(11)
Total	**28,418**	28,302	0

Table 3: Sales volume of high grade and low grade cement (Unit: '000 tonnes)

Item	2015 Sales volume	2015 Percentage (%)	2014 Sales volume	2014 Percentage (%)
High grade cement	**22,793**	**80**	21,865	77
Low grade cement	**5,625**	**20**	6,437	23
Total	**28,418**	**100**	28,302	100

Table 4: Sales volume of bagged and bulk cement (Unit: '000 tonnes)

Item	2015 Sales volume	2015 Percentage (%)	2014 Sales volume	2014 Percentage (%)
Bulk cement	**20,887**	**73**	21,818	77
Bagged cement	**7,531**	**27**	6,484	23
Total	**28,418**	**100**	28,302	100

(1) Central and downstream regions of Yangtze River

Approximately 70% of the Group's cement capacity (about 24 million tonnes) was located in the central and downstream regions of Yangtze River. The Group was among this region's largest cement enterprises in terms of production capacity. In Wuhan, Jiujiang and Yangzhou, the Company ranked first in market share, while in Nanchang it ranked second. In 2015, the market demand in the Eastern region decreased by approximately 6% when compared with that of the same period of 2014. Due to sluggish demand, large enterprises did not respond to the call of China Cement Association to exercise self-discipline in energy saving and emission reduction. Small to medium plants were also running at full production level and turned off their kilns only when their inventory was fully stocked. As a result, a number of plants faced huge inventory pressure, and attempted to boost sales by waging price wars. Continued decline in price in this region ensued, while the price in a number of regions hit record low in 10 years. With over 10 years of dedication to market development and high quality product and service assurance, the

Skyscraper brand was favoured by customers, and enabled the Group to increase sales volume and market influence in its core markets such as Wuhan, Nanchang and Jiujiang. Meanwhile, the Group reduced sales accordingly to markets where long distance transportation was required and price was lower. As such, against the unfavorable backdrop of declining market demand, the Group sold a total of 22.42 million tonnes of cement products in the central and downstream regions of Yangtze River in 2015, which was basically close to 2014's 22.93 million tonnes.

(2) Chengdu region

The Group had a total cement capacity of 11 million tonnes in Chengdu region, being the largest cement producer in the region and ranked first in market share. Chengdu market was also under pressure from declining demand in 2015. Market demand in this region dropped by 3 to 4% in 2015. The transportation convenience of the Chengdu market made it easier for other cement enterprises in the surrounding areas to enter. Although China Cement Association had made several appeals to the industry to exercise self-discipline in energy saving and emission reduction, industry players only pursued their own agenda, fighting for market and customers, which led to intensified price competition. As such, price tumbled to record low. As market coordination was unlikely to happen, the Group dedicated its effort to increasing sales to fully participate in the market competition. For 2015, the Group sold a total of 7.96 million tonnes of cement products in the Southwestern region, representing an increase of 910,000 tonnes or 12.9% from 2014's 7.05 million tonnes.

Table 5: The Group's market share by region and city (%)

Item	**2015**	2014
Jiujiang	**38%**	35%
Nanchang	**26%**	26%
Wuhan	**27%**	27%
Chengdu	**31%**	28%
Yangzhou	**30%**	30%

Operating Results

Revenue

The Group's principal business activities are manufacture and sale of cement, concrete and related products. As shown in the table below, for 2015, the Group's revenue amounted to RMB6,391.2 million, representing a decrease of RMB1,802.5 million or 22% from RMB8,193.7 million in 2014. The decrease in revenue was mainly attributable to the decrease in the average selling price of the Company's products during 2015.

Region	**2015** *RMB'000*	**%**	2014 *RMB'000*	%
Southeastern region	**2,436,535**	**38**	2,907,570	36
Central region	**1,804,502**	**28**	2,330,770	28
Southwestern region	**1,550,896**	**24**	2,023,980	25
Eastern region	**599,232**	**10**	931,396	11
Total	**6,391,165**	**100**	8,193,716	100

In respect of revenue contribution for 2015, sales of cement accounted for 87% (2014: 85%) and sales of concrete accounted for 8% (2014: 11%). The table below shows the sales breakdown by product during the reporting period:

	2015 *RMB'000*	**%**	2014 *RMB'000*	%
Cement	**5,581,118**	**87**	6,983,580	85
Clinker	**266,791**	**4**	252,164	3
RMC	**510,418**	**8**	869,199	11
Blast-furnace slag powder	**32,838**	**1**	88,773	1
Total	**6,391,165**	**100**	8,193,716	100

Cost of Sales and Gross Profit

The Group's cost of sales primarily includes cost of raw materials, fuel expenses (consisting of coal and electricity costs), employee compensation and benefits, depreciation and amortisation and other overhead costs. In 2015, the Group's cost of sales decreased by approximately 13% to RMB5,434.9 million from RMB6,282.3 million in 2014 due to the decrease in the cost of coal for the production of cement products.

The gross profit for 2015 was RMB956.3 million (2014: RMB1,911.4 million), with a gross profit margin of 15% (2014: 23%). The decrease in gross profit was mainly attributable to the decrease in the average selling price of the Company's products compared with that of the previous year.

Other Income

Other income mainly comprises government grants, transportation fee income, interest income and sales of scrap materials. For 2015, other income amounted to RMB128.5 million, representing a decrease of RMB32.9 million from RMB161.4 million in 2014. The decrease in other income was attributable to the decrease in government grant and interest incomes during 2015.

Other Gains and Losses

Other gains and losses mainly comprise net foreign exchange loss, allowance for doubtful debts, loss from changes in fair value of investment properties and loss on disposal/write-off of property, plant and equipment. For 2015, other losses amounted to RMB419.6 million, representing an increase of RMB375.8 million from the other losses of RMB43.8 million in 2014. The increase in losses was principally attributable to the increase in foreign exchange loss from US dollar-denominated bank borrowings and the increase in allowance for doubtful debts.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For 2015, the distribution and selling expenses amounted to RMB415.3 million, which remained stable as compared with that of 2014.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses decreased by approximately 5%, from RMB339.2 million in 2014 to RMB322.5 million in 2015. The decrease was attributable to the Group using multiple measures to achieve cost-efficiency.

The 6% decrease in finance costs was mainly due to the reduction of bank borrowings.

(Loss) Profit before Tax

As a result of the foregoing factors, the profit before tax for 2015 decreased by RMB1,338.4 million, constituting a loss of RMB247.3 million (2014: profit of RMB1,091.1 million).

Income Tax Expenses

In 2015, income tax expenses decreased by RMB232.7 million, or approximately 84%, to RMB45.4 million from RMB278.1 million in 2014.

Non-controlling Interests

In 2015, non-controlling interests amounted to RMB6.4 million, representing a decrease of RMB16.3 million, or approximately 72%, from RMB22.7 million in 2014 primarily due to the decrease in profit contribution from Jiangxi Yadong.

(Loss) Profit for the Year

For 2015, the net loss of the Group amounted to RMB292.7 million, representing a decrease of RMB1,105.7 million from the profit of RMB813.0 million in 2014.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the year ended 31 December 2015. Total assets decreased by approximately 12% to RMB17,627.2 million (31 December 2014: approximately RMB20,023.0 million) while total equity decrease by approximately 5% to RMB9,570.9 million (31 December 2014: approximately RMB10,105.1 million).

Restricted Bank Deposits, Bank Balances and Cash

As at 31 December 2015, the Group's restricted bank deposits, bank balances and cash amounted to approximately RMB1,138.7 million (31 December 2014: RMB2,368.8 million) of which approximately 95% was denominated in RMB and approximately 5% in United States dollars, with the remainder denominated in Hong Kong dollars and Singapore dollars.

Cash Flow

The Group derived its net cash inflow from operations primarily through the receipt of payments for the sale of its cement and concrete products. The Group's cash outflow from operations was used primarily for raw material purchases, payment for fuel and power, distribution costs, staff salaries and interest payments. Cash generated from operating activities increased from RMB718.2 million in 2014 to RMB1,249.4 million in 2015. This was mainly due to the decrease in trade and other receivable and increase in trade and other payables.

The Group's cash inflow from investment activities primarily consisted of interest income and proceeds from disposal of property, plant and equipment. The Group's cash outflow from investment activities primarily consisted of purchases of property, plant and equipment, land use rights and quarry and purchase of held-to-maturity investments. In 2015, the net cash used in investment activities of the Group amounted to RMB370.7 million, representing a decrease of 70% from RMB1,245.5 million in 2014. The decrease in cash flow used in investment activities by RMB874.8 million was primarily attributable to less cash used for merger and acquisition in 2015.

In 2015, the net cash used in financing activities of the Group amounted to RMB2,098.0 million. This was primarily due to the repayment of borrowings in 2015.

Capital Expenditure

Capital expenditure for the year ended 31 December 2015 amounted to approximately RMB415.3 million and capital commitments as at 31 December 2015 amounted to approximately RMB592.7 million. Both the capital expenditure and capital commitments mainly related to the purchases of plant and equipment for the new production lines. The Group anticipates that funding for those commitments will come from future operating revenue, bank borrowings and other sources of finance when appropriate.

Borrowings

The Group's borrowings as at 31 December 2015 and 2014 are summarised below:

	As at 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Short-term borrowings	**3,379,212**	**49**	4,804,222	56
Long-term borrowings	**3,565,860**	**51**	3,814,465	44
Currency denomination				
– RMB	**2,333,828**	**34**	875,503	10
– US dollars	**4,611,244**	**66**	7,743,184	90
Borrowings				
– secured	**–**	**–**	–	–
– unsecured	**6,945,072**	**100**	8,618,687	100
Interest rate structure				
– fixed-rate borrowings	**–**	**–**	–	–
– variable-rate borrowings	**6,945,072**	**100**	8,618,687	100
Interest rate				
– fixed-rate borrowings		**N/A**		N/A
– variable-rate borrowings		**90% to 100% of the Benchmark Interest Rate of the LIBOR plus margin of 0.6%–2.6%**		90% to 100% of the Benchmark Interest Rate of the LIBOR plus margin of 0.5%–3.5%

As at 31 December 2015, the Group had unutilised credit facilities in the amount of RMB5,018.5 million.

As at 31 December 2015, the Group's gearing ratio was approximately 46% (31 December 2014: 50%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2015 and 2014 respectively.

Pledge of Assets

The Group did not have any pledge or charge on assets as at 31 December 2015.

Contingent Liabilities

As at the date of this announcement and as at 31 December 2015, the Board is not aware of any material contingent liabilities.

Human Resources

As at 31 December 2015, the Group had 4,523 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds scheme according to the applicable laws and regulations of the PRC for its employees in the PRC and made contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerated its employees in accordance with their work performance and experience. The remuneration packages are subject to review on a regular basis.

In addition, the Group also adopted the Share Option Scheme, under which eligible directors and employees are entitled to various share options to subscribe for the ordinary shares in the Company in accordance with their past and potential contribution to the growth of the Group. As at 31 December 2015, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

Save as disclosed in this announcement, the Group had no significant investment, material acquisitions or disposals for the year ended 31 December 2015.

Foreign Exchange Risk Management

The Group's sales and purchases during the reporting period were mostly denominated in RMB. However, some of the Group's bank borrowings were denominated in other foreign currencies.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally as well as the demand and supply of RMB. The appreciation or devaluation of RMB against foreign currencies may have an impact on the operating results of the Group.

The Group currently does not maintain a foreign currency hedging policy. However, the Group's management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

2. BUSINESS PROSPECTS

The cement industry will face a very challenging year in 2016, as the market is expected to remain difficult. First, affected by the China government's restructuring of the macro economy, the cement industry has entered the adjustment stage. According to the forecast made by Digital Cement, market demand in 2016 will continue to contract (decrease by approximately 3%). As its major driving force – property market – will remain depressed, market demand will be under enormous pressure with only infrastructure and rural market to support its growth. Furthermore, not only demand drops, but there will also be new release of capacity. According to the estimation of Digital Cement, there will be an additional supply of approximately 35 million tonnes (approximately an aggregate of 47 million tonnes of cement) of new clinker capacity unleashed in China in 2016. The problem of supply and demand imbalance will aggravate.

However, a number of things, which are about to happen, will help create a positive and optimistic outlook for the cement industry. The Group remains optimistic about the future development of China's cement industry. First, 2016 is the first year of China's 13th Five-Year Plan. According to the PRC government's proposals on formulating the 13th Five-Year Plan on National Economic and Social Development, 2020 has been set as the target for China to become a high income economy. As such, the next five years (the 13th five-years) will be crucial for the country to become a high income economy. The PRC government will be determined to keep a stable annual growth rate. It will strive to maintain a moderate to high growth rate (6.5%–7.0%) for its economy. Moreover, industrial structure optimization will continue, while growth in different investments will gradually return to more sustainable levels. Although demand is pressurized to shrink, the overall demand will remain at a relatively high level. Second, the PRC government will make more effort to reform the supply side, which will be achieved through "suspending new supply, eliminating excessive capacity", with the focus on effectively solving the problem of overcapacity. It will also adjust the industry structure, optimize the market environment for merger and acquisition activities, implement measures to eliminate excessive capacity and clear inventory. In addition, the PRC government will also take severe measures against zombie companies, and close down those enterprises with overcapacity but not meeting national energy consumption, environmental protection, quality and safety standards. All these will benefit the cement industry. Third, with the implementation of the new "Environmental Protection Law" effective on 1 January 2015, requirements for environmental protection have been tightened and become more stringent. Enterprises not meeting the environmental standards will have to exit the market unless they spend huge amounts on technical modification to meet environmental requirements. This will escalate the elimination process of small to medium-sized enterprises and improve the supply-demand balance. All of the Group's production lines are imported equipment of high quality and advanced technology. On top of that, the Group is committed to maintaining high environmental standards, and therefore it only requires a small amount of investment to meet the environmental requirements. Fourth, the implementation of "One Belt and One Road" policy and

"Yangtze River Economic Belt" development strategies will spark off a massive amount of new infrastructure projects. The RMB800 billion railway construction investment target set for 2016, together with inter-city rail and subway construction, hydraulic facilities, sponge city, and old city and shantytown redevelopment will boost the market demand for cement. Fifth, coordination between China Cement Association and large enterprises, as well as their leadership, result in, among other things, resolution in restricting supply of new capacity, acceleration of elimination of obsolete production lines, implementation of off-peak season production and restricted production to achieve energy saving and emission reduction, raising industry concentration level and total abolishment of PC32.5 grade cement. All these will enhance the quality of concrete and construction materials, while more obvious results will be achieved. Sixth, information from different sources shows that coal price will stay at a low level for a relatively long period, taking pressure off cement production cost. All in all, the Group expects that the cement industry will enter the stage of new normal, but the aforesaid policies and measures will have positive impact on the industry development.

The Group expects the industry to "first fall and then rise" in 2016. In the first half of 2016, the cement market will continue 2015's gloomy situation, but demand will gradually recover with the commencement of infrastructure construction. Furthermore, self-discipline and consensus on energy saving and emission reduction among industry players are expected to strengthen. The above factors together with the implementation of measures to "eliminate excessive capacity" and rise in industry concentration level are expected to lift the market quantity and price.

In 2016, the Group plans to sell a total of over 32.28 million tonnes of cement products, representing an increase of 1.9 million tonnes or 6.3% from 30.38 million tonnes in 2015.

The Group has taken a humble attitude in the face of an increasingly severe industry environment. It is determined to improve itself by carrying out thorough review and analysis of its weakness so as to improve it and striving to explore new directions for development. All these are expected to achieve sustainable growth and profitability in 2016. The Group is resolute in implementing organizational restructuring by fully leveraging centralized management through operation headquarters. It will keep strengthening the mission fulfilment schemes in respect of production, transportation, sales, safety and environmental protection. In addition, the Group will continue to push ahead with business reforms, training of different specialists and management personnel, as well as innovation of new production techniques, to become the market leader and model company for the industry, with higher product quality, better performance and lower energy consumption. The Group will continue to comply with all the environmental policies and regulations, by fulfilling its duties in respect of energy saving and emission reduction, green low carbon development, recycling and reuse of waste materials, as well as maintaining good relationship with local communities. The Group is looking forward to the future development of China's cement industry. We will strive to seize the opportunities arising from the PRC government's intensified reform on the supply side and acceleration of merger and acquisition activities within the sector, to keep exploring suitable strategic partners and targets for merger and acquisition, with the aim to become one of the top 10 cement groups in China.

OTHER INFORMATION

Final Dividend

In acknowledging the continuous support from the Group's shareholders, the Board recommends the payment of a final dividend of RMB5 cents per ordinary share in respect of the year ended 31 December 2015, subject to approval by shareholders at the forthcoming annual general meeting of the Company. The dividend will be payable on 17 June 2016 to shareholders whose names appear on the Register of Member of the Company on 3 June 2016.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 19 May 2016 to Tuesday, 24 May 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 18 May 2016.

Subject to the approval of shareholders at the annual general meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after close of business at 4:30 p.m. on Friday, 3 June 2016 being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 3 June 2016.

Corporate Governance

The Company has complied with all of the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2015, except the following:

Code provision A.1.8 of the CG Code requires that the Company should arrange appropriate insurance cover in respect of legal action against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is low. Nevertheless, the Board will review this arrangement from time to time in light of the prevailing circumstances and arrange for appropriate insurance coverage as soon as practicable.

Following the resignation of Mr. LEI, Qian-zhi and Dr. WONG, Ying-ho Kennedy and the passing away of Mr. LIU, Zhen-tao, the Company failed to comply with Rules 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. Following the appointment of Mr. WANG, Wei and Mr. LEE, Kao-chao with effect from 13 April 2015 and Dr. WANG, Kuo-ming with effect from 1 October 2015 as independent non-executive Directors, the Company has fulfilled the requirements of Rule 3.10A of the Listing Rules. Following the appointment of Mr. LEE, Kao-chao, Dr. WANG, Kuo-ming and Mr. WANG, Wei with effect from 2 November 2015 as a member of audit committee, the chairman of remuneration committee and a member of nomination committee respectively, the Company has fulfilled the requirements of Rules 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

Audit Committee

The Company established the Audit Committee on 27 April 2008 with written terms of reference in compliance with the CG Code as set forth in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include the review of the financial reporting, risk management and internal control system of the Group. Currently, the Audit Committee comprises Mr. Tsim, Tak-lung Dominic (Chairman), Mr. Hsu, Shu-tong and Mr. Lee Kao-chao, all of whom are non-executive Directors and the majority of whom are independent non-executive Directors.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also reviewed auditing, risk management and internal control and financial reporting matters, including the review of the annual results for the year ended 31 December 2015, together with the management.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. The Company, having made specific enquiry with all Directors, confirms that its Directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2015.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.com.hk) and the Company (www.achc.com.cn). The annual report for the financial year ended 31 December 2015 of the Company will be dispatched to the Company's shareholders and published on the aforesaid websites in due course.

Appreciation

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the reporting period.

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

Hong Kong, 18 March 2016

As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, 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. TSIM Tak-lung Dominic, Mr. WANG Wei, Mr. LEE Kao-chao and Dr. WANG Kuo-ming.