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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 2015

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 2015. 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 loss attributable to owners of the Company for the nine months ended 30 September 2015 was approximately RMB264.0 million.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the nine months ended 30 September 2015 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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	4,614,541	5,957,514
Cost of sales	(4,003,347)	(4,629,557)
Gross profit	611,194	1,327,957
Other income	74,366	123,131
Other gains and losses	(251,736)	(46,750)
Distribution and selling expenses	(290,844)	(301,459)
Administrative expenses	(246,080)	(235,378)
Share of profit of jointly controlled entities	691	3,360
Share of profit of associates	496	791
Finance costs	(134,482)	(141,827)
(Loss) Profit before tax	(236,395)	729,825
Income tax expenses	(26,179)	(185,188)
(Loss) Profit for the period	(262,574)	544,637
(Loss) Profit for the period attributable to:		
Owners of the Company	(264,009)	530,563
Non-controlling interests	1,435	14,074
	(262,574)	544,637
	<i>RMB</i>	<i>RMB</i>
Earnings per share:		
Basic	(0.168)	0.339
Diluted	(0.168)	0.339

Condensed Consolidated Statement of Financial Position
At 30 September 2015

	As at 30 September 2015 <i>RMB'000</i> (Unaudited)	As at 31 December 2014 <i>RMB'000</i> (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	10,948,716	11,364,794
Quarry	254,493	266,118
Prepaid lease payments	647,711	663,148
Goodwill	693,000	693,000
Other intangible assets	3,363	8,554
Interest in a joint venture	74,355	75,613
Interest in an associate	17,609	17,113
Restricted bank deposits	29,103	25,840
Deferred tax assets	29,151	29,766
Long term receivables	22,380	22,380
Long term prepaid rental	28,350	31,864
	<hr/> 12,748,231	<hr/> 13,198,190
CURRENT ASSETS		
Inventories	827,058	966,335
Long term receivables – due within one year	25,873	20,573
Trade and other receivables	2,627,147	3,039,842
Prepaid lease payments	18,118	18,118
Loan to a related company	469,567	437,000
Restricted bank deposits	200	18,347
Bank balances and cash	2,383,924	2,324,584
	<hr/> 6,351,887	<hr/> 6,824,799
CURRENT LIABILITIES		
Trade and other payables	937,325	1,201,699
Amount due to a joint venture	14,396	6,668
Tax payables	14,242	46,874
Derivative liabilities	713	2,876
Borrowings – due within one year	3,391,144	4,804,222
	<hr/> 4,357,820	<hr/> 6,062,339
NET CURRENT ASSETS	<hr/> 1,994,067	<hr/> 762,460
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/> 14,742,298	<hr/> 13,960,650

	As at 30 September 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Borrowings – due after one year	5,105,769	3,814,465
Deferred tax liabilities	20,032	27,839
Provision for environmental restoration	16,034	13,212
	5,141,835	3,855,516
NET ASSETS	9,600,463	10,105,134
CAPITAL AND RESERVES		
Share capital	140,390	140,390
Reserves	9,193,466	9,690,227
Equity attributable to owners of the Company	9,333,856	9,830,617
Non-controlling interests	266,607	274,517
TOTAL EQUITY	9,600,463	10,105,134

Condensed Consolidated Statement of Cash Flows

	For the nine months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Net cash from operating activities	785,547	636,435
Net cash used in investing activities	(224,684)	(1,287,505)
Net cash used in financing activities	(501,523)	(83,396)
Net increase (decrease) in cash and cash equivalents	59,340	(734,466)
Cash and cash equivalents at beginning of the year	2,324,584	1,967,521
Cash and cash equivalents at 30 September	2,383,924	1,233,055

The Group's unaudited consolidated results for the nine months ended 30 September 2015 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the last annual report for the year ended 31 December 2014.

The Directors do not recommend payment of a dividend in respect of the first nine months of 2015 (2014: Nil).

Business Review and Prospects

During the first three quarters of 2015, China's macro-economic growth remained "within a reasonable range", with continued structural adjustments. Despite increase in various types of investments, the pace of growth had significantly slowed down. From January to September 2015, the national fixed asset investments increased by 10.3% year-on-year, representing 5.8 percentage points decrease from that of the same period last year. Property development investment saw a 2.6% year-on-year increase, representing a decrease of 9.9 percentage points from that of the same period last year. The national cement output was 1,723 million tonnes, representing a decrease of 97 million tonnes or 5.3% from 1,820 million tonnes of the same period last year.

Continued slowdown in investment growth had dampened cement demand, which led to intensified market competition and continued decline in price. Decrease in both volume and price had resulted in continued retreat in cement industry's profitability. From January to August 2015, China's cement industry saw its profit dropped by approximately 66% year-on-year.

Market performance remained poor in the third quarter of 2015. In particular, demand shrank further during the traditional off-season of July and August due to scorching temperatures. Furthermore, owing to lack of consensus among industry players, different plants cut price to scramble for market shares, sending price in late August to tumble to a 10-year low. Entering September, as the sweltering weather gradually faded away, there was an increasing number of infrastructure projects commencing construction, while rural market activities picked up, leading to gradual recovery of demand. Moreover, industry players, who suffered much damage from the cut-throat competition in the first three quarters, looked forward to exercising self-discipline and taking self-saving measures, to readjust their selling price and to enhance profitability. In mid-September, the regional association of the central and downstream region of the Yangtze River hosted a forum with the theme of "Curb new supply, address oversupply, improve inventory and enhance efficiency". Dr. Wu Chung-lih, Head of Operation in Mainland of the Company, and Mr. Xiao Jiayang, president of South Cement Company Limited, a leading cement company in the region, were invited to speak at the forum on behalf of peer companies along the river. The two senior executives called for rational competition among industry players, and appealed to them to strive to drive transformation and upgrade of the industry, and work together to facilitate communication, coordination as well as understanding among peer companies, to increase efficiency in the industry. Starting from mid-September, cement price in east China and south central China began to rebound; market confidence appeared to have gradually recovered and the industry was trending upward.

During the third quarter of 2015, the Group not only achieved full disposal of all output, but also expanded its export volume and continued to extend its industry chain to improve integration efficiency. The operating strategies that the Group adopted are as follows: strive to overcome the negative situation of a rapid decline in industry demand to maintain and expand its share in core markets; optimise production process with the aim to reduce cost; tighten account receivables management, in order to effectively improve overall operation quality. From January to September 2015, the Group sold a total of 21.40 million tonnes of cement products, which was almost in line with 21.66 million tonnes of the same period last year. Continued weakness in coal price also helped the Company reduce cost.

During the period under review, the Group reported an unaudited consolidated revenue of RMB4,614.5 million and a net loss of RMB262.6 million. The loss of the Group in first three quarters of 2015 was primarily attributable to the decrease in average selling price of the Company's products and the foreign exchange loss from US dollar-denominated bank borrowings as a result of the devaluation of Renminbi. As a substantial portion of the Group's borrowings were US-dollar denominated which, in the past few years, had allowed the Group to enjoy lower interest rate and exchange gain on the back of a strong Renminbi.

Looking into the fourth quarter, the government has stated several times that it will step up targeted macro-economic policies, and implement more active fiscal policies. On 6 September, the reserve requirement ratio for financial institutions was further reduced by 50 basis points. The government's continued launch and implementation of policies that aim at maintaining growth are rapidly producing results. Cement supply-demand relationship is expected to be improved. First, demand will certainly recover, as growth in infrastructure investments will accelerate, due to construction of railway, city railway transportation, airport and hydraulic engineering projects reaching its peak, especially the construction of railway transportation such as high-speed railway and subway system, which have undoubtedly played a key role in the process of urban upgrading. Second, the property market is expected to come out of the mire, with property sales starting to rebound and the real estate climate index rising. All these help rekindle property developers' ambitious flame. Third, demand in rural market remains strong. Rural self-constructed housing, redevelopment of mud-brick houses and construction of rural highways will all drive demand. On the supply side, pressure will be reduced. The abolishment of 32.5-grade cement starting from 1 December and further implementation of environmental standards will lead to the reduction of a considerable amount of market supply of low-standard composite cement and acceleration in the phase-out of small cement producers who cannot meet the environmental standards. The aforementioned will further ease the supply pressure.

As oversupply has become the norm, the industry association and major market players should seriously address the stark issue of continuous decline in the profit of the industry and that of individual companies. Both the industry and market players should constantly explore responsive measures and strive to facilitate each of their own healthy development. At present, effective measures that are generally recognised and accepted include improving self-discipline, abiding by consensus, working together to achieve energy saving and emission reduction, and facilitating price adjustment to its reasonable level.

All in all, the fourth quarter remains the industry's traditional peak season. Acceleration in the growth of cement demand is therefore inevitable. Such combined with increasing consensus among industry players will enable the market as a whole to head in the direction of a more positive and robust development. The Group estimates that its total sales volume of cement products in 2015 will exceed 30 million tonnes. The management remains optimistic and confident about the outlook for its profitability in the fourth quarter of 2015. We will work harder to strive for better performance and results.

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

Hong Kong, 30 October 2015

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.