Asia Cement (China) Holdings Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2009 Interim Results Announcement

HIGHLIGHTS OF THE SIX MONTHS ENDED 30 JUNE 2009

Revenue increased by 46% to approximately RMB1,974.2 million (2008: approximately RMB1,347.7 million).

Profit attributable to owners of the Company grew by 89% to approximately RMB323.9 million (2008: approximately RMB171.8 million).

Basic earning per share amounted to RMB0.208 (2008: RMB0.154), representing an increase of approximately 35%.

Following No. 1 rotary kiln at Hubei Yadong Plant in Central Yangtze River Region commenced its production on 10 March 2009, the total rated capacity of clinker and production capacity of cement products of the Group have increased to 8,300,000 tonnes and 12,000,000 tonnes respectively.

THE FINANCIAL STATEMENTS

Interim Results

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 unaudited consolidated interim results of the Group for the six months ended 30 June 2009 together with comparative figures for the corresponding period in 2008. These interim condensed consolidated financial statements for the six months ended 30 June 2009 have not been audited, but have been reviewed by the Audit Committee and the auditors of the Company.

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2009	2008
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(audited)*
Revenue		**1,974,242**	1,347,715
Cost of sales		**(1,347,410)**	(915,449)
Gross profit		**626,832**	432,266
Other income		**49,905**	47,974
Other expenses and losses	*5*	**(37,550)**	(42,053)
Distribution and selling expenses		**(108,012)**	(84,580)
Administrative expenses		**(85,876)**	(68,515)
Share of results of jointly controlled entities		**(308)**	19
Finance costs		**(84,024)**	(70,759)
Profit before tax		**360,967**	214,352
Income tax expense	*6*	**(35,013)**	(18,981)
Profit for the period		**325,954**	195,371
Other comprehensive income:			
Available-for-sale financial assets		**—**	146
Total comprehensive income for the period		**325,954**	195,517
Profit for the period attributable to:			
Owners of the Company		**323,916**	171,814
Minority interests		**2,038**	23,557
		325,954	195,371

	Note	Six months ended 30 June	
		2009	2008
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
Total comprehensive income for the period attributable to:			
Owners of the Company		**323,916**	171,960
Minority interests		**2,038**	23,557
		325,954	195,517
		RMB	*RMB*
Earnings per share:	*8*		
Basic		**0.208**	0.154
Diluted		**0.208**	0.154

Condensed Consolidated Statement of Financial Position

	Notes	**30 June 2009** **RMB'000** **(unaudited)**	31 December 2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*9*	**7,445,256**	6,908,257
Quarry	*10*	**103,732**	71,434
Prepaid lease payments	*11*	**362,044**	284,758
Interests in jointly controlled entities		**29,967**	30,275
Deposits paid for land use rights		**107,980**	185,268
Deferred tax assets		**16,973**	10,637
Long term receivables	*12*	**79,577**	53,070
		8,145,529	7,543,699
Current assets			
Inventories		**432,418**	415,485
Long term receivables — due within one year	*12*	**1,318**	6,140
Trade and other receivables	*13*	**814,739**	767,070
Tax recoverable		**12,816**	8,519
Prepaid lease payments	*11*	**8,240**	7,939
Amounts due from related companies		**—**	37
Restricted bank deposits	*14*	**180,346**	102,943
Time deposits		**—**	20,000
Bank balances and cash		**1,451,898**	2,078,228
		2,901,775	3,406,361
Current liabilities			
Trade and other payables	*15*	**547,441**	525,414
Amounts due to related companies		**5,053**	7,487
Tax payables		**20,972**	4,747
Bank borrowings — due within one year	*16*	**1,120,776**	1,309,722
		1,694,242	1,847,370
Net current assets		**1,207,533**	1,558,991
Total assets less current liabilities		**9,353,062**	9,102,690
Non-current liabilities			
Bank borrowings — due after one year	*16*	**2,564,187**	2,503,898
Deferred tax liabilities		**10,931**	7,778
		2,575,118	2,511,676
Net assets		**6,777,944**	6,591,014

	Note	**30 June 2009** *RMB'000* *(unaudited)*	31 December 2008 *RMB'000* *(audited)*
Capital and reserves			
Share capital	*17*	**139,549**	139,549
Reserves		**6,505,003**	6,332,072
Equity attributable to owners of the Company		**6,644,552**	6,471,621
Minority interests		**133,392**	119,393
Total equity		**6,777,944**	6,591,014

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserves *RMB'000*	Other reserves *RMB'000*	Special reserve *RMB'000*	Revaluation reserve *RMB'000*	Share option reserve *RMB'000*	Retained profits *RMB'000*	Attributable to owners of the Company *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
At 1 January 2008 (audited)	2	1,377,066	106,360	268,145	1,619,677	1,689	—	470,746	3,843,685	439,278	4,282,963
Gain on fair value change of available-for-sale investments	—	—	—	—	—	1,550	—	—	1,550	—	1,550
Profit for the period	—	—	—	—	—	—	—	171,814	171,814	23,557	195,371
Release upon disposed of available-for-sale investments	—	—	—	—	—	(1,404)	—	—	(1,404)	—	(1,404)
Total comprehensive income for the period	—	—	—	—	—	146	—	171,814	171,960	23,557	195,517
Capitalisation issue	101,016	(101,016)	—	—	—	—	—	—	—	—	—
Issue of shares via capitalisation of amount due to the immediate holding company	—	288,495	—	—	—	—	—	—	288,495	—	288,495
Issue of new shares for cash	38,531	1,868,841	—	—	—	—	—	—	1,907,372	—	1,907,372
Cost of issue new shares	—	(56,816)	—	—	—	—	—	—	(56,816)	—	(56,816)
Contributions from ultimate holding company	—	—	—	17,893	—	—	—	—	17,893	—	17,893
Recognition of equity-settled share based payment	—	—	—	—	—	—	2,245	—	2,245	—	2,245
Acquisition of minority interest	—	—	—	—	54,216	—	—	—	54,216	(344,481)	(290,265)
At 30 June 2008 (audited)	139,549	3,376,570	106,360	286,038	1,673,893	1,835	2,245	642,560	6,229,050	118,354	6,347,404
At 1 January 2009 (audited)	139,549	3,376,570	164,947	286,038	1,673,893	—	7,748	822,876	6,471,621	119,393	6,591,014
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	323,916	323,916	2,038	325,954
Dividend *(Note 7)*	—	—	—	—	—	—	—	(155,625)	(155,625)	—	(155,625)
Recognition of equity-settled share based payment	—	—	—	—	—	—	4,640	—	4,640	—	4,640
Capital contribution by minority interest *(Note)*	—	—	—	—	—	—	—	—	—	11,961	11,961
At 30 June 2009 (unaudited)	139,549	3,376,570	164,947	286,038	1,673,893	—	12,388	991,167	6,644,552	133,392	6,777,944

Note: The capital contribution of US$1,750,000 (equivalent to approximately RMB11,961,000) from a minority shareholder represents its share of additional contributed capital in Jiangxi Ya Dong Cement Corporation Ltd ("Jiangxi Ya Dong") as a result of the increase in the registered capital of Jiangxi Ya Dong during the six months ended 30 June 2009.

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Net cash from operating activities	**613,210**	269,855
Investing activities:		
Decrease (increase) in time deposits	**20,000**	(20,193)
Interest received	**15,299**	14,142
Proceeds on disposal of property, plant and equipment	**855**	8,438
Proceeds on disposal of available-for-sale investment	**—**	259,404
Acquisition of available-for-sale investments	**—**	(251,800)
Purchase of property, plant and equipment	**(759,330)**	(1,005,986)
(Increase) decrease in restricted bank deposits	**(77,403)**	8,536
Purchase of quarry	**(34,810)**	(12,349)
Increase in long term receivables	**(14,925)**	(3,000)
Increase in deposits paid for land use rights	**(7,490)**	(72,000)
Consideration paid for land use rights	**(6,912)**	(1,641)
Net cash used in investing activities	**(864,716)**	(1,076,449)
Financing activities:		
Repayments of borrowings	**(1,076,299)**	(269,585)
Dividend paid	**(155,625)**	—
Interest paid	**(102,503)**	(99,087)
Repayments of advances to ultimate holding company	**—**	(1,796)
Proceeds from issue of new shares, net of share issue cost	**—**	1,850,556
Capital contribution from minority interest	**11,961**	—
Bank borrowings raised	**947,642**	1,452,069
Net cash (used in) from financing activities	**(374,824)**	2,932,157
Net (decrease) increase in cash and cash equivalents	**(626,330)**	2,125,563
Cash and cash equivalents at beginning of the period	**2,078,228**	620,216
Cash and cash equivalents at end of the period, represented by bank balances and cash	**1,451,898**	2,745,779

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law (2003 Revision), Chapter 22 of the Cayman Islands on 7 April 2004. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company is Asia Cement Corporation ("Asia Cement"), 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 Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies 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 principal activity of the Group is manufacture and sale of cement, concrete and related products in the People's Republic of China (the "PRC"). The Company is an investment holding company.

2. 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 and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Group's interim financial information is presented in Renminbi ("RMB") which is also the functional currency of the Company.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at initial recognition.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

IAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. IFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, IAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 (see note 4). The adoption of the new and revised IFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of IFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. IAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The Group's CODM is the chief executive officer. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In prior years, primary segment information was analysed on the basis of business activities of the group which were categorised into cement business and concrete business. Internal reports that regularly reviewed by the CODM include (i) revenue analysed on the basis of the geographical location of cement products and concrete supplied to; (ii) revenue and sales volume analysed on the basis of types of products which include cement products, clinker, blast-furnance slag power (collectively under cement business) and RMC (under concrete business). No operating results nor discrete financial information was presented to CODM in relation to the above analyses. For the purposes of assessing performance and allocating resources, CODM reviews revenues and operating results of cement business and concrete business, respectively. They are considered as the operating segments of the Group under IFRS 8. Accordingly, application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14. Nor has the adoption of IFRS 8 changed the basis of measurement of segment profit or loss.

Segment information about these businesses is presented below:

Six months ended 30 June 2009

	Cement business *RMB'000* *(unaudited)*	**Concrete business** *RMB'000* *(unaudited)*	**Elimination** *RMB'000* *(unaudited)*	**Consolidated** *RMB'000* *(unaudited)*
REVENUE				
External sales	**1,764,386**	**209,856**	**—**	**1,974,242**
Inter-segment sales	**38,526**	**25,823**	**(64,349)**	**—**
Total	**1,802,912**	**235,679**	**(64,349)**	**1,974,242**
RESULT				
Segment result	**445,531**	**(3,969)**		**441,562**
Investment income				**22,136**
Central administration costs, directors' salaries and other unallocated expenses				**(18,399)**
Share of loss of jointly controlled entities				**(308)**
Finance costs				**(84,024)**
Profit before tax				**360,967**

Six months ended 30 June 2008

	Cement business *RMB'000* *(audited)*	Concrete business *RMB'000* *(audited)*	Elimination *RMB'000* *(audited)*	Consolidated *RMB'000* *(audited)*
REVENUE				
External sales	1,215,248	132,467	—	1,347,715
Inter-segment sales	33,242	6,380	(39,622)	—
Total	1,248,490	138,847	(39,622)	1,347,715
Segment result	312,786	3,152		315,938
Investment income				34,414
Central administration costs, directors' salaries and other unallocated expenses				(65,260)
Share of profit of jointly controlled entities				19
Finance costs				(70,759)
Profit before tax				214,352

Segment result represents the profit earned (loss incurred) by each segment without allocation of central administration costs, directors' salaries and other unallocated expenses, investment income, share of results of jointly controlled entities and finance costs.

5. OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Allowance for doubtful debts, net	**19,022**	4,742
Donations	**11,006**	152
Exchange loss, net	**3,877**	22,778
Fair value adjustment on long term receivables	**3,645**	—
Listing expenses	**—**	14,381
	37,550	42,053

During the six months ended 30 June 2009, additional allowance for doubtful debts of approximately RMB19 million has been made on trade receivables, taking into account the estimated future cash flows by reference to past default experience, financial condition and the ages of these trade receivables.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current tax:		
— PRC Enterprise Income Tax	**38,946**	22,023
— Other jurisdictions	**10**	44
	38,956	22,067
Overprovision in prior years	**(760)**	(1,493)
Deferred tax credit	**(3,183)**	(1,593)
	35,013	18,981

For the six months ended 30 June 2009, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 7.5% to 25% (Six months ended 30 June 2008: ranged from 7.5% to 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated statement of comprehensive income as the Group had no assessable profit arising in Hong Kong for both periods.

7. DIVIDEND

Final dividend of RMB10 cents per share for the year ended 31 December 2008, amounting to RMB155,625,000, was paid during the six months ended 30 June 2009.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2009 and 2008.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**323,916**	171,814
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,556,250**	1,113,973
Effect of dilutive employee share options	**183**	1,554
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,556,433**	1,115,527

9. PROPERTY, PLANT AND EQUIPMENT

	Carrying value
	RMB'000
At 1 January 2009 (audited)	6,908,257
Additions	749,682
Depreciation for the period	(211,323)
Disposals	(1,360)
At 30 June 2009 (unaudited)	7,445,256

10. QUARRY

	Carrying value
	RMB'000
At 1 January 2009 (audited)	71,434
Additions	34,810
Amortisation during the period	(2,512)
At 30 June 2009 (unaudited)	103,732

11. PREPAID LEASE PAYMENTS

	Carrying value
	RMB'000
At 1 January 2009 (audited)	292,697
Transfer from deposits paid for land use rights	74,778
Additions	6,912
Amortisation during the period	(4,103)
At 30 June 2009 (unaudited)	370,284

12. LONG TERM RECEIVABLES

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Receivables from:		
瑞昌市人民政府 (the "Ruichang City Government")	**11,165**	10,962
武漢市新洲區人民政府 (the "Wuhan City Government")	**26,068**	25,866
彭州市人民政府 (the "Pangzhou City Government") *(Note a)*	**35,307**	22,382
黃岡市人民政府 (the "Huanggang City Government") *(Note b)*	**8,355**	—
	80,895	59,210
Less: Amount due within one year	**(1,318)**	(6,140)
Amount due after one year	**79,577**	53,070

Notes:

(a) In July 2006, Sichuan Yadong entered into an agreement with Pengzhou City Government to ensure sufficient supply of lime stones to the factory of Sichuan Yadong. Pursuant to the agreement, the Pengzhou City Government is responsible for the reimbursement of the transportation costs and interest expenses incurred by Sichuan Yadong. Details of the arrangement are set out in note 28(c) of the 2008 Annual Report of the Company. During the six months ended 30 June 2009, additional reimbursement in relation to transportation costs of approximately RMB7.7 million is receivable from the Pangzhou City Government.

(b) In January 2009, in order to ensure that Huanggang Yadong Cement Co., Ltd. ("Huanggang Yadong") would have a reliable source of electricity, Huanggang Yadong entered into an agreement with the Huanggang City Government, pursuant to which Huanggang Yadong advanced RMB12 million to Huanggang City Government to facilitate the construction of power city lines. The amount is unsecured, non-interest bearing and will be repayable by ten equal annual instalments, upon the completion of the construction. The receivable is measured at fair value based on the estimated future cash flows discounted at 5.48% per annum, and the amount is subsequently stated at amortised cost using effective interest method less any identified impairment losses as at 30 June 2009.

13. TRADE AND OTHER RECEIVABLES

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Trade receivables	**428,080**	339,272
Less: accumulated allowance	**(43,978)**	(24,956)
	384,102	314,316
Bill receivables	**271,533**	308,076
Other receivables	**161,477**	147,051
Less: accumulated allowance	**(2,373)**	(2,373)
	814,739	767,070

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 concrete customers are generally after the completion of the construction by buyers, which on average is about 180 to 365 days.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, at the balance sheet date:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
0–90 days	**230,432**	194,407
91–180 days	**54,635**	60,058
181–365 days	**92,890**	51,549
Over 365 days	**6,145**	8,302
	384,102	314,316

14. RESTRICTED BANK DEPOSITS

The amount as at 30 June 2009 represent deposits pledged to secure short-term banking facilities granted to the Group and therefore classified as current assets. The pledged bank deposits will be released upon release of the banking facilities granted by the banks.

15. TRADE AND OTHER PAYABLES

	30 June 2009 *RMB'000* ***(unaudited)***	31 December 2008 *RMB'000* *(audited)*
Trade payables	**204,966**	147,919
Other payables	**342,475**	377,495
	547,441	525,414

The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2009 *RMB'000* ***(unaudited)***	31 December 2008 *RMB'000* *(audited)*
0–90 days	**198,753**	143,794
91–180 days	**2,267**	514
181–365 days	**1,664**	1,796
Over 365 days	**2,282**	1,815
	204,966	147,919

The average credit period for trade purchases is 30 to 90 days.

16. BANK BORROWING

During the six months ended 30 June 2009, the Group obtained new bank loans of approximately RMB948 million and repaid bank loans of approximately RMB1,076 million in accordance with the repayment terms. The new loans raised are denominated in RMB and United States Dollar, unsecured and carry interest at market rates ranging from 1.79% to 5.35% per annum. The proceeds were used as general working capital for the Group and for the construction of new production lines.

17. SHARE CAPITAL

Issued share capital as at 30 June 2009 amounted to RMB139,549,000. There were no movements in the issued share capital of the Company in current interim period.

18. COMMITMENTS

	30 June 2009 *RMB'000* *(unaudited)*	31 December 2008 *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	**588,734**	447,252

19. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Jointed controlled entities:		
Purchase of goods	**2,711**	2,037
Transportation expenses	**8,525**	9,844

The remuneration of directors and other members of key management were as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Short-term employee benefits	**3,873**	4,131
Equity-settled share based payment	**2,856**	1,511
	6,729	5,642

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The Board is pleased to announce the Group's unaudited interim results for the six months ended 30 June 2009. China's economy was still in the haze of global recession during the period under review. In an effort to mitigate the adverse impact inflicted by the external environment, the PRC Government moved swiftly to focus on increasing domestic spending by announcing an unprecedented RMB4 trillion investment package. Benefit from the government stimulus policies and post-earthquake reconstruction in Sichuan Region and the aggressive old capacity closure in the regions of the Group, the Group has been able to maintain constant growth in both production and sales. The sales volume of cement business in the first half of the year reached 6.3 million tonnes, mainly attributable to the enhanced production capacity following the full operation of No.2 rotary kiln at Sichuan Yadong Plant in December 2008 and No.1 rotary kiln at Hubei Yadong Plant in March 2009, with a daily rated capacity of 4,200 tonnes clinker. The Group achieved production targets and the required standards as scheduled. As at 30 June 2009, the Group's total rated capacity of clinker has increased to 8.3 million tonnes (actual annual production capacity of clinker can be reached to 10.0 million tonnes).

The Group is one of the leading integrated cement producers in the Central Yangtze River Region (which includes the provinces of Jiangxi and Hubei) and a major integrated cement producer in the Sichuan Region (which covers Sichuan province). The Group's integrated operations ranging from the excavation of principal raw materials to the production, sale and distribution of clinker and different types of cement and RMC products through a well-established road and riverway transportation network to its principal markets. The Group's cement and RMC products are sold in Shanghai and the provinces of Jiangxi, Hubei, Sichuan, Zhejiang and Anhui. In the period under review, the production scale of the cement industry has been further expanded. With the additional production capacity, market competition in certain regional markets has been increasingly fierce. Despite the slight fluctuation of the cement price in Sichuan Region, the Group seized the opportunities arising from the increasing investment in infrastructure encouraged by the government. Meanwhile, the Group has obtained several infrastructure projects and has penetrated rural construction markets in Jiangxi and Hubei.

With the extensive operating experience and industry knowledge, the senior management team led the Company to grow continuously and achieved satisfactory results for the six months ended 30 June 2009.

Revenue

The concerted efforts of the management team have continued to bear fruits as evidenced by the increase in sales of the Group. The table below shows the sales breakdown by regions during the reporting period:

	30 June 2009 *(Unaudited)*	30 June 2008 *(Audited)*
Region		
Yangtze River Delta	**303,080**	138,654
Central Yangtze River	**815,480**	675,319
Sichuan Region	**840,276**	519,748
Others	**15,406**	13,994
Total	**1,974,242**	1,347,715

In the reporting period, the Group's revenue amounted to RMB1,974.2 million, representing an increase of RMB626.5 million or 46% over that of RMB1,347.7 million for the corresponding period of 2008. The increase in revenue was mainly attributable to an overall increase in total production output as a result of increased market demand and the full operation of rotary kiln No. 2 at Sichuan Yadong Plant and rotary kiln No.1 at Hubei Yadong Plant which commenced operation in December 2008 and March 2009 respectively.

In respect of revenue contribution for the six months ended 30 June 2009, sales of cement products and related products accounted for 89% (2008: 90%) and the sales of concrete accounted for 11% (2008: 10%). The table below shows the sales breakdown by product during the reporting period.

	30 June 2009 *(Unaudited)*	30 June 2008 *(Audited)*
Cement Products	**1,699,017**	1,181,892
Clinker	**37,957**	4,652
RMC	**209,856**	132,467
Blast-furnace slag powder	**27,412**	28,704
Total	**1,974,242**	1,347,715

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 increased by 47% to RMB1,347.4 million from RMB915.4 million due to the expansion of overall business of the Group.

The gross profit for the six months ended 30 June 2009 was RMB626.8 million, representing a gross profit margin of 32% on revenue and a significant improvement on the gross profit of RMB432.3 million in the corresponding period of 2008. The significant improvement in gross profit reflected the fact that the increase in the economies of scale achieved.

Other Income

Other income mainly comprises government grants, transportation fee income, interest income, sales of scrap materials, investment incentives from the PRC government and gain on disposal of property, plant and equipment. For the six months ended 30 June 2009, other income amounted to RMB49.9 million, representing an increase of RMB1.9 million or 4% over that of RMB48.0 million for the corresponding period in 2008. The increase in other income was attributable to (i) the increase in transportation fee income from increased sales activities and (ii) increase in government grants during the period under review.

Other Expenses and Losses

Other expenses and losses mainly comprise exchange loss, donations, listing expenses and allowance of doubtful debts. For the period under review, other expenses and losses amounted to 37.6 million, representing a decrease of RMB4.5 million or 11% over that of RMB42.1 million for the corresponding period in 2008. The decrease in other expenses and losses was mainly attributable to (i) the decrease in exchange loss from foreign currencies bank deposits and (ii) the decrease in listing expenses.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For the six months ended 30 June 2009, the distribution and selling expenses amounted to RMB108.0 million, representing an increase of RMB23.4 million or 28% over that of RMB84.6 million for the corresponding period of 2008. The increase in distribution costs was attributable to the increase in sale activities during the period under review.

Administrative costs, including employee compensation and benefits, depreciation expenses, listing related expenses and other general office expenses increased by 25%, from RMB68.5 million to RMB85.9 million. The increase was attributable to the increase in headcount of administrative staff and the expenses incurred by the Group for the purpose of expanding its operation and production capacity.

The 19% increase in finance costs was mainly due to the increase in bank loans for financing the Group's expansion plan.

Profit for the Period

In the reporting period, the net profit of the Group amounted to RMB326.0 million, representing an increase of RMB130.6 million or 67% over that of RMB195.4 million for the corresponding period of 2008, while the net profit margin also increased from 14% to 17%. The substantial increase of net profit was mainly attributable to the increase in production output.

Financial Resources and Liquidity

The Group maintained a strong financial and liquidity position for the six months ended 30 June 2009. The total assets increased by 1% to approximately RMB11,047.3 million (2008: approximately RMB10,950.1 million) while the total equity grew by 3% to approximately RMB6,777.9 million (2008: approximately RMB6,591.0 million).

As at 30 June 2009, the Group had cash and cash equivalents amounted to approximately RMB1,451.9 million. After deducting the total interest-bearing bank borrowings of RMB3,685.0 million, the Group had a net borrowing of approximately RMB2,233.1 million.

As at 30 June 2009, the Group's gearing ratio was approximately 39% (2008: 40%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2009 and 31 December 2008 respectively. The decrease in the gearing ratio was mainly attributable to the repayments of borrowings during the period under review.

Bank borrowings

The maturity profiles of the Group's bank borrowings outstanding as at 30 June 2009 and 31 December 2008 are summarized as below:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	**1,120,776**	1,309,722
In the second year	**728,655**	841,209
In the third to fifth year	**1,740,082**	1,539,744
After five years	**95,450**	122,945
	3,684,963	3,813,620

Capital Expenditure and Capital Commitments

Capital expenditure for the six months ended 30 June 2009 amounted to approximately RMB866.2 million and capital commitments as at 30 June 2009 amounted to approximately RMB588.7 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 proceeds from initial public offerings ("IPO"), future operating revenue, bank borrowings and other sources of finance when appropriate.

Pledge of Assets

The Group did not have any pledge or charge on assets as of 30 June 2009 other than restricted bank deposits of approximately RMB180.3 million.

Use of proceeds

The proceeds from the initial public offerings in Hong Kong in May 2008, after deduction of related issuance expenses, amounted to approximately HK$2,049.8 million. As of 30 June 2009, approximately RMB961.2 million have been used and were applied in accordance with the proposed applications set forth in the Prospectus. The unutilised proceeds have been deposited with licensed banks and financial institutions in Hong Kong and Taiwan as interest-bearing deposits.

Contingent Liabilities

As of the date of this announcement and as at 30 June 2009, the Board is not aware of any material contingent liabilities

Human Resources

As at 30 June 2009, the Group had 3,067 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 the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 June 2009, 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 2009, 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 2009.

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 and the proceeds raised through the initial public offering of the Company in May 2008 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, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Prospects

The global financial turmoil has been affecting every single economy in the world. While many developed countries are expected to experience their worst economic performance, the mainland economy is considered to be better-positioned to recover faster and earlier than other major economies, driven by the PRC government's desire to maintain a GDP growth rate of 8% and supported by the massive spending and other policy initiatives. With China's domestic demand remaining strong and economic fundamentals sound, the Group believes that the demand for cement product will remain strong amid tight supply and the price of cement product will sustain, driving the long-term growth of the industry.

Looking forward, the Group will adopt a steady development strategy in accordance with market changes, aiming at strengthening its market presence in its strategic markets through capacity expansion, and enhancement of operational efficiency and distribution network. As part of our future development strategies, the Group will continue to expand and strengthen its footholds in Sichuan Region and Central Yangtze River Region.

The majority of the ongoing construction projects in the regions of the Group are expected to commence gradually by the late 2009 and early 2010, boosting the cement product consumption. Meanwhile, we will strive to control production costs and enhance operating proficiency. With its current leading market position and successfully executing the aforesaid strategies, the Group's growth prospect is set to be promising. The management is well-prepared for market variations and is endeavored to explore opportunities in maximizing returns for our shareholders.

CORPORATE GOVERNANCE

During the six months ended 30 June 2009, the Company has compiled with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Company established the Audit Committee on 27 April 2008 with written terms of reference in compliance with the Code on Corporate Governance Practices 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 2009, 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 2009 for the six months ended 30 June 2009 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, 24 August 2009

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