ASIA CEMENT (CHINA) HOLDINGS CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2013 Interim Results Announcement

HIGHLIGHTS OF THE SIX MONTHS ENDED 30 JUNE 2013

Revenue increased by 3% to approximately RMB3,177.0 million (2012: approximately RMB3,071.5 million).

Profit attributable to owners of the Company increased by 110% to approximately RMB255.9 million (2012: approximately RMB121.8 million). The significant increase in profit attributable to owners of the Company was mainly attributable to the increase in sales volume of the Company's products and the decrease in coal cost when compared with that of the corresponding period of the previous year.

Basic earnings per share amounted to RMB0.16 (2012: RMB0.08), representing an increase of 100%.

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 2013 together with comparative figures for the corresponding period in 2012. These interim condensed consolidated financial statements for the six months ended 30 June 2013 have not been audited, but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue		**3,176,961**	3,071,532
Cost of sales		**(2,593,121)**	(2,586,756)
Gross profit		**583,840**	484,776
Other income	*4*	**85,577**	90,629
Other gains and losses	*5*	**53,318**	(15,671)
Distribution and selling expenses		**(169,765)**	(159,497)
Administrative expenses		**(130,229)**	(145,744)
Share of profit of jointly controlled entities		**1,593**	2,039
Share of profit of an associate		**960**	1,181
Finance costs		**(84,319)**	(103,013)
Profit before tax		**340,975**	154,700
Income tax expense	*6*	**(77,383)**	(31,257)
Profit for the period	*7*	**263,592**	123,443
Other comprehensive income:			
Fair value gain (loss) on hedging instruments designated in cash flow hedges		**2,855**	(3,148)
Total comprehensive income for the period		**266,447**	120,295
Profit for the period attributable to:			
Owners of the Company		**255,876**	121,834
Non-controlling interests		**7,716**	1,609
		263,592	123,443
Total comprehensive income for the period attributable to:			
Owners of the Company		**258,731**	118,686
Non-controlling interests		**7,716**	1,609
		266,447	120,295
		RMB	*RMB*
Earnings per share:	*9*		
Basic		**0.16**	0.08
Diluted		**0.16**	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	**30 June 2013 RMB'000 (unaudited)**	31 December 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**9,919,426**	9,380,366
Quarry	*11*	**209,003**	214,909
Prepaid lease payments	*12*	**578,410**	582,957
Goodwill		**138,759**	138,759
Other intangible assets		**11,952**	13,981
Interests in jointly controlled entity		**30,484**	28,891
Interests in an associate		**15,942**	14,982
Deferred tax assets		**20,725**	20,761
Held-to-maturity investments		**175,426**	126,225
Long term receivables		**69,588**	59,417
Restricted bank deposits		**25,840**	25,840
		11,195,555	10,607,088
Current assets			
Inventories	*14*	**795,220**	757,090
Long term receivables — due within one year		**13,789**	16,011
Trade and other receivables	*15*	**2,482,923**	2,557,010
Prepaid lease payments	*12*	**18,168**	17,080
Amount due from an associate		**5,352**	4,614
Loan to a related company	*16*	**396,673**	–
Held-for-trading investments		**105,094**	55,143
Restricted/pledged bank deposits		**7,977**	14,814
Bank balances and cash		**1,883,585**	1,620,114
		5,708,781	5,041,876
Current liabilities			
Trade and other payables	*17*	**781,622**	660,156
Amounts due to non-controlling interests		**–**	2,043
Amounts due to jointly controlled entity		**3,166**	8,267
Tax payables		**37,603**	26,132
Borrowings — due within one year	*18*	**3,606,392**	2,739,881
		4,428,783	3,436,479
Net current assets		**1,279,998**	1,605,397
Total assets less current liabilities		**12,475,553**	12,212,485

	Notes	**30 June 2013** ***RMB'000*** **(unaudited)**	31 December 2012 *RMB'000* (audited)
Non-current liabilities			
Provision for environmental restoration		**7,406**	6,000
Borrowings — due after one year	*18*	**3,453,167**	3,294,173
Derivative liabilities	*13*	**7,684**	10,539
Deferred tax liabilities		**15,884**	18,093
		3,484,141	3,328,805
Net assets		**8,991,412**	8,883,680
Capital and reserves			
Share capital	*19*	**139,549**	139,549
Reserves		**8,564,891**	8,461,660
Equity attributable to owners of the Company		**8,704,440**	8,601,209
Non-controlling interests		**286,972**	282,471
Total equity		**8,991,412**	8,883,680

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company										
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Statutory reserves** *RMB'000*	**Other reserves** *RMB'000*	**Special reserve** *RMB'000*	**Share option reserve** *RMB'000*	**Hedging reserve** *RMB'000*	**Retained profits** *RMB'000*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
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
At 1 January 2013 (audited)	139,549	3,376,570	865,965	286,038	1,673,893	22,515	(10,539)	2,247,218	8,601,209	282,471	8,883,680
Profit for the period	–	–	–	–	–	–	–	255,876	255,876	7,716	263,592
Other comprehensive income for the period	–	–	–	–	–	–	2,855	–	2,855	–	2,855
Total comprehensive income for the period	–	–	–	–	–	–	2,855	255,876	258,731	7,716	266,447
Appropriation	–	–	99,790	–	–	–	–	(99,790)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	125	–	–	125	–	125
Dividends recognised as distribution	–	–	–	–	–	–	–	(155,625)	(155,625)	(3,215)	(158,840)
At 30 June 2013 (unaudited)	139,549	3,376,570	965,755	286,038	1,673,893	22,640	(7,684)	2,247,679	8,704,440	286,972	8,991,412

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**705,339**	853,726
Net cash used in investing activities	**(1,217,029)**	(205,370)
Net cash from (used in) financing activities	**775,161**	(579,618)
Net increase in cash and cash equivalents	**263,471**	68,738
Cash and cash equivalents at beginning of the period	**1,620,114**	1,730,867
Cash and cash equivalents at end of the period, represented by bank balances and cash	**1,883,585**	1,799,605

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised Standards amendments and Interpretations to International Financial Reporting Standards ("IFRSs").

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 1	Government Loans
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new and revised Standards, Amendments and Interpretations to 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.

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 2013 (unaudited)

	Cement business *RMB'000*	Concrete business *RMB'000*	Total *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
REVENUE					
External sales	**2,940,479**	**236,482**	**3,176,961**	**–**	**3,176,961**
Inter-segment sales	**46,722**	**16,752**	**63,474**	**(63,474)**	**–**
Total	**2,987,201**	**253,234**	**3,240,435**	**(63,474)**	**3,176,961**
RESULT					
Segment result	**430,088**	**6,430**	**436,518**	**(11,023)**	**425,495**
Unallocated income					**18,284**
Central administration costs, directors' salaries and other unallocated expense					**(21,038)**
Share of profit of jointly controlled entities					**1,593**
Share of profit of an associate					**960**
Finance costs					**(84,319)**
Profit before tax					**340,975**

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

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	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grant	**25,455**	53,087
Transportation fee income	**4,513**	3,051
Sales of scrap materials	**902**	2,831
Interest income on bank deposits	**25,743**	26,382
Imputed interest income on long term receivables	**83**	132
Rental income, net of outgoings	**1,152**	550
Interest income on held-to-maturity investments	**2,899**	–
Others	**24,830**	4,596
	85,577	90,629

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Allowance for) reversal of doubtful debts, net	**(106)**	979
Dividend income from held-on-trading investments	**2,404**	–
Exchange gain, net	**51,292**	(16,650)
Loss on changes in fair value of held-for-trading investments	**(48)**	–
Loss on disposal of property, plant and equipment	**(224)**	–
	53,318	(15,671)

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
— PRC Enterprise Income Tax ("EIT")	**77,932**	47,199
Withholding tax paid	**1,217**	4,895
Underprovision (overprovision) in prior years	**407**	(322)
Deferred tax credit	**(2,173)**	(20,515)
	77,383	31,257

For the six months ended 30 June 2013 and 2012, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 15% 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 2013 and 2012.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation and amortisation	**369,586**	372,343

8. DIVIDENDS

A final dividend of RMB10 cents per share for the year ended 31 December 2012, amounting to RMB155,625,000, was paid during the six months ended 30 June 2013.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2013 and 2012.

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	
	2013	2012
	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)	**255,876**	121,834
	'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	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,556,250**	1,556,250

The share options have no dilution effect on the earnings per share for the six months ended 30 June 2013 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 2012 (audited)	9,557,197
Additions	179,877
Depreciation for the period	(355,368)
Disposals	(676)
At 30 June 2012 (unaudited)	9,381,030
At 1 January 2013 (audited)	9,380,366
Additions	898,557
Depreciation for the period	(351,928)
Disposals	(7,569)
At 30 June 2013 (unaudited)	9,919,426

11. QUARRY

	Carrying value
	RMB'000
At 1 January 2012 (audited)	219,475
Additions	1,604
Amortisation during the period	(6,876)
At 30 June 2012 (unaudited)	214,203
At 1 January 2013 (audited)	214,909
Additions	743
Amortisation during the period	(6,649)
At 30 June 2013 (unaudited)	209,003

12. PREPAID LEASE PAYMENT

	Carrying value
	RMB'000
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
At 1 January 2013 (audited)	600,037
Additions	5,029
Amortisation during the period	(8,488)
At 30 June 2013 (unaudited)	596,578

13. DERIVATIVE FINANCIAL INSTRUMENTS

Six months ended 30 June 2013 and 2012

At 30 June 2013, 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 2013, fair value gain of RMB2,855,000 (2012: fair value loss of RMB3,148,000) 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 2013 ***RMB'000*** **(unaudited)**	31 December 2012 *RMB'000* (audited)
Spare parts and ancillary materials	**356,307**	333,619
Raw materials	**301,005**	287,727
Work in progress	**74,794**	61,723
Finished goods	**63,114**	74,021
	795,220	757,090

15. TRADE AND OTHER RECEIVABLES

	30 June 2013 *RMB'000* **(unaudited)**	31 December 2012 *RMB'000* (audited)
Trade receivables	**1,162,274**	1,116,918
Less: accumulated allowance	**(62,721)**	(62,889)
	1,099,553	1,054,029
Bills receivable	**1,073,873**	1,251,709
	2,173,426	2,305,738
Other receivables	**311,829**	253,604
Less: accumulated allowance	**(2,332)**	(2,332)
	2,482,923	2,557,010

The Group has a policy of allowing a credit period from 30 to 90 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 receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2013 *RMB'000* **(unaudited)**	31 December 2012 *RMB'000* (audited)
0 – 90 days	**682,245**	660,214
91 – 180 days	**200,531**	213,611
181 – 365 days	**195,696**	139,828
Over 365 days	**21,081**	40,376
	1,099,553	1,054,029

16. LOAN TO A RELATED COMPANY

Loan to a related company of RMB396,673,000 is unsecured, interest free and repayable on 16 June 2014.

17. TRADE AND OTHER PAYABLES

	30 June 2013 *RMB'000* **(unaudited)**	31 December 2012 *RMB'000* (audited)
Trade and bills payables	**318,810**	304,331
Other payables and accruals	**462,812**	355,825
	781,622	660,156
Analysed for reporting purposes as:		
Non-current liabilities	**–**	–
Current liabilities	**781,622**	660,156
	781,622	660,156

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

	30 June 2013 *RMB'000* **(unaudited)**	31 December 2012 *RMB'000* (audited)
0 – 90 days	**303,264**	272,654
91 – 180 days	**3,649**	15,601
181 – 365 days	**4,862**	7,517
Over 365 days	**7,035**	8,559
	318,810	304,331

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

18. BORROWINGS

During the six months ended 30 June 2013, the Group obtained new bank loans of approximately RMB1,780 million and repaid bank loans of approximately RMB754 million in accordance with the repayment terms. The new loans raised are denominated in United States dollar and RMB, unsecured and carry interest at floating market rates ranging from 1.05% to 5.04% per annum. The proceeds were used as general working capital for the Group and for the construction of new production lines.

At 30 June 2013, 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.

19. SHARE CAPITAL

Issued share capital as at 30 June 2013 amounted to RMB139,549,000. There were no movements in the issued share capital of the Company for the six months 30 June 2013.

20. COMMITMENTS

	30 June 2013 *RMB'000* **(unaudited)**	31 December 2012 *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	**1,230,109**	436,313

21. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Jointly controlled entities:		
Transportation expenses	**34,818**	35,781
Associate:		
Sale of goods	**6,092**	8,287

The remuneration of directors was as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term employee benefits	**3,727**	3,523
	3,727	3,523

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

BUSINESS AND FINANCIAL REVIEW

Since the start of 2013, the Chinese government has been placing its priority on "achieving stable growth" to cope with the complex and volatile domestic and international environment. With this priority set, which is aimed at improving the quality of economic growth and efficiency, the government continued to carry out proactive fiscal policy and prudent monetary policy, along with the constant strengthening of and adjustment of macro-economic policies that strove to enhance government functions, promote industry transformation and restructuring, so as to achieve stable national economic growth.

In the first half of 2013, China produced 1.07 billion tons of cement, representing an 8% increase from 990 million tons of cement produced in the same period in 2012 (the first half of 2012 saw a 5% increase compared to that of the first half of 2011). Together with a considerable drop in the growth of new capacity and continued elimination of obsolete capacity by the government, this led to significant improvement in the supply and demand relationship of the cement industry. Although market competition remained ferocious, enterprises were gradually behaving rational. In addition, cement price had stopped falling and begun to rise in the second quarter after it plunged to its bottom in the first quarter, resulting in a steady rise in the overall industry profitability.

In the face of changes in the macro-economic environment, the Group, during the first half of 2013, continued to strengthen its competitiveness by maintaining full disposal of all output, as well as to improve production efficiency. The Group had broadened the sources of coal purchase to secure stable supply and lower coal consumption costs. The Group is also a pioneer in observing the State's denitrification policy, to lower the emission of nitrogen oxide (NOx). To intensify market penetration, the Group had lifted its local market share in various regions, with an attempt to enlarge profit margins. The Group had strengthened its distribution network, and increased the number of outlets and strengthened marketing in the rural area, in order to accelerate the market dominance of cement products under the Group's brand name in the rural area. In addition, the Group had capitalized on the waterway transport of Yangtze River to expand downstream sales points. Through the abovementioned efforts, the Company's cement sales amounted to 11.46 million tonnes, representing an 18% increase from 9.70 million tonnes in the first half of 2012, while cement production costs per tonne decreased by 8% year-on-year. As such, the Group's gross profit increased by 20%.

Revenue

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

	For the six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Region		
Central Yangtze River	**1,858,817**	1,827,544
Sichuan Region	**756,300**	654,284
Yangtze River Delta & Others	**561,844**	589,704
Total	**3,176,961**	3,071,532

In the reporting period, the Group's revenue amounted to RMB3,177.0 million, representing an increase of RMB105.5 million or 3% from that of RMB3,071.5 million for the corresponding period of 2012. The increase in revenue was mainly attributable to the improvement of China's fixed asset investment since the fourth quarter of 2012.

In respect of revenue contribution for the six months ended 30 June 2013, sales of cement products and related products accounted for 92% (2012: 92%) and the sales of ready-mix concrete accounted for 8% (2012: 8%). The table below shows the sales breakdown by product during the reporting period:

	For the six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cement products	**2,801,184**	2,540,436
Clinker	**45,049**	174,101
Blast-furnace slag powder	**65,210**	96,312
RMC	**265,518**	260,683
Total	**3,176,961**	3,071,532

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 was RMB2,593.1 million (2012: RMB2,586.8 million) which remained stable due to the decrease in cost of coal.

The gross profit for the six months ended 30 June 2013 was RMB583.8 million (2012: RMB484.8 million), representing a gross profit margin of 18% on revenue (2012: 16%). The improvement in gross profit was mainly attributable to an increase in sales volume of cement products and a decrease in cost of coal when 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 2013, other income amounted to RMB85.6 million, representing a decrease of RMB5.0 million or 6% from RMB90.6 million for the corresponding period in 2012. The decrease in other income was attributable to the decrease in government grants during the period under review.

Other Gains and Losses

Other gains and losses mainly comprise exchange gains and allowance of doubtful debts. For the period under review, other gains and losses amounted to the gains of RMB53.3 million, representing an increase of RMB69.0 million from the losses of RMB15.7 million for the corresponding period in 2012. The increase in other gains and losses was principally attributable to the increase in exchange gain from US dollar denominated bank borrowings.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For the six months ended 30 June 2013, the distribution and selling expenses amounted to RMB169.8 million, representing an increase of RMB10.3 million or 6% from RMB159.5 million for the corresponding period of 2012. The increase in distribution and selling expenses was attributable to the increase in sales volume of cement products during the period under review.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses decreased by 11%, to RMB130.2 million from RMB145.7 million for the corresponding period of 2012. The decrease was attributable to decrease in the bonus and benefits of employees.

The decrease in finance costs was mainly due to (i) more borrowing costs capitalized during the period under review since the construction of two production lines and (ii) decrease in interest rate.

Profit for the Period

In the reporting period, the net profit of the Group amounted to RMB263.6 million, representing an increase of RMB140.2 million or 114% from RMB123.4 million for the corresponding period of 2012, while the net profit margin also increased from 4% to 8%. The improvement in net profit was mainly attributable to an increase of sales volume of cement products and a decrease of coal cost.

Financial Resources and Liquidity

The Group maintained a healthy financial and liquidity position for the six months ended 30 June 2013. The total assets increased by 8% to approximately RMB16,904.3 million (31 December 2012: approximately RMB15,649.0 million) while the total equity increased by 1% to approximately RMB8,991.4 million (31 December 2012: approximately RMB8,883.7 million).

As at 30 June 2013, the Group's cash and cash equivalents amounted to approximately RMB1,883.6 million (31 December 2012: approximately RMB1,620.1 million). After deducting the total interest-bearing borrowings of RMB7,059.6 million (31 December 2012: approximately RMB6,034.1 million), the Group had a net borrowing of approximately RMB5,176.0 million (31 December 2012: approximately RMB4,414.0 million).

As at 30 June 2013, the Group's gearing ratio was approximately 47% (31 December 2012: 43%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2013 and 31 December 2012, respectively.

Borrowings

The maturity profiles of the Group's borrowings outstanding as at 30 June 2013 and 31 December 2012 are summarized as below:

	30 June 2013 *RMB'000* **(unaudited)**	31 December 2012 *RMB'000* (audited)
Within one year	**3,606,392**	2,739,881
In the second year	**1,814,055**	1,584,447
In the third to fifth year	**1,639,112**	1,709,726
	7,059,559	6,034,054

Capital Expenditure and Capital Commitments

Capital expenditure for the six months ended 30 June 2013 amounted to approximately RMB1,183.8 million (31 December 2012: approximately RMB627.3 million) and capital commitments as at 30 June 2013 amounted to approximately RMB1,230.1 million (31 December 2012: approximately RMB436.3 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 2013 (31 December 2012: None).

Contingent Liabilities

As at the date of this announcement and as at 30 June 2013, the Board was not aware of any material contingent liabilities.

Human Resources

As at 30 June 2013, the Group had 4,090 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 2013, 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 2013.

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 other 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 2013, 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 forward to the second half of 2013, economic policies are expected to remain stable, while the 7.5% annual economic growth target will be met. The cement market is expected to maintain a steady growth, mainly driven by the situation where increase in demand will be greater than that of supply. First, the National Development and Reform Commission ("NDRC") and Ministry of Industry and Information Technology issued a (2013) No. 892 document, taking severe measures to address the problems of excessive capacities by prohibiting new capacity development and suspension of unauthorised project under construction. Meanwhile, China Building Materials Federation announced the tightening of cement production licence management, and is determined to restrict the granting of production licenses with strict compliance to industrial policies. In addition, with more stringent environmental protection requirements (denitrification and the new national standard for energy consumption of per unit cement produced), the unit cost of cement products is bound to increase. As a result, the chances of survival of small and medium sized manufacturers or those with inefficient manufacturing processes will be further reduced, thereby eliminating these manufacturers from the market. Pressure from excessive capacities is therefore likely to be eased. Second, urbanisation, which is an inevitable trend in the development of China, is a key task for the new government in China. The central government will hold a specialised meeting on "urbanization", to prepare, in detail, the policies and measures for introducing a new type of urbanisation. Furthermore, massive construction of ancillary facilities in response to "urbanisation", including housing, infrastructure and transportation, and other public facilities (schools, hospitals and stadiums etc.) will create huge demand for cement, benefiting the industry in the long run. Third, the government has recently proposed to focus on accelerating the development of mass transit system, including inter- and intra-city railway and integrated transport hubs. The Group can benefit directly from the construction of intercity railway, given the extensive coverage of the economically-developed cities along the mid and down stream of the Yangtze River by the Group's various production plants. Moreover, the government's proactive and continued support for the development of agricultural modernisation, affordable housing and hydraulic facilities will drive sustainable and stable growth in cement demand. It is believed that, although third quarter is traditionally a low season for the industry, the stable market environment at the end of the second quarter is expected to continue. The Group's Jiangxi Yadong No. 5 and No. 6 kilns will commence production in the fourth quarter, just in time to greet the industry's traditional peak season, and are expected to achieve favourable sales and output volumes.

In the second half of 2013, the Group will seize the opportunity brought forth by the improvement of the cement industry. In addition to pushing forward the completion of Jiangxi Yadong No. 5 and No. 6 kilns, the Group plans to construct silos at strategic locations along the Yangtze River and to expand downstream commercial concrete business, to develop and operate an aggregate business. The Group strives to optimise its sales network and create synergy among the various operations within the Group. The Group will continue to uphold its stringent environmental standards, comply strictly with the government's energy saving and emission reduction policies, and set an example for the entire industry.

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 2013, 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 and Mr. Lei, Qian-zhi, the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 22 May 2013 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 2013, 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 2013 for the six months ended 30 June 2013 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, 14 August 2013

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.