ASIA CEMENT (CHINA) HOLDINGS CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2012 Interim Results Announcement

HIGHLIGHTS OF THE SIX MONTHS ENDED 30 JUNE 2012

Revenue decreased by 20% to approximately RMB3,071.5 million (2011: approximately RMB3,829.3 million).

Profit attributable to owners of the Company decreased by 81% to approximately RMB121.8 million (2011: approximately RMB638.5 million). The significant adjustment in profit attributable to owners of the Company was mainly attributable to the significant decrease in average selling prices of the Company's products compared with that of the corresponding period of the previous year.

Basic earning per share amounted to RMB0.08 (2011: RMB0.41), representing a decrease of approximately 80%.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Asia Cement (China) Holdings Corporation (the "Company"), the Company and its subsidiaries (collectively the "Group") hereby announces the unaudited consolidated interim results for the six months ended 30 June 2012 together with comparative figures for the corresponding period in 2011. These interim condensed consolidated financial statements for the six months ended 30 June 2012 have not been audited, but has been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue		**3,071,532**	3,829,295
Cost of sales		**(2,586,756)**	(2,698,785)
Gross profit		**484,776**	1,130,510
Other income	*4*	**90,629**	58,686
Other gains and losses	*5*	**(15,671)**	41,487
Distribution and selling expenses		**(159,497)**	(150,484)
Administrative expenses		**(145,744)**	(136,616)
Share of profit (loss) of jointly controlled entities		**2,039**	(226)
Share of profit of an associate		**1,181**	500
Finance costs		**(103,013)**	(103,282)
Profit before tax		**154,700**	840,575
Income tax expense	*6*	**(31,257)**	(175,978)
Profit for the period	*7*	**123,443**	664,597
Other comprehensive income:			
Fair value (loss) gain on hedging instruments designated in cash flow hedges		**(3,148)**	1,061
Total comprehensive income for the period		**120,295**	665,658
Profit for the period attributable to:			
Owners of the Company		**121,834**	638,538
Non-controlling interests		**1,609**	26,059
		123,443	664,597
Total comprehensive income for the period attributable to:			
Owners of the Company		**118,686**	639,599
Non-controlling interests		**1,609**	26,059
		120,295	665,658
		RMB	*RMB*
Earnings per share:	*9*		
Basic		**0.08**	0.41
Diluted		**0.08**	0.41

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2012

	Notes	**30 June 2012 *RMB'000* (unaudited)**	31 December 2011 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**9,381,030**	9,557,197
Quarry	*11*	**214,203**	219,475
Prepaid lease payments	*12*	**528,836**	536,954
Goodwill		**138,759**	138,759
Other intangible assets		**15,661**	17,839
Interests in jointly controlled entities		**27,382**	25,344
Interests in an associate		**14,786**	13,605
Deferred tax assets		**31,429**	21,200
Long term receivables		**61,085**	59,383
Restricted bank deposits		**25,840**	19,217
		10,439,011	10,608,973
Current assets			
Inventories	*14*	**826,867**	741,106
Long term receivables — due within one year		**16,942**	14,942
Trade and other receivables	*15*	**2,548,650**	2,986,842
Prepaid lease payments	*12*	**15,074**	14,552
Amount due from an associate		**4,821**	6,892
Restricted/pledged bank deposits		**22,188**	18,192
Bank balances and cash		**1,799,605**	1,730,867
		5,234,147	5,513,393
Current liabilities			
Trade and other payables	*16*	**715,879**	720,211
Amounts due to non-controlling interests		**3,621**	10,955
Amounts due to jointly controlled entities		**2,541**	3,899
Tax payables		**11,699**	68,030
Borrowings — due within one year	*17*	**2,770,787**	1,335,726
		3,504,527	2,138,821
Net current assets		**1,729,620**	3,374,572
Total assets less current liabilities		**12,168,631**	13,983,545

	Notes	**30 June 2012** *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Non-current liabilities			
Other payables	*16*	**–**	12,000
Borrowings — due after one year	*17*	**3,552,361**	5,216,061
Derivative liabilities	*13*	**10,920**	7,772
Deferred tax liabilities		**16,359**	24,079
		3,579,640	5,259,912
Net assets		**8,588,991**	8,723,633
Capital and reserves			
Share capital	*18*	**139,549**	139,549
Reserves		**8,187,980**	8,333,486
Equity attributable to owners of the Company		**8,327,529**	8,473,035
Non-controlling interests		**261,462**	250,598
Total equity		**8,588,991**	8,723,633

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserves	Other reserves	Special reserve	Share option reserve	Hedging reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011 (audited)	139,549	3,376,570	425,596	286,038	1,673,893	20,471	–	1,371,816	7,293,933	195,856	7,489,789
Profit for the period	–	–	–	–	–	–	–	638,538	638,538	26,059	664,597
Other comprehensive income for the period	–	–	–	–	–	–	1,061	–	1,061	–	1,061
Total comprehensive income for the period	–	–	–	–	–	–	1,061	638,538	639,599	26,059	665,658
Appropriation	–	–	132,419	–	–	–	–	(132,419)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	1,192	–	–	1,192	–	1,192
Dividends recognised as distribution	–	–	–	–	–	–	–	(155,625)	(155,625)	–	(155,625)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(6,760)	(6,760)
At 30 June 2011 (unaudited)	139,549	3,376,570	558,015	286,038	1,673,893	21,663	1,061	1,722,310	7,779,099	215,155	7,994,254
At 1 January 2012 (audited)	139,549	3,376,570	557,621	286,038	1,673,893	22,134	(7,772)	2,425,002	8,473,035	250,598	8,723,633
Profit for the period	–	–	–	–	–	–	–	121,834	121,834	1,609	123,443
Other comprehensive expense for the period	–	–	–	–	–	–	(3,148)	–	(3,148)	–	(3,148)
Total comprehensive (expense) income for the period	–	–	–	–	–	–	(3,148)	121,834	118,686	1,609	120,295
Appropriation	–	–	312,843	–	–	–	–	(312,843)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	372	–	–	372	–	372
Dividends recognised as distribution	–	–	–	–	–	–	–	(264,564)	(264,564)	(8,745)	(273,309)
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	18,000	18,000
At 30 June 2012 (unaudited)	139,549	3,376,570	870,464	286,038	1,673,893	22,506	(10,920)	1,969,429	8,327,529	261,462	8,588,991

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**853,726**	494,304
Net cash used in investing activities	**(205,370)**	(331,107)
Net cash used in financing activities	**(579,618)**	128,554
Net increase in cash and cash equivalents	**68,738**	291,751
Cash and cash equivalents at beginning of the period	**1,730,867**	686,099
Cash and cash equivalents at end of the period, represented by bank balances and cash	**1,799,605**	977,850

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised IFRSs").

The application of these new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

Amendments to IFRS 1	Government Loans[1]
Amendments to IFRS 7 Disclosures	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

The directors of the Company anticipate that the application of the above new or revised IFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30 June 2012 (unaudited)

	Cement business *RMB'000*	**Concrete business** *RMB'000*	**Total** *RMB'000*	**Elimination** *RMB'000*	**Consolidated** *RMB'000*
REVENUE					
External sales	**2,751,698**	**319,834**	**3,071,532**	**–**	**3,071,532**
Inter-segment sales	**46,628**	**12,419**	**59,047**	**(59,047)**	**–**
Total	**2,798,326**	**332,253**	**3,130,579**	**(59,047)**	**3,071,532**
RESULT					
Segment result	**297,519**	**(395)**	**297,124**	**(14,895)**	**282,229**
Unallocated income					**5,085**
Central administration costs, directors' salaries and other unallocated expense					**(32,821)**
Share of profit of jointly controlled entities					**2,039**
Share of profit of an associate					**1,181**
Finance costs					**(103,013)**
Profit before tax					**154,700**

Six months ended 30 June 2011 (unaudited)

	Cement business *RMB'000*	Concrete business *RMB'000*	Total *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
REVENUE					
External sales	3,539,511	289,784	3,829,295	–	3,829,295
Inter-segment sales	68,103	14,959	83,062	(83,062)	–
Total	3,607,614	304,743	3,912,357	(83,062)	3,829,295
RESULT					
Segment result	986,363	17,715	1,004,078	(25,867)	978,211
Unallocated income					15,752
Central administration costs, directors' salaries and other unallocated expense					(50,380)
Share of losses of jointly controlled entities					(226)
Share of profit of an associate					500
Finance costs					(103,282)
Profit before tax					840,575

Segment result represents the profit earned (loss incurred) by each segment without allocation of central administration costs, directors' salaries, share of results of jointly controlled entities and associate, investment income and financial costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales were charged at market price or where no market price was available at cost plus a percentage mark-up.

4. OTHER INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grant	**53,087**	31,924
Transportation fee income	**3,051**	5,100
Sales of scrap materials	**2,831**	8,685
Interest income on bank deposits	**26,382**	9,392
Imputed interest income on long term receivables	**132**	471
Rental income, net of outgoings	**550**	250
Others	**4,596**	2,864
	90,629	58,686

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Reversal (allowance for) of doubtful debts, net	**979**	(29,689)
Donations	**–**	(131)
Exchange gain, net	**(16,650)**	73,267
Change in fair value of derivative financial instruments, net	**–**	(1,991)
Gain on disposal of a jointly controlled entity	**–**	31
	(15,671)	41,487

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
— PRC Enterprise Income Tax ("EIT")	**47,199**	179,094
Withholding tax paid	**4,895**	–
Underprovision in prior years	**(322)**	–
Deferred tax credit	**(20,515)**	(3,116)
	31,257	175,978

For the six months ended 30 June 2012 and 2011, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 12.5% to 25% and 12.5% to 25%, respectively.

No provision for Hong Kong Profits Tax and Singapore income tax has been made in the condensed consolidated statement of comprehensive income as the Group had no assessable profit arising in these jurisdictions for the six months ended 30 June 2012 and 2011.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation and amortisation	**372,343**	364,816

8. DIVIDENDS

A final dividend of RMB17 cents per share for the year ended 31 December 2011, amounting to RMB264,562,500, was paid during the six months ended 30 June 2012.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2012 and 2011.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**121,834**	638,538
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,556,250**	1,556,250
Effect of dilutive employee share options	**–**	1,405
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,556,250**	1,557,655

The share options have no dilution effect on the earnings per share for the six months ended 30 June 2012 as the average market price of the Company's share was lower than the exercise price of the options.

10. PROPERTY, PLANT AND EQUIPMENT

	Carrying value
	RMB'000
At 1 January 2011 (audited)	10,021,327
Additions	115,099
Depreciation for the period	(348,679)
Disposals	(7,542)
At 30 June 2011 (unaudited)	9,780,205
At 1 January 2012 (audited)	9,557,197
Additions	179,877
Depreciation for the period	(355,368)
Disposals	(676)
At 30 June 2012 (unaudited)	9,381,030

11. QUARRY

	Carrying value
	RMB'000
At 1 January 2011 (audited)	215,511
Additions	4,026
Amortisation during the period	(6,168)
At 30 June 2011 (unaudited)	213,369
At 1 January 2012 (audited)	219,475
Additions	1,604
Amortisation during the period	(6,876)
At 30 June 2012 (unaudited)	214,203

12. PREPAID LEASE PAYMENT

	Carrying value
	RMB'000
At 1 January 2011 (audited)	563,220
Additions	421
Amortisation during the period	(7,501)
At 30 June 2011 (unaudited)	556,140
At 1 January 2012 (audited)	551,506
Transfer from deposits paid for land use rights	–
Additions	–
Amortisation during the period	(7,596)
At 30 June 2012 (unaudited)	543,910

13. DERIVATIVE FINANCIAL INSTRUMENTS

Six months ended 30 June 2012 and 2011

At 30 June 2012, the Group had an outstanding US$ interest rate swap contract designated as a highly effective hedging instrument in order to hedge the Group's cash flow interest rate exposure on US$ denominated floating rate bank borrowings.

The terms of the US$ interest rate swap contract has been negotiated to match the terms of the US$ denominated floating rate bank borrowings.

Major terms of the US$ interest rate swap are as follows:

Notional amount	Maturity	Swaps
US$50,000,000	20.10.2015	From London Interbank Offering Rate ("LIBOR") to 1.75% per annum

As at 30 June 2012, fair value loss of RMB3,148,000 (2011: fair value gain of RMB1,061,000) has been recognised in other comprehensive income and accumulated in equity. It will be reclassified to profit or loss in the periods in which payments of interest on the US$ denominated floating rate bank borrowings are recognised.

The fair value of the US$ interest rate swap is measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

14. INVENTORIES

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Spare parts and ancillary materials	**314,178**	306,698
Raw materials	**345,179**	307,740
Work in progress	**90,419**	72,884
Finished goods	**77,091**	53,784
	826,867	741,106

15. TRADE AND OTHER RECEIVABLES

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Trade receivables	**995,886**	978,086
Less: accumulated allowance	**(73,463)**	(74,145)
	922,423	903,941
Bills receivable	**1,375,802**	1,839,726
	2,298,225	2,743,667
Other receivables	**252,757**	245,507
Less: accumulated allowance	**(2,332)**	(2,332)
	2,548,650	2,986,842

The Group has a policy of allowing a credit period from 30 to 60 days for cement customers whereas longer credit term are occasionally allowed to certain selected customers with good credit histories. In addition, the Group's credit policy for the concrete customers are generally after the completion of the construction by the buyers, which on average is about 180 to 365 days.

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
0 – 90 days	**1,489,676**	1,837,089
91 – 180 days	**630,209**	756,127
181 – 365 days	**177,240**	131,683
Over 365 days	**1,100**	18,768
	2,298,225	2,743,667

16. TRADE AND OTHER PAYABLES

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Trade payables	**301,921**	301,468
Other payables and accruals	**413,958**	430,743
	715,879	732,211
Analysed for reporting purposes as:		
Non-current liabilities	**–**	12,000
Current liabilities	**715,879**	720,211
	715,879	732,211

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
0 – 90 days	**243,399**	274,938
91 – 180 days	**24,704**	18,597
181 – 365 days	**20,108**	6,476
Over 365 days	**13,710**	1,457
	301,921	301,468

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period for trade purchases is 30 to 90 days.

17. BORROWINGS

During the six months ended 30 June 2012, the Group obtained new bank loans of approximately RMB422 million and repaid bank loans of approximately RMB651 million in accordance with the repayment terms. The new loans raised are denominated in United States dollar, unsecured and carry interest at floating market rates ranging from 1.35% to 3.48% per annum. The proceeds were used as general working capital for the Group and for the construction of new production lines.

At 30 June 2012, the US$ denominated floating rate bank borrowings being hedged by the Group's US$ interest rate swap contract (Note 13) has a carrying amount of US$50,000,000 with contractual interest rate of 3-month LIBOR and matures in October 2015.

18. SHARE CAPITAL

Issued share capital as at 30 June 2012 amounted to RMB139,549,000. There were no movements in the issued share capital of the Company for the six months 30 June 2012.

19. COMMITMENTS

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Capital expenditure in respect of acquisition of property, plant and equipment and land use rights contracted for but not provided in the condensed consolidated financial statements	**158,726**	47,318

20. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Jointly controlled entities:		
Purchase of goods	**–**	544
Transportation expenses	**35,781**	13,041
Associate:		
Sale of goods	**8,287**	5,036

The remuneration of directors was as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term employee benefits	**3,523**	4,217
Equity-settled share-based payments	**–**	399
	3,523	4,616

The remuneration of directors is determined by having regard to the performance of individuals and market trends.

BUSINESS AND FINANCIAL REVIEW

During the first half year of 2012, China's economy had inevitably been impacted by the lingering European sovereign debt crisis and the sluggish global economy. As a result, China witnessed a slowdown in its GDP growth and significant downturn in the overall economy. Demand in the cement market was lower due to the decrease in fixed assets investment, slowdown in the progress of infrastructure construction due to the credit crunch and continued depression in the real estate industry under the implementation of austerity measures in China. In 2012, the cement industry has been faced with overcapacity, with the full operation of 205 million tonnes of clinker capacity constructed in 2011 and the addition of 150 million tonnes of new clinker capacity in 2012. Competition in the cement market had been intensified, with selling prices falling below reasonable levels. The industry was under unusually harsh market conditions. To overcome the ever-changing macro business environment, the Group has taken a proactive approach and adopted the following measures: first, carried out technical modification and energy-saving and emission reduction measures, resulting in improved production volume and quality; second, continued to improve internal control and lower costs to enhance competitiveness in all respects; third, explored new sales methods and markets, increased market dominance and maintained 100% production-to-sales ratio; lastly, responded to the China Cement Association's call for energy-saving and emission-reduction, and even voluntarily suspended the operation of kilns when necessary to avoid unhealthy competition. With close communication and unremitting efforts, the Group has strived to minimize the effect of unfavourable factors. As such, the Group outperformed the industry as a whole in terms of its operating results in the first half year of 2012.

Revenue

The table below shows the sales breakdown by regions during the reporting period:

	30 June 2012 (unaudited)	30 June 2011 (unaudited)
Region		
Central Yangtze River	**1,827,544**	2,196,134
Sichuan Region	**654,284**	823,446
Yangtze River Delta & Others	**589,704**	809,715
Total	**3,071,532**	3,829,295

In the reporting period, the Group's revenue amounted to RMB3,071.5 million, representing a decrease of RMB757.8 million or 20% over that of RMB3,829.3 million for the corresponding period of 2011. The decrease in revenue was mainly attributable to the slowdown of China's economy and China's fixed asset investment since the second half of 2011. Therefore, the market selling prices of cement products in China in general continued to drop during 2012. The selling prices and revenue of the Group's cement products had been inevitably impacted.

In respect of revenue contribution for the six months ended 30 June 2012, sales of cement products and related products accounted for 92% (2011: 92%) and the sales of ready-mix concrete accounted for 8% (2011: 8%). The table below shows the sales breakdown by product during the reporting period:

	30 June 2012 (unaudited)	30 June 2011 (unaudited)
Cement Products	**2,540,436**	3,332,812
Clinker	**174,101**	82,147
Blast-furnace slag powder	**96,312**	124,552
RMC	**260,683**	289,784
Total	**3,071,532**	3,829,295

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), employee compensation and benefits, depreciation and amortization and other overhead costs. During the period under review, the Group's cost of sales decreased by 4% to RMB2,586.8 million from RMB2,698.8 million in the corresponding period of 2011 due to the decrease in the cost of raw materials.

The gross profit for the six months ended 30 June 2012 was RMB484.8 million (2011: RMB1,130.5 million), representing a gross profit margin of 16% on revenue (2011: 30%). The adjustment in gross profit was mainly attributable to the significant decrease in average selling prices of the Company's products compared with that of the corresponding period of the previous year.

Other Income

Other income mainly comprises government grants, transportation fee income, interest income and sales of scrap materials. For the six months ended 30 June 2012, other income amounted to RMB90.6 million, representing an increase of RMB31.9 million or 54% from RMB58.7 million for the corresponding period in 2011. The increase in other income was attributable to (i) the increase in government grants; and (ii) the increase in interest income on bank deposits during the period under review.

Other Gains and Losses

Other gains and losses mainly comprise exchange losses and allowance of doubtful debts. For the period under review, other gains and losses amounted to the losses of RMB15.7 million, representing a decrease of RMB57.2 million from the gains of RMB41.5 million for the corresponding period in 2011. The decrease in other gains and losses was principally attributable to the increase in exchange loss from US dollar denominated bank borrowings.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For the six months ended 30 June 2012, the distribution and selling expenses amounted to RMB159.5 million, representing an increase of RMB9.0 million or 6% from RMB150.5 million for the corresponding period of 2011. The increase in distribution and selling expenses was attributable to the increase in repair and maintenance costs during the period under review.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses increased by 7%, to RMB145.7 million from RMB136.6 million for the corresponding period of 2011. The increase was attributable to the adjustment in the salary level of employees and increase in the bonus and benefits of employees.

The finance costs remained stable during the period under review.

Profit for the Period

In the reporting period, the net profit of the Group amounted to RMB123.4 million, representing a decrease of RMB541.2 million or 81% from RMB664.6 million for the corresponding period of 2011, while the net profit margin also decreased from 17% to 4%. The substantial decrease in net profit was mainly attributable to a decrease in the average selling prices of cement products.

Financial Resources and Liquidity

The Group maintained a healthy financial and liquidity position for the six months ended 30 June 2012. The total assets decreased by 3% to approximately RMB15,673.2 million (31 December 2011: approximately RMB16,122.4 million) while the total equity decreased by 2% to approximately RMB8,589.0 million (31 December 2011: approximately RMB8,723.6 million).

As at 30 June 2012, the Group's cash and cash equivalents amounted to approximately RMB1,799.6 million (31 December 2011: approximately RMB1,730.9 million). After deducting the total interest-bearing bank borrowings of RMB6,323.1 million (31 December 2011: approximately RMB6,551.8 million), the Group had a net borrowing of approximately RMB4,523.5 million (31 December 2011: approximately RMB4,820.9 million).

As at 30 June 2012, the Group's gearing ratio was approximately 45% (31 December 2011: 46%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2012 and 31 December 2011, respectively.

Borrowings

The maturity profiles of the Group's bank borrowings outstanding as at 30 June 2012 and 31 December 2011 are summarized as below:

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**2,770,787**	1,335,726
In the second year	**1,000,199**	2,355,614
In the third to fifth year	**2,552,162**	2,860,447
	6,323,148	6,551,787

Capital Expenditure and Capital Commitments

Capital expenditure for the six months ended 30 June 2012 amounted to approximately RMB184.1 million (31 December 2011: approximately RMB285.0 million) and capital commitments as at 30 June 2012 amounted to approximately RMB158.7 million (31 December 2011: approximately RMB47.3 million). Both the capital expenditure and capital commitments were mainly related to the purchase of plant and equipment for the new production lines. The Group anticipates funding those commitments from future operating revenue, bank borrowings and other sources of finance when appropriate.

Pledge of Assets

The Group did not have any pledges or charges on assets as at 30 June 2012 other than restricted bank deposits of approximately RMB48.0 million (31 December 2011: RMB37.4 million).

Contingent Liabilities

As at the date of this report and as at 30 June 2012, the Board was not aware of any material contingent liabilities.

Human Resources

As at 30 June 2012, the Group had 4,127 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates 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 Pre-IPO Share Option Scheme and Share Option Scheme, where eligible directors and employees are entitled to various share options to subscribe for ordinary shares in the Company in accordance with their past and potential contribution to the growth of the Group. As at 30 June 2012, about 11,578,000 share options were granted under the Pre-IPO Share Option Scheme and no share options have been exercised yet. Also, as at 30 June 2012, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Material Acquisition and Disposals of Subsidiaries and Affiliated Companies

The Group did not make any material acquisition or disposals of subsidiaries or affiliated companies during the six months ended 30 June 2012.

Foreign Exchange Risk Management

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

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of the 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 management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. At 30 June 2012, the Group had an outstanding US$ interest rate swap contract of US$50,000,000 to hedge the Group's cash flow interest rate exposure on certain US$ denominated floating rate bank borrowings.

Prospects

Looking ahead, the cement market is expected to see a gradual recovery in the second half of 2012. Control over output growth and improvement in inventory levels are the key targets of the PRC government set for the cement industry. The Ministry of Industry and Information Technology will eliminate 270 million tonnes of obsolete production capacities, which is the largest amount of capacity to be eliminated in a single year, to help ease the pressure of overcapacity. The PRC government's encouragement of merger, acquisition and reorganization will facilitate industry consolidation and improve the balance of demand and supply. Meanwhile, to maintain steady yet rapid growth of the economy, the PRC government has reintroduced measures to stimulate growth in investment, showing its disposition to accelerating the construction progress of various infrastructure projects and ensuring the availability of investment capital. In view of the above, railway, highway and hydraulic projects, as well as affordable housing and rural urbanization will provide strong support to the growth of cement demand. In addition, cooperation among industry players and voluntary suspension of kiln operations to save energy and reduce emission will create more positive market sentiment, which will lift the output and price of cement in the second half of 2012 when compared to that of the first half of 2012.

Adhering to its beliefs, the Group will adopt a pragmatic approach in its development. While being in line with PRC government policies, the Group will capitalize on the momentous opportunity arising from economic restructuring to expand and strengthen its business. The Group is currently speeding up the construction of Jiangxi Yadong No. 5 and No. 6 new dry process rotary kilns (each has a daily clinker production capacity of 6,000 tonnes and is expected to be completed and to commence production in 2013). The Group is also actively negotiating for targets for merger and acquisition or for strategic alliance. It strives to realize, as soon as possible, a production volume target of 40 million tonnes and a production capacity target of 50 million tonnes. In addition, the Group will actively extend its business along the supply chain by further developing its ready-mixed concrete business, in order to increase the added value of cement products. All in all, by leveraging its current leading market position and proven track record in aligning its business development strategies with government industry policies, the Group expects a promising outlook for its upcoming second half of the year results.

CORPORATE GOVERNANCE

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2012, 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.

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Liu, Zhen-tao, Mr. Lei, Qian-zhi, Mr. Tsim, Tak-lung Dominic and Dr. Wong Ying-ho Kennedy, the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 25 May 2012 as they were out of town for other businesses.

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

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 period.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report 2012 for the six months ended 30 June 2012 will be published on the websites of the Stock Exchange of Hong Kong Limited ("Stock Exchange") (www.hkex.com.hk) and the Company (www.achc.com.cn) in due course.

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

Hong Kong, 16 August 2012

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.