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Asia Cement (China) Holdings Corporation

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

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 three months ended 31 March 2014. 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 owners for the three months ended 31 March 2014 was approximately RMB125.7 million.

The Directors of the Company are making this announcement of the Group's unaudited consolidated results for the three months ended 31 March 2014 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 three months ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue	**1,601,368**	1,328,165
Cost of sales	**(1,216,395)**	(1,182,691)
Gross profit	**384,973**	145,474
Other income	**32,528**	48,146
Other gains and losses	**(42,872)**	12,360
Distribution and selling expenses	**(82,638)**	(77,189)
Administrative expenses	**(68,273)**	(65,940)
Share of profit of a jointly controlled entity	**992**	155
Share of profit of an associate	**234**	343
Finance costs	**(40,186)**	(44,153)
Profit before tax	**184,758**	19,196
Income tax expenses	**(53,781)**	(11,719)
Profit for the period	**130,977**	7,477
Attributable to:		
Owners of the Company	**125,693**	8,531
Non-controlling interests	**5,284**	(1,054)
	130,977	7,477

Consolidated Statement of Financial Position

	As at 31 March 2014 *RMB'000* *(Unaudited)*	As at 31 December 2013 *RMB'000* *(Audited)*
NON-CURRENT ASSETS		
Property, plant and equipment	**10,282,617**	10,313,948
Quarry	**203,783**	202,355
Prepaid lease payments	**574,727**	584,415
Goodwill	**138,759**	138,759
Other intangible assets	**8,810**	9,726
Interest in a joint venture	**32,685**	31,691
Interest in an associate	**17,154**	16,920
Restricted bank deposits	**25,840**	25,840
Deferred tax assets	**25,310**	27,015
Long term receivables	**35,925**	35,925
Long term prepaid rental	**24,559**	25,094
	11,370,169	11,411,688
CURRENT ASSETS		
Inventories	**866,242**	714,262
Long term receivables – due within one year	**24,372**	28,697
Trade and other receivables	**2,921,207**	2,722,117
Available-for-sales investments	**85,896**	99,690
Prepaid lease payments	**17,764**	17,764
Loan to a related company	**394,965**	391,421
Amount due from an associate	**7,889**	5,297
Restricted bank deposits	**9,865**	3,258
Time deposits	**687,400**	–
Bank balances and cash	**1,280,905**	1,967,521
	6,296,505	5,950,027
CURRENT LIABILITIES		
Trade and other payables	**802,677**	783,419
Amount due to a joint venture	**10,404**	6,865
Tax payables	**62,419**	103,117
Borrowings – due within one year	**4,548,205**	3,473,494
	5,423,705	4,366,895
NET CURRENT ASSETS	**872,800**	1,583,132
TOTAL ASSETS LESS CURRENT LIABILITIES	**12,242,969**	12,994,820

	As at 31 March 2014	As at 31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
NON-CURRENT LIABILITIES		
Borrowings – due after one year	**2,599,023**	3,482,953
Derivative liabilities	**5,506**	6,300
Deferred tax liabilities	**18,662**	18,692
Provision for environmental restoration	**9,903**	9,052
	2,633,094	3,516,997
NET ASSETS	**9,609,875**	9,477,823
CAPITAL AND RESERVES		
Share capital	**139,549**	139,549
Reserves	**9,222,698**	9,095,800
Equity attributable to owners of the Company	**9,362,247**	9,235,349
Non-controlling interests	**247,628**	242,474
TOTAL EQUITY	**9,609,875**	9,477,823

Condensed Consolidated Cash Flow Statement

	For the three months ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Net cash from operating activities	**22,064**	305,812
Net cash used in investing activities	**(852,950)**	(1,115,664)
Net cash from financing activities	**144,270**	424,946
Net decrease in cash and cash equivalents	**(686,616)**	(384,906)
Cash and cash equivalents at beginning of the year	**1,967,521**	1,620,114
Cash and cash equivalents at 31 March	**1,280,905**	1,235,208

The Group's unaudited consolidated results for the three months ended 31 March 2014 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 2013.

The Directors do not recommend payment of a dividend in respect of the first three months of 2014 (2013: Nil).

Business Review and Prospects

During the first quarter of 2014, the global economy gradually moved out of its sluggish state and showed signs of recovery. China's economy continued to achieve steady growth and constant improvement, with a GDP growth rate of above 7%. The first quarter has been a traditional low season for the cement market due to the Lunar New Year and cold weather with sleet. However, the market performance during the first quarter of 2014 surpassed that of previous years. During the Chinese new year, enterprises in general exercised self-discipline to suspend the operation of kilns for 30 days to conserve energy and reduce emission. Moreover, new capacity released in the regions reduced, leading to lesser supply pressure in the market when compared to previous years. On the other hand, demand continued to rise on economic growth. Combined with increasingly stable competitive and cooperative relationship among industry players, the above factors had positive impact on the cement market in the first quarter. Following the inauguration of Jiangxi Yadong No. 5 kiln in September 2013, No. 6 kiln also commenced operation on 17 January 2014. The Group's production capacity reached a new height, enabling the Group to reduce cost and increase market influence. Benefiting from good weather in early to mid-January, the Group's cement was in short supply. From late January to mid-February, market demand significantly reduced due to Lunar New Year and sleet. The Group took full advantage of the low season to arrange overhaul of its kilns one by one. Demand rose as the weather began to get warmer in March. The Group's volume and price also improved steadily. Although inventories of various enterprises rose rapidly during the Chinese new year, a positive market outlook was expected. As such, except for the central and downstream regions of the Yangtze River where prices experienced seasonal adjustment, prices in Wuhan and Chengdu generally remained stable. The overall market condition was much better than that of the same period in 2013. In the first quarter, the Group sold a total of 5.29 million tonnes of cement and clinker, representing a 2% year-on-year increase, while cement price rose significantly year-on-year. Benefiting from constant improvement in synergy in terms of management, the Group continued to reduce its costs, leading to considerable growth in overall profitability compared to that of the same period in 2013, thereby making an auspicious start.

During the period under review, the Group reported an unaudited consolidated revenue of RMB1,601.4 million and the profit attributable to owners of RMB125.7 million, representing an increase of 21% and 1,373% (i.e. 13.73 times) respectively from those of the corresponding period of the previous year. Increase in revenue and profit attributable to owners was mainly attributable to (i) the increase in average selling price of the Company's products and (ii) the decrease in coal cost. The gross profit increased by 165% to RMB385.0 million and the gross profit margin was 24%, up by 13 percentage points from that of the corresponding period of the previous year.

Inevitably, there are various types of challenges and uncertainties along the path of economic development. However, judging from information from different sources, it is relatively certain that the cement industry will improve from that of 2013. This is not just an expectation, but will become a reality. Our optimism is based on the following reasons: First of all, with the introduction of "Air pollutants emission standards for cement industry", "Pollution control standards for using cement kilns to facilitate the treatment of solid wastes", "The new standards for general purpose (Portland) cement" and "The work plan for addressing overcapacity" of the Ministry of Industry and Information Technology, the growth of new capacity will be effectively controlled, while the efforts to eliminate obsolete production capacity will intensify. In particular, the category of 32.5 grade composite cement will be abolished according to the new national standard. All these will not only improve the quality of cement and construction, but also accelerate the phase-out of small grinding mills, thereby paving the way for the development of a healthier industrial structure. Second, in 2014, 42 million tonnes of obsolete cement capacity will be eliminated, which is more or less the same amount of new capacities expected to be released. As such, supply in the industry may only increase slightly or even decrease. The No. 1 Central Document for 2014 proposes to deepen rural reform by escalating the implementation of agricultural modernization. This is the third consecutive year that the No. 1 Central Document focuses on the "three rural issues" – agriculture, farmer and rural area. The rural market will be a new growth driver for future development. Third, the government has set the 2014 GDP growth target at 7.5%. The State Council has recently unveiled the "National New-type Urbanisation Plan (2014-2020)", under which various measures will gradually be implemented. As the government will ensure economic growth, fixed asset investment will continue to increase by a relatively large degree. Investment in urban rail transit construction for the full year will exceed RMB300 billion. Taking this together with railway construction investment of RMB720 billion into account, the aggregate investment in railway development will exceed RMB1,000 billion. The above factors will have positive impact on the cement market demand. We expect demand in 2014 will increase by 6-8% when compared with that of 2013. Relations between industry players have become closer, in terms of both competition and cooperation. Large enterprises join hands, which further consolidates the market, and the trend for complementing each other's strengths has become inevitable. The Group's view on the market trend for the next three quarters is: with improved weather conditions since the second quarter, demand will rise and help quickly push up price; on the other hand, effect of the State's policy to address over-capacity will begin to be felt starting from the third quarter, and price is expected to stabilize at high levels; in the fourth quarter, which is the traditional peak season, production and sales of the market will flourish.

In 2014, the Group's 13 kilns will be in full operation for the entire year, with annual production and sales volume exceeding 30 million tonnes. Companies under the Group will continue to scale new heights, by actively pushing ahead with various merger and acquisition and cooperation plans, and accelerating the construction of silos in Taizhou, to ensure that they can be put into operation in the fourth quarter of 2014 as scheduled. In addition, the Group will consolidate existing sales channels and fully capitalize on its synergy to flexibly adjust raw materials and products among the relevant companies in the central and downstream regions of the Yangtze River. With respect to internal management, the Group will continue to strengthen its central management platform, by optimising various management systems, and strengthening control of accounts receivables to reduce the number of days taken to receive payments. All in all, the Group is optimistic and confident about the outlook for its profitability in 2014.

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

Hong Kong, 29 April 2014

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, Mr. LIN Seng-chang and Mr. HSU, Shu-ping, 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.