Asia Cement (China) Holdings Corporation

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2011 ANNUAL RESULTS ANNOUNCEMENT

2011 ANNUAL RESULTS HIGHLIGHTS

- Revenue increased by 44% to approximately RMB8,206.8 million for the year ended 31 December 2011 (2010: approximately RMB5,707.3 million).
- Profit attributable to owners of the Company increased by 162% to approximately RMB1,340.8 million (2010: approximately RMB510.9 million). The significant improvement in profit attributable to owners of the Company was mainly attributable to (i) the increase of production capacity and sales volume after the full operation of No. 3 new dry process rotary kiln at Sichuan Yadong Plant, No. 1 new dry process rotary kiln at Huanggang Yadong Plant, No. 4 new dry process rotary kiln at Jiangxi Yadong Plant, No. 2 new dry process rotary kiln at Hubei Yadong Plant and Wuhan Yaxin Cement Co., Ltd.; and (ii) the significant increase in average selling price of the Company's products compared with that of the previous year.
- Basic earning per share amounted to RMB0.86 (2010: RMB0.33), representing an increase of approximately 161%.
- The Board proposed a final dividend of RMB17 cents per share, representing a payout ratio of 20%.

THE FINANCIAL STATEMENTS

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 audited consolidated results of the Group for the year ended 31 December 2011, together with the comparative figures for 2010 as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	NOTES	**2011** *RMB'000*	2010 *RMB'000*
Revenue	*3*	**8,206,833**	5,707,320
Cost of sales		**(5,920,435)**	(4,505,575)
Gross profit		**2,286,398**	1,201,745
Other income	*4*	**134,396**	54,329
Other gains and losses	*5*	**142,930**	54,371
Distribution and selling expenses		**(324,176)**	(269,928)
Administrative expenses		**(286,425)**	(218,713)
Share of profit (loss) of jointly controlled entities		**974**	(271)
Share of profit (loss) of an associate		**1,852**	(247)
Finance costs		**(213,808)**	(178,001)
Profit before tax		**1,742,141**	643,285
Income tax expense	*6*	**(352,746)**	(115,555)
Profit for the year	*7*	**1,389,395**	527,730
Other comprehensive expense:			
Fair value loss on a hedging instrument in cash flow hedge		**(7,772)**	–
Total comprehensive income for the year		**1,381,623**	527,730
Profit for the year attributable to:			
Owners of the Company		**1,340,836**	510,873
Non-controlling interests		**48,559**	16,857
		1,389,395	527,730
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,333,064**	510,873
Non-controlling interests		**48,559**	16,857
		1,381,623	527,730
Dividend – Proposed final	*8*	**264,563**	155,625
		RMB	*RMB*
Earnings per share	*9*		
Basic		**0.86**	0.33
Diluted		**0.86**	0.33

Consolidated Statement of Financial Position
At 31 December 2011

	NOTES	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,557,197**	10,021,327
Quarry		**219,475**	215,511
Prepaid lease payments		**536,954**	548,729
Goodwill		**138,759**	138,759
Other intangible assets		**17,839**	20,421
Interests in jointly controlled entities		**25,344**	45,755
Interest in an associate		**13,605**	11,753
Restricted bank deposits		**19,217**	–
Deferred tax assets		**21,200**	14,877
Long term receivables		**59,383**	79,007
		10,608,973	11,096,139
CURRENT ASSETS			
Inventories	*10*	**741,106**	679,669
Long term receivables – due within one year		**14,942**	15,083
Trade and other receivables	*11*	**2,986,842**	1,983,489
Prepaid lease payments		**14,552**	14,491
Amount due from an associate		**6,892**	980
Derivative asset		**–**	4,181
Restricted/pledged bank deposits		**18,192**	19,769
Bank balances and cash		**1,730,867**	686,099
		5,513,393	3,403,761
CURRENT LIABILITIES			
Trade and other payables	*12*	**720,211**	886,555
Amounts due to non-controlling interests		**10,955**	37,000
Amounts due to jointly controlled entities		**3,899**	5,940
Tax payables		**68,030**	57,437
Borrowings – due within one year		**1,335,726**	1,244,228
Derivative liabilities		**–**	4,783
		2,138,821	2,235,943
NET CURRENT ASSETS		**3,374,572**	1,167,818
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,983,545**	12,263,957

	NOTES	2011 RMB'000	2010 RMB'000
NON-CURRENT LIABILITIES			
Other payables	*12*	**12,000**	15,000
Borrowings – due after one year		**5,216,061**	4,722,710
Derivative liabilities		**7,772**	13,937
Deferred tax liabilities		**24,079**	22,521
		5,259,912	4,774,168
NET ASSETS		**8,723,633**	7,489,789
CAPITAL AND RESERVES			
Share capital	*13*	**139,549**	139,549
Reserves		**8,333,486**	7,154,384
Equity attributable to owners of the Company		**8,473,035**	7,293,933
Non-controlling interests		**250,598**	195,856
TOTAL EQUITY		**8,723,633**	7,489,789

Notes to the Condensed Consolidated Financial Statements

For the year ended 31 December 2011

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 7 April 2004 under the Companies Law (2003 Revision), Chapter 22 of the Cayman Islands. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20 May 2008. The immediate and ultimate holding company is Asia Cement Corporation, 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 Company is an investment holding company. The principal activities of its subsidiaries are manufacture and sale of cement, concrete and related products.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee (formerly called the IFRIC) of the IASB.

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

Except for IFRS 9, IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011), IAS 28 (as revised in 2011) and IAS 1 (Amendments), the directors of the Company anticipate that the application of the other new and revised IFRSs will have no significant impact on the consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2011	2010
	RMB'000	*RMB'000*
Sales of cement products and related products	**7,533,973**	5,197,161
Sales of concrete	**672,860**	510,159
	8,206,833	5,707,320

4. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Government grant income	**72,849**	16,766
Transportation fee income	**11,460**	11,211
Sales of scrap materials	**14,819**	10,548
Interest income on bank deposits	**27,963**	9,050
Imputed interest income on long term receivables	**386**	1,095
Rental income, net of outgoings	**655**	864
Others	**6,264**	4,795
	134,396	54,329

5. OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Exchange gains, net	**170,837**	64,458
(Allowance for) reversal of doubtful debts, net	**(25,947)**	437
Gain on disposal of a jointly controlled entity	**31**	–
Changes in fair values of derivative financial instruments, net	**(1,991)**	(10,524)
	142,930	54,371

6. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
The tax expense comprises:		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**349,184**	114,566
Withholding tax paid	**8,143**	8,137
Under(over)provision in prior years	**184**	(2,710)
Deferred tax	**(4,765)**	(4,438)
	352,746	115,555

The PRC EIT is calculated at the prevailing tax rate on the taxable income of the group entities in the PRC.

Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards. On 26 December 2007, the State Council of the PRC issued a circular of Guofa [2007] No. 39 – Notice of the State Council Concerning Implementation of Transitional Rules for Enterprise Income Tax Incentives ("Circular 39"). The EIT Law and the Circular 39 would change the applicable tax rate for certain Group's PRC subsidiaries from the preferential rate of 15% to 22%, 24% and 25% for the years ended/ending 31 December 2010, 2011 and 2012 respectively. Further, the State Administration of Taxation and Minister of Finance jointly issued a circular of Caishui [2009] No. 21 to further clarify that, effective from 2008, preferential tax rates which are allowed to be enjoyed by qualified enterprise until its expiry shall be the transitional rates as stipulated under Circular 39.

Pursuant to article 2(1) of "The Notice of Taxation Preferential Policy in the Western Region issued by The General Office of Finance, The State Administration of Taxation, General Administration of Customs" ("Cai Shui [2001] No. 202"), "a preferential corporate tax rate of 15% is applicable to qualified domestic enterprises of national promoted industry set up in the western region and is valid from 2001 to 2010" and "The Notice of Implement of Transitional Preferential Corporate Income Tax Policy issued by State Council" ("Guo Fa [2007] No. 39"), Sichuan Yadong was granted a tax concession to pay corporate income tax at a preferential rate of 15% until 2011.

Pursuant to the relevant laws and regulations in the PRC, certain of Group's PRC subsidiaries were exempted from PRC EIT for two years starting from their first profit making year and followed by a 50% reduction on the PRC EIT for the next three years. The tax concessions of the subsidiaries will expire in 2012.

For the year ended 31 December 2011, the relevant tax rates for the Group's PRC subsidiaries ranged from 12.5% to 25% (2010: ranged from 7.5% to 25%).

No provision for Hong Kong Profits Tax nor Singapore income tax has been made in the consolidated statement of comprehensive income as the Group had no assessable profit arising in these jurisdictions for both years.

The Company is not subject to income tax in Cayman Islands and any other jurisdictions.

7. PROFIT FOR THE YEAR

	2011	2010
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Depreciation and amortisation		
– Property, plant and equipment	**701,351**	591,799
– Prepaid lease payments	**15,392**	12,121
– Quarry	**12,391**	8,322
– Other intangible assets	**4,835**	4,264
	733,969	616,506
Auditors' remuneration	**6,330**	6,028
Staff costs, including directors' remuneration		
Salaries and other benefits	**280,033**	222,423
Retirement benefits scheme contributions	**16,533**	12,618
Total staff costs	**296,566**	235,041
Loss on disposal/write-off of property, plant and equipment	**11,961**	2,497
Rental payments under operating leases	**20,170**	18,641

8. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Dividend recognised as distributions during the year:		
2010 Final, paid – RMB10 cents per share (2010: 2009 final dividend RMB10 cents per share)	**155,625**	155,625

A final dividend for the year ended 31 December 2011 of RMB17 cents per share (2010: RMB10 cents per share) amounting to approximately RMB264,562,500 (2010: RMB155,625,000) has been proposed by the Board after the end of the reporting period. The proposed final dividend for the current year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**1,340,836**	510,873
	'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	**1,169**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,557,419**	1,556,250

The share options had anti-dilutive effect on the earnings per share for the year ended 31 December 2010 as the average market price of the Company's share was lower than the exercise price of the options.

10. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Spare parts and ancillary materials	**306,698**	273,293
Raw materials	**307,740**	304,568
Work in progress	**72,884**	49,274
Finished goods	**53,784**	52,534
	741,106	679,669

11. TRADE AND OTHER RECEIVABLES

	2011 *RMB'000*	2010 *RMB'000*
Trade receivables	**978,086**	699,781
Less: accumulated allowance	**(74,145)**	(48,735)
	903,941	651,046
Bills receivable	**1,839,726**	999,734
Other receivables	**32,011**	24,763
Less: accumulated allowance	**(2,332)**	(2,332)
	29,679	22,431
	2,773,346	1,673,211
Advances to suppliers	**144,156**	104,728
Deposits	**7,516**	5,922
Prepayments	**3,434**	3,211
Value-added tax recoverable	**58,390**	196,417
	2,986,842	1,983,489

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

The following is an ageing analysis of trade and bills receivable net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011 *RMB'000*	2010 *RMB'000*
0–90 days	**1,837,089**	1,229,161
91–180 days	**756,127**	297,044
181–365 days	**131,683**	101,979
Over 365 days	**18,768**	22,596
	2,743,667	1,650,780

Trade receivables at the end of reporting period mainly comprise amounts receivable from the cement and concrete business. No interest is charged on the trade receivables.

12. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**296,783**	237,292
Bills payable	**4,685**	6,256
	301,468	243,548
Accruals	**74,506**	72,440
Deposits	**92,700**	86,188
Staff wages and welfare payable	**54,310**	40,856
Value added tax payable	**51,660**	23,592
Construction cost payable	**52,805**	254,483
Payables to ex-shareholders of Wuhan Yaxin	**10,311**	84,209
Consideration payable for acquisition of a subsidiary	**–**	13,417
Other payables	**94,451**	82,822
	732,211	901,555
Analysed for reporting purposes as:		
Non-current liabilities *(note)*	**12,000**	15,000
Current liabilities	**720,211**	886,555
	732,211	901,555

Note: The balance represented consideration payables for acquisition of quarries, repayable by annual instalment of RMB3 million.

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

	2011	2010
	RMB'000	*RMB'000*
0–90 days	**274,938**	232,875
91–180 days	**18,597**	2,660
181–365 days	**6,476**	4,874
Over 365 days	**1,457**	3,139
	301,468	243,548

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period for trade purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. SHARE CAPITAL

	Number of shares	Amount HK$'000	Shown in the financial statements as RMB'000
Ordinary shares of HK$0.1 each			
Authorised:			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	10,000,000,000	1,000,000	
Issued and fully paid:			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	1,556,250,000	155,625	139,549

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

2011 is the first year of the "Twelfth Five-year Plan". Having overcome various challenges such as persistent high domestic inflation and volatility in overseas capital markets, the PRC government attained outstanding achievements, including a 9.2% increase in GDP for the full year and a 25% increase in fixed asset investment. In respect of the cement market, the commencement of construction of over 10,000,000 units of affordable housing in 2011, together with the successive launches of large-scale hydraulic engineering works and rapid development of cement products industry (such as commercial concrete, pipe piles factory, etc) significantly drove cement demand. As the impact of regulations on the property industry was less severe than expected, investment in property development projects had maintained a growth of 20%. All these factors contributed to a national cement consumption of 2,080,000,000 tonnes in the PRC in 2011, which represented an increase of 12% from 1,860,000,000 tonnes in 2010. Such growth has attracted greater attention to the market.

The cement market movements in 2011 were basically moderate, without the occurrence of great volatility. Both market supply-and-demand and price were higher than expected. The first half of the year continued the growth momentum in the fourth quarter of 2010. The market remained "robust in low season" with selling price hovering at high levels. While in the second half of the year, it became "sluggish in peak season" due to adverse effects of global and national financial environment, including tight monetary policy and suspension and slowdown in construction of key projects. However, with the gradual development of large cement companies in recent years, there is a significant increase in market concentration and dominance, allowing more effective market adjustment. As a result, the total profit of cement industry exceeded RMB100 billion and net profit reached a record high of RMB50/tonne.

The government expedited the elimination of obsolete production capacities and shut down a total of 782 obsolete cement corporations with an aggregate capacity of 153,000,000 tonnes, which is the largest amount of cement production capacity being eliminated in recent years. Such elimination has also significantly optimised the structure of the cement industry. In the areas in which the Group operates, a cement association was established with the help of the government's building material department. This has not only improved industry's self-discipline, but also has played an active role in promoting energy-saving and emission reduction and accelerating the elimination of obsolete production capacities. To certain extent, this has maintained the balance of competition among industry players and stabilised the market price.

Being one of the sizeable and renowned cement producers in China, the Group has substantial market influence in Sichuan and mid and downstream areas of the Yangtze River. As the majority of products sold mainly comprise bulk cement of high grade (42.5 and above), these high quality products and good services have earned wide market recognition and are designated for use in a number of key projects. In 2011, the Group sold a total of 22,400,000 tonnes of cement, representing an increase of 15% from 19,500,000 tonnes in 2010. High-end brand image and a sound operation have lifted the average selling price of cement products by over RMB60/tonne when compared with that of 2010. Profit per unit and total profit substantially exceeded the Group's expected targets.

Sichuan Region

At the end of 2010, the total cement production capacity of Sichuan province was 168,000,000 tonnes, with actual production volume of approximately 132,000,000 tonnes. In 2011, there was an increase of 20,000,000 tonnes in cement production capacity, while the production volume in the province exceeded 150,000,000 tonnes (production capacity reached nearly 200,000,000 tonnes), representing a growth rate of 26% over 2010, which is significantly higher than the national average growth rate of 12%. The severe excessive production capacity directly intensified competition among the industry players. Meanwhile, as post-earthquake reconstruction works were basically completed, demand for cement weakened, resulting in increased inventory level for a number of factories. Furthermore, due to the highly scattered market, the clinker production capacity of the top 10 cement corporations only accounted for 35% of the market's total, meaning the market concentration rate was far lower than that in other regions and there existed no single dominant market player. Under such harsh market conditions, some local companies started to work together toward the goal of achieving a supply-and-demand balance, while avoiding vicious competition so as to keep the cement price at a steady level for the full year. Affected by the market conditions, the Group in 2011 sold a total of 4,930,000 tonnes of cement in the Sichuan region, which represented a slight decrease when compared with 5,200,000 tonnes in 2010.

Central and downstream regions of Yangtze River

The central and downstream regions of Yangtze River including Jiangsu, Jiangxi, Hubei, Zhejiang, Shanghai and other provinces and cities, accounted for over 70% sales of the Group. Although there was also excessive production capacity in these regions, the markets were relatively mature and industry concentration was high, making it easier for industry players to reach mutual understanding. Despite reduction in key construction projects, the pressure on the property industry and weak market demand, the cement price in this region remained high without much fluctuation. There was remarkable growth in economic benefits of various groups/companies when compared with those of the previous year.

The region in close proximity to the factory areas is the market where the Group is most competitive and makes a majority of its profit. In addition, the Group has been committed to environmental protection, as well as maintaining operating principle of high quality, high efficiency, low cost and providing excellent services. All these have helped the Group's products gain increasing popularity among customers, while enabling the Group to increase its market share in these regions even when market demand only saw a moderate growth. The Group ranked first in market share in Nanchang-Jiujiang Industrial Corridor (昌九工業走廊), Greater Wuhan and its peripheral area (大武漢周邊地區) and Yangzhou, which significantly enhanced the Group's dominance in the market. In 2011, the Group sold a total of 17,470,000 tonnes of cement in central and downstream regions of Yangtze River, representing an increase of 22% from 14,300,000 tonnes in 2010. Not only the sales volume reached a historical high, but also the selling price had remained at high levels, which together generated a considerable amount of profit for the Group.

To achieve business diversification so as to create synergy effects, the Group expanded into downstream sales distribution to seek a new profit centre. The Group established a collaboration with CSCEC Concrete Co., Ltd. (中建商品混凝土有限公司) to jointly establish Hubei Zhongjian Yadong Concrete Company Limited, thereby successfully taking its first step towards downstream expansion.

Operating Results

Revenue

The Group's principal business activities are the manufacture and sale of cement, concrete and related products. The concerted efforts of the management team have continued to bear fruit as evidenced by the increase in sales of the Group. For 2011, the Group's revenue amounted to RMB8,206.8 million, representing an increase of RMB2,499.5 million or 44% over that of RMB5,707.3 million for 2010. Below is a breakdown of the Group's revenue by region during the reporting period.

Region	**2011** RMB'000	%	2010 RMB'000	%
Central Yangtze River	**4,783,948**	**58**	3,068,363	54
Sichuan	**1,711,861**	**21**	1,659,913	29
Yangtze River Delta and Others	**1,711,024**	**21**	979,044	17
Total	**8,206,833**	**100**	5,707,320	100

In respect of revenue contribution for 2011, sales of cement products accounted for 87% (2010: 88%) and sales of concrete accounted for 8% (2010: 9%). The table below shows the sales breakdown by product during the reporting period:

	2011 RMB'000	%	2010 RMB'000	%
Cement Products	**7,112,885**	**87**	5,008,494	88
Clinker	**119,653**	**1**	75,182	1
RMC	**672,860**	**8**	510,159	9
Blast-furnace slag powder	**301,435**	**4**	113,485	2
Total	**8,206,833**	**100**	5,707,320	100

The table below shows the sales volume of each of the Group's products during the reporting period:

	2011 *'000 units*	2010 *'000 units*
Cement Products	**22,401**	19,499
Clinker	**444**	367
RMC	**2,017**	1,780
Blast-furnace slag powder	**1,171**	633

Note: The sales volume for cement, clinker, and blast-furnace slag powder is measured in tonnes and that for RMC is measured in cubic meters.

Based on the sales revenue and sales volume as set out above, the average selling price of cement products was RMB317 per tonne in 2011 (2010: RMB257 per tonne).

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 amortisation and other overhead costs. In 2011, the Group's cost of sales increased by 31% to RMB5,920.4 million from RMB4,505.6 million for 2010 due to the expansion of the Group's overall business.

The gross profit for 2011 was RMB2,286.4 million (2010: RMB1,201.7 million), with a gross profit margin of 28% (2010: 21%). The significant improvement in gross profit was mainly attributable to (i) the increase of production capacity and sales volume after the full operation of No. 3 new dry process rotary kiln at Sichuan Yadong Plant, No. 1 new dry process rotary kiln at Huanggang Yadong Plant, No. 4 new dry process rotary kiln at Jiangxi Yadong Plant, No. 2 new dry process rotary kiln at Hubei Yadong Plant and Wuhan Yaxin Cement Co., Ltd.; and (ii) the significant increase in average selling price of the Company's products compared with that of the previous year.

Other Income

Other income mainly comprises government grants, transportation fee income, interest income and sales of scrap materials. For 2011, other income amounted to RMB134.4 million, representing an increase of RMB80.1 million or 148% from RMB54.3 million of 2010. The increase in other income was attributable to (i) the increase in government grants; and (ii) increase in interest income on bank deposits during the year.

Other Gains and Losses

Other gains and losses mainly comprise exchange gains and allowance of doubtful debts. For 2011, other gains and losses amounted to RMB142.9 million, representing an increase of RMB88.5 million or 163% from RMB54.4 million of 2010. The increase in other gains and losses was principally attributable to the increase in exchange gains from US dollar-denominated bank borrowings.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For 2011, the distribution and selling expenses amounted to RMB324.2 million, representing an increase of RMB54.3 million or 20% over that of RMB269.9 million for 2010. The increase in distribution costs was attributable to the increase in sales activities in 2011.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses increased by 31%, from RMB218.7 million to RMB286.4 million. The increase was attributable to the increase in headcounts of administrative staff and the expenses incurred by the Group for the purpose of expanding its operation and production capacity.

The 20% increase in finance costs was mainly due to less borrowing costs were capitalised during the year since the commencement of operation of four new production lines.

Profit before Tax

As a result of the foregoing factors, the profit before tax for 2011 increased by RMB1,098.8 million, or 171%, to RMB1,742.1 million from RMB643.3 million for 2010.

Income Tax Expenses

In 2011, income tax expenses increased by RMB237.1 million, or 205%, to RMB352.7 million from RMB115.6 million for 2010. The effective tax rate of the Group increased from 18.0% for 2010 to 20.2% for 2011, primarily attributable to the increase in profit contribution from Central Yangtze River region which has a higher rate of Enterprise Income Tax.

Non-controlling Interests

In 2011, non-controlling interests amounted to RMB48.6 million, representing an increase of RMB31.7 million, or 188%, from RMB16.9 million for 2010 primarily due to the increase in profit contribution from Jiangxi Yadong and Wuhan Yaxin.

Profit for the Year

For 2011, the net profit of the Group amounted to RMB1,389.4 million, representing an increase of RMB861.7 million or 163% over that of RMB527.7 million for 2010.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial and liquidity position for year ended 31 December 2011. Total assets increased by 11% to approximately RMB16,122.4 million (31 December 2010: approximately RMB14,500.0 million) while total equity grew by 16% to approximately RMB8,723.6 million (31 December 2010: approximately RMB7,489.8 million).

Restricted/Pledged Bank Deposits, Bank Balances and Cash

As at 31 December 2011, the Group's restricted/pledged bank deposits, bank balances and cash amounted to approximately RMB1,768.3 million (31 December 2010: RMB705.9 million) of which 95% was denominated in RMB and 4% in United States dollars, with the remainder denominated in Hong Kong dollars, Singapore dollars and Euros.

Cash Flow

The Group derives its net cash inflow from operations primarily through the receipt of payments for the sale of its cement and concrete products. The Group's cash outflow from operations is used primarily for raw material purchases, payment for fuel and power, distribution costs, staff salaries and interest payments. Cash generated from operating activities increased from RMB454.2 million in 2010 to RMB1,287.2 million in 2011. This was mainly due to the expansion of business.

The Group's cash inflow from investment activities primarily consists of interest income and proceeds from disposal of a jointly controlled entity and property, plant and equipment. The Group's cash outflow from investment activities primarily consists of purchases of property, plant and equipment, land use rights and quarry. In 2011, the net cash used in investment activities of the Group amounted to RMB433.8 million, representing an decrease of 76% from RMB1,776.3 million for 2010. The decrease in cash flow by RMB1,342.5 million used in investment activities was primarily attributable to less cash used for the purchase of property, plant and equipment to expand the production capacities of the Group.

In 2011, the net cash generated from financing activities of the Group amounted to RMB191.3 million, representing a decrease of RMB485.6 million from 2010. This was primarily due to fewer bank borrowings were made in 2011.

Capital Expenditure

Capital expenditure for the year ended 31 December 2011 amounted to approximately RMB285.0 million and capital commitments as at 31 December 2011 amounted to approximately RMB47.3 million. Both the capital expenditure and capital commitments were mainly related to the purchases of plant and equipment for the new production lines. The Group anticipates that funding for those commitments will come from future operating revenue, bank borrowings and other sources of finance when appropriate.

Borrowings

The Group's borrowings as at 31 December 2011 and 2010 are summarised below:

	As at 31 December			
	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Short-term borrowings	**1,335,726**	**20**	1,244,228	21
Long-term borrowings	**5,216,061**	**80**	4,722,710	79
Currency denomination				
– Renminbi	**2,845,196**	**43**	2,926,245	49
– US dollars	**3,672,542**	**56**	3,003,593	50
– Hong Kong dollars	**34,049**	**1**	37,100	1
Borrowings				
– secured	**–**	**–**	–	–
– unsecured	**6,551,787**	**100**	5,966,938	100
Interest rate structure				
– fixed-rate borrowings	**640,388**	**10**	112,000	2
– variable-rate borrowings	**5,911,399**	**90**	5,854,938	98
Interest rate				
– fixed-rate borrowings		**2.95%-5.90%**		4.37%–6.62%
– variable-rate borrowings		**90% to 100% of the Benchmark Interest Rate of the PRC or LIBOR plus margin of 0.5%–3.5%**		90% to 100% of the Benchmark Interest Rate of the PRC or LIBOR plus margin of 0.5%–1%

As at 31 December 2011, the Group had unutilised credit facilities in the amount of RMB2,962.5 million.

As at 31 December 2011, the Group's gearing ratio was approximately 46% (31 December 2010: 48%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2011 and 2010 respectively.

Pledge of Assets

The Group did not have any pledge or charge on assets as of 31 December 2011.

Contingent Liabilities

As of the date of this announcement and as at 31 December 2011, the Board is not aware of any material contingent liabilities.

Human Resources

As at 31 December 2011, the Group had 4,073 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds scheme 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 the Share Option Scheme, where eligible directors and employees are entitled to various share options to subscribe for the ordinary shares in the Company in accordance with their past and potential contribution to the growth of the Group. As at 31 December 2011, about 11,578,000 share options were granted under the Pre-IPO Share Option Scheme and no share options have been exercised to date. Also, as at 31 December 2011, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

The Group did not make any significant investment, material acquisitions or disposals during 2011.

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 foreign currencies.

RMB is not a freely convertible currency. Future exchange rates of 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 RMB. The appreciation or devaluation of 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.

2. BUSINESS PROSPECTS

According to the 2012 economic policies issued by the government, the major task and keynote of economic and social development in 2012 are to facilitate a stable and relatively fast economic development, with emphasis on making progress while maintaining stability. Moreover, sustaining the scale of investment has been set as a priority. It is expected that China will maintain a fast GDP growth rate of over 7.5% in 2012, and the government will continue to implement a positive fiscal policy and a prudent monetary policy to suppress inflation, increase domestic demand, speed up the pace of urbanisation progress as well as intensify development of rural areas. All of the above will stimulate demand for cement. In 2012, cement output is estimated to reach 2,230,000,000 tonnes, representing an increase of 154,000,000 tonnes or approximately 7% from 2,076,000,000 tonnes in 2011.

However, we should also note that the growth in the State's fixed assets investment is slowing down and there is no sign of relaxed regulation on the property industry. Moreover, the impact of tight capital flow on investments in infrastructure projects such as high speed rail continues to increase. All these will inhibit the growth of the cement market and pose challenges to the cement industry. The growth of cement demand in 2012 is forecasted to slow down. Industry experts predict an increase of 6% or approximately 120,000,000 tonnes in cement demand, i.e. an increase of 40,000,000 tonnes in the first half of the year and increase of 80,000,000 tonnes in the second half of the year.

To conclude the above analysis, the extent of the excessive growth of the production capacity is too large to be absorbed by the market. The severe imbalance between supply and demand still exists. The key for the cement industry to maintain a better level of efficiency in 2012 lies in the restoration of a relatively balanced supply-demand relationship. As a result, the mechanism for collective negotiation among industry players will be the key factor affecting the price movements in 2012. On one hand, the Group needs to enhance its overall operation efficiency and reduce costs through various measures; on the other hand, the Group should strengthen communication with its industry peers, respond to China Cement Association's call for energy-saving and emission-reduction and work together to protect the market's interest, so as to assure the Group's stable profitability.

In November 2011, the Ministry of Industry and Information Technology issued the "Twelfth Five-Year" Development Plan for Cement Industry (《水泥工業"十二五"發展規劃》) stating the basic principles, guiding concepts and major goals for the cement industry in the next five years. According to the plan, the cement industry should, during the "Twelfth Five Year Plan" period, speed up the pace of structural change, promote energy-saving and emission-reduction, encourage merger and acquisition and reorganisation, eliminate obsolete capacities and advance in technology, in order to enhance quality and efficiency as well as to facilitate structural change and improvement in the cement industry. As such, the "Twelfth Five Year Plan" remains a prime time for the development of the cement industry.

Against the backdrop of accelerated economic transformation and industry restructuring, the Group will steadily implement its development plan to grow bigger and stronger. The Group currently focuses its development on further production capacity and market expansion. It strives to achieve the target annual production capacity of 50,000,000 tonnes as early as possible. In addition to speed up the construction of production lines with daily production capacity of 6,000 tonnes of clinker which is expected to be completed and put into operation in 2013, the Group is actively pursuing the opportunity for building an environmental-friendly and energy-saving integrated cement plant which can also treat waste in the northern China region; and in each of Hubei Yadong and Huanggang Yadong a new environmental-friendly dry process rotary kiln that can treat urban waste (e.g. urban sludge). While the Group will expand its production capacity through construction of new production lines, it will, in line with PRC government's encouragement of merger and acquisition in the industry, engage in negotiation for targets for acquisition or for strategic alliance through various approaches. Furthermore, the Group will continue to further develop the ready-mixed concrete market. It will capitalise on the opportunities arising from the commercial concrete market to actively expand business to and control in the downstream market. These strategies will help expand the Group's business portfolio, thereby making significant contribution to its sustainable development and profitability.

The cement industry is about to transform from a market with high demand and high supply to a highly concentrated market with low demand. Its focus will shift from cost competitiveness to market control. In order to maintain its presence in the increasingly competitive market, the Group will continue to opt for quality and highly efficient advanced equipment to be installed in its own cement plants in order to maintain high utilisation rate and production rate. Meanwhile, more high quality domestic-produced machines will be used to reduce construction costs and enhance competitiveness. In addition, the Group will also fully utilise slag, fly-ash and desulphurization gypsum and other usable by-products and disposals from steel mills and power plants to strictly control production cost as well as to promote circular economy, energy-saving and emission-reduction. In anticipation of a fierce market competition, the Group will continue to improve on client retention and increase sales distribution channels. It will expand its market to the surrounding regions through transportation by trucks and ships. It plans to seek a suitable location along the Yangtze River to set up a transfer station or a grinding plant to expand its market coverage, so as to secure its market share and to attain the goal of selling all the products it produced.

In 2012, the growth of the cement market will slow down and the industry will enter into a short period of adjustment. However, under the guidance of various government policies, the cement industry will move onto a healthier and more stable development path. As always, the Group will accurately capture market trends and leverage its competitive advantages including technological advantages, sophisticated equipment and advanced management to achieve sustainable development.

OTHER INFORMATION

Dividend

In acknowledging continuous support from the Group's shareholders, the Board recommends the payment of a final dividend of RMB17 cents per ordinary share in respect of the year ended 31 December 2011, subject to approval by shareholders at the forthcoming annual general meeting of the Company. The dividend will be payable on 8 June 2012 to shareholders whose names appear on the Register of Member of the Company on 31 May 2012.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 18 May 2012 to Friday, 25 May 2012, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 17 May 2012.

Subject to the approval of shareholders at the meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Thursday, 31 May 2012 being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2012.

Corporate Governance

During the year ended 31 December 2011, the Company has complied 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.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also reviewed auditing, internal control and financial reporting matters, including the review of the annual results for the year ended 31 December 2011, together with the management.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors (the "Code"). The Company, having made specific enquiry with all Directors, confirms that its Directors had complied with the required standards set out in the Code throughout the year ended 31 December 2011.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (www.hkexnews.com.hk) and the Company (www.achc.com.cn). The annual report 2011 of the Company will be dispatched to shareholders and published on the aforesaid websites in due course.

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.

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

Hong Kong, 16 March 2012

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.