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

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

**(Stock Code: 743)**

### **UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

#### **SUMMARY**

The directors (“Directors”) of Asia Cement (China) Holdings Corporation (“the Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2008. This announcement is made as part of the Company’s practice to publish its financial results quarterly and pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The unaudited consolidated profit attributable to equity holders of the Company for the nine months ended 30 September 2008 was approximately RMB274,996,000.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the nine months ended 30 September 2008 in line with its practice to publish the Group’s financial results quarterly and pursuant to paragraph 13.09 of the Listing Rules.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	For the nine months ended 30 September	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	2,201,355	1,503,597
Cost of sales	<u>(1,555,997)</u>	<u>(1,112,582)</u>
Gross profit	645,358	391,015
Other income	76,420	67,330
Distribution costs	(138,581)	(104,924)
Administrative expenses	(150,948)	(72,689)
Share of results of jointly controlled entities	446	(268)
Finance costs	<u>(107,975)</u>	<u>(73,115)</u>
Profit before taxation	324,720	207,349
Income tax expenses	<u>(23,736)</u>	<u>(23,640)</u>
Profit for the period	<u><u>300,984</u></u>	<u><u>183,709</u></u>
Attributable to:		
Equity holders of the Company	274,996	149,404
Minority interest	<u>25,988</u>	<u>34,305</u>
	<u><u>300,984</u></u>	<u><u>183,709</u></u>

The Group's unaudited consolidated results for the nine months ended 30 September 2008 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the last interim report for the period ended 30 June 2008.

## **BUSINESS REVIEW AND PROSPECTS**

The third quarter of 2008 was marked by increasing concerns over rising energy costs and demand-supply structure amid the seemingly adverse economic climate. Thanks to its leading market position and effective cost management, the Group was able to mitigate the impact of rising cost and strengthen its profitability during the period under review.

For the nine months ended 30 September 2008, the Group's unaudited consolidated revenue amounted to approximately RMB2,201,355,000, representing a 46% growth over the same period last year. The strong growth was attributable to the increase in average selling prices of the Group's products and enhanced production capacity. Net profit was approximately RMB300,984,000, representing an increase of 64% over the same period last year.

Gross profit margin grew by 3 percentage points from 26% for the corresponding period of last year to 29%, which is however 3 percentage points lower than that of the first half of 2008. The modest adjustment was due to rising energy costs for the third quarter of 2008. The gross profit margin was also affected by the decrease in utilization rate due to a week-long overhaul of the Group's production facilities in the third quarter of 2008.

During the period under review, industrialization and urbanization continued to be the growth drivers for cement industry in the Central Yangtze River Region. With a slowdown in property development in the Central Yangtze River Region resulting from the Chinese government's macroeconomic austerity measures and the reserved market sentiment, which was offsetted by consumption of cement from accelerated urbanization and infrastructure development in the region, the prices of cement products in the region remained stable in the third quarter of 2008.

Sichuan remained the best-performing region in the third quarter of 2008, in terms of price levels. The price of cement products in Sichuan was maintained at the same level that was recorded in the first half of 2008. Though post-quake infrastructure rebuilding has not yet started comprehensively, demand for cement products is expected to increase substantially once the rebuilding is moving in full gear. With the massive infrastructure and industrial development projects coming on stream in the Sichuan Region, cement prices will continue to stay at a healthy level in the short to medium term.

As the Chinese government has mandated the elimination of 284 million tons of outdated cement production capacity by 2010, it is expected that industry consolidation will accelerate and market shares and industry profits will be further concentrated to leading companies. In response to the challenging market environment, the Group will continue to place its emphasis on cost control, production efficiency and development in Sichuan market, thus further enhancing its profitability. With

the increase in production capacity following the completion of No. 2 rotary kiln at Sichuan Yadong Plant by the end of 2008, the Group is confident to solidify its leading market position and capture the immense opportunities ahead.

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

Hong Kong, 20 October 2008

*As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Madam CHIANG SHAO Ruey-huey, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Dr. WU Chung-lih, the non-executive Director and Chairman is Mr. HSU Shu-tong, the independent non-executive Directors are Mr. LIU Zhen-tao, Mr. LEI Qian-zhi, Mr. TSIM Tak-lung Dominic and Dr. WONG Ying-ho Kennedy.*