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ASIA CEMENT (CHINA) HOLDINGS CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2014 Interim Results Announcement

HIGHLIGHTS OF THE SIX MONTHS ENDED 30 JUNE 2014

Revenue increased by 23% to approximately RMB3,909.0 million (2013: approximately RMB3,177.0 million).

Profit attributable to owners of the Company increased by 50% to approximately RMB383.2 million (2013: approximately RMB255.9 million). The increase in profit attributable to owners of the Company was mainly attributable to the increase in sales volume and average selling price of the Company's products when compared with that of the corresponding period of the previous year.

Basic earnings per share amounted to RMB0.246 (2013: RMB0.164), representing an increase of 50%.

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 condensed consolidated interim results for the six months ended 30 June 2014 together with comparative figures for the corresponding period in 2013. These interim condensed consolidated financial statements for the six months ended 30 June 2014 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 2014

		Six months ended 30 June	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue		**3,908,966**	3,176,961
Cost of sales		**(2,978,761)**	(2,593,121)
Gross profit		**930,205**	583,840
Other income	*4*	**79,208**	85,577
Other gains and losses	*5*	**(47,156)**	53,318
Distribution and selling expenses		**(191,703)**	(169,765)
Administrative expenses		**(151,186)**	(130,229)
Share of profit of jointly controlled entities		**2,146**	1,593
Share of profit of an associate		**435**	960
Finance costs		**(90,389)**	(84,319)
Profit before tax		**531,560**	340,975
Income tax expense	*6*	**(137,231)**	(77,383)
Profit for the period	*7*	**394,329**	263,592
Other comprehensive income:			
Fair value gain on hedging instruments designated in cash flow hedges		**1,633**	2,855
Total comprehensive income for the period		**395,962**	266,447
Profit for the period attributable to:			
Owners of the Company		**383,153**	255,876
Non-controlling interests		**11,176**	7,716
		394,329	263,592
Total comprehensive income for the period attributable to:			
Owners of the Company		**384,786**	258,731
Non-controlling interests		**11,176**	7,716
		395,962	266,447
		RMB	*RMB*
Earnings per share:	*9*		
Basic		**0.246**	0.164
Diluted		**0.246**	0.164

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	**As at 30 June 2014** *RMB'000* *(Unaudited)*	As at 31 December 2013 *RMB'000* *(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**11,458,761**	10,313,948
Quarry	*11*	**277,529**	202,355
Prepaid lease payments	*12*	**684,888**	584,415
Goodwill		**698,872**	138,759
Other intangible assets		**10,981**	9,726
Interest in a joint venture		**32,267**	31,691
Interest in an associate		**17,355**	16,920
Restricted bank deposits		**25,840**	25,840
Deferred tax assets		**28,257**	27,015
Long term receivables		**35,925**	35,925
Long term prepaid rental		**36,948**	25,094
		13,307,623	11,411,688
CURRENT ASSETS			
Inventories	*14*	**986,931**	714,262
Long term receivables – due within one year		**20,028**	28,697
Trade and other receivables	*15*	**3,290,774**	2,722,117
Available-for-sales investments		**40,756**	99,690
Prepaid lease payments	*12*	**20,524**	17,764
Loan to a related company	*16*	**392,961**	391,421
Amount due from an associate		**7,841**	5,297
Restricted bank deposits		**204,998**	3,258
Bank balances and cash		**1,235,492**	1,967,521
		6,200,305	5,950,027
CURRENT LIABILITIES			
Trade and other payables	*17*	**2,061,042**	783,419
Amount due to a joint venture		**21,428**	6,865
Tax payables		**64,883**	103,117
Borrowings – due within one year		**3,500,819**	3,473,494
		5,648,172	4,366,895
NET CURRENT ASSETS		**552,133**	1,583,132
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,859,756**	12,994,820

	Notes	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Borrowings – due after one year		**4,188,592**	3,482,953
Derivative liabilities	*13*	**4,667**	6,300
Deferred tax liabilities		**25,172**	18,692
Provision for environmental restoration		**11,013**	9,052
		4,229,444	3,516,997
NET ASSETS		**9,630,312**	9,477,823
CAPITAL AND RESERVES			
Share capital	*18*	**139,549**	139,549
Reserves		**9,246,554**	9,095,800
Equity attributable to owners of the Company		**9,386,103**	9,235,349
Non-controlling interests		**244,209**	242,474
TOTAL EQUITY		**9,630,312**	9,477,823

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	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*	Investment revaluation reserve *RMB'000*	Retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
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
At 1 January 2014 (audited)	139,549	3,376,570	965,755	286,038	1,635,906	22,639	(6,300)	379	2,814,813	9,235,349	242,474	9,477,823
Profit for the period	–	–	–	–	–	–	–	–	383,153	383,153	11,176	394,329
Other comprehensive expense for the period	–	–	–	–	–	–	1,633	–	–	1,633	–	1,633
Total comprehensive (expense) income for the period	–	–	–	–	–	–	1,633	–	383,153	384,786	11,176	395,962
Appropriation	–	–	196,748	–	–	–	–	–	(196,748)	–	–	–
Fair value change of available-for-sales investments	–	–	–	–	–	–	–	(593)	–	(593)	–	(593)
Dividends recognised as distribution	–	–	–	–	–	–	–	–	(233,439)	(233,439)	(9,441)	(242,880)
Acquisition of Sichuan Lanfeng	–	–	–	–	(12,408)	–	–	–	12,408	–	–	–
At 30 June 2014 (unaudited)	139,549	3,376,570	1,162,503	286,038	1,623,498	22,639	(4,667)	(214)	2,780,187	9,386,103	244,209	9,630,312

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**630,528**	705,339
Net cash used in investing activities	**(1,361,311)**	(1,217,029)
Net cash (used in) from financing activities	**(1,246)**	775,161
Net increase in cash and cash equivalents	**(732,029)**	263,471
Cash and cash equivalents at beginning of the period	**1,967,521**	1,620,114
Cash and cash equivalents at end of the period, represented by bank balances and cash	**1,235,492**	1,883,585

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretations and amendments to International Financial Reporting Standards ("IFRSs") that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment Entities;
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities;
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets;
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting;
IFRIC 21	Levies

The application of the above new Interpretations and amendments 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 2014 (unaudited)

	Cement business *RMB'000*	Concrete business *RMB'000*	Total *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
REVENUE					
External sales	**3,515,796**	**393,170**	**3,908,966**	**–**	**3,908,966**
Inter-segment sales	**78,650**	**–**	**78,650**	**(78,650)**	**–**
Total	**3,594,446**	**393,170**	**3,987,616**	**(78,650)**	**3,908,966**
RESULT					
Segment result	**646,246**	**17,249**	**663,495**	**(132,812)**	**530,683**
Unallocated income					**111,554**
Central administration costs, directors' salaries and other unallocated expense					**(22,869)**
Share of profit of jointly controlled entities					**2,146**
Share of profit of an associate					**435**
Finance costs					**(90,389)**
Profit before tax					**531,560**

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

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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grant	**31,511**	25,455
Transportation fee income	**4,960**	4,513
Sales of scrap materials	**1,456**	902
Interest income on bank deposits	**27,944**	25,743
Imputed interest income on long term receivables	**–**	83
Rental income, net of outgoings	**2,963**	1,152
Interest income on held-to-maturity investments	**2,138**	2,899
Others	**8,236**	24,830
	79,208	85,577

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Allowance for doubtful debts, net	**(2,570)**	(106)
Dividend income from held-on-trading investments	**–**	2,404
Exchange gain, net	**(43,926)**	51,292
Gain (Loss) on changes in fair value of held-for-trading investments	**26**	(48)
Loss on disposal of property, plant and equipment	**(686)**	(224)
	(47,156)	53,318

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
— PRC Enterprise Income Tax ("EIT")	**144,339**	77,932
Withholding tax paid	**–**	1,217
Underprovision (overprovision) in prior years	**(1,859)**	407
Deferred tax credit	**(5,249)**	(2,173)
	137,231	77,383

For the six months ended 30 June 2014 and 2013, 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 2014 and 2013.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation and amortisation	**415,403**	369,586

8. DIVIDENDS

A final dividend of RMB15 cents per share for the year ended 31 December 2013, amounting to RMB233,437,500, was paid during the six months ended 30 June 2014.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2014 and 2013.

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	
	2014	2013
	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)	**383,153**	255,876
	'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	**2,695**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,558,945**	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 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
At 1 January 2014 (audited)	10,313,948
Additions	1,668,715
Depreciation for the period	(520,203)
Disposals	(3,699)
At 30 June 2014 (unaudited)	11,458,761

11. QUARRY

	Carrying value *RMB'000*
At 1 January 2013 (audited)	214,909
Additions	743
Amortisation during the period	(6,649)
At 30 June 2013 (unaudited)	209,003
At 1 January 2014 (audited)	202,355
Additions	86,167
Amortisation during the period	(8,182)
Disposals	(2,811)
At 30 June 2014 (unaudited)	277,529

12. PREPAID LEASE PAYMENT

	Carrying value *RMB'000*
At 1 January 2013 (audited)	600,037
Additions	5,029
Amortisation during the period	(8,488)
At 30 June 2013 (unaudited)	596,578
At 1 January 2014 (audited)	602,179
Transfer from deposits paid for land use rights	–
Additions	118,743
Amortisation during the period	(15,510)
At 30 June 2014 (unaudited)	705,412

13. DERIVATIVE FINANCIAL INSTRUMENTS

Six months ended 30 June 2014 and 2013

At 30 June 2014, 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$40,000,000	20.10.2015	From London Interbank Offering Rate ("LIBOR") to 1.75% per annum

As at 30 June 2014, fair value gain of RMB1,633,000 (2013: fair value gain of RMB2,855,000) 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 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Spare parts and ancillary materials	**355,414**	332,438
Raw materials	**400,689**	282,109
Work in progress	**134,300**	55,851
Finished goods	**96,528**	43,864
	986,931	714,262

15. TRADE AND OTHER RECEIVABLES

	30 June 2014 RMB'000 (unaudited)	31 December 2013 RMB'000 (audited)
Trade receivables	**1,381,032**	1,205,417
Less: accumulated allowance	**(72,947)**	(69,182)
	1,308,085	1,136,235
Bills receivable	**1,381,718**	1,257,244
	2,689,803	2,393,479
Other receivables	**603,303**	330,970
Less: accumulated allowance	**(2,332)**	(2,332)
	3,290,774	2,722,117

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 2014 RMB'000 (unaudited)	31 December 2013 RMB'000 (audited)
0 – 90 days	**731,261**	723,169
91 – 180 days	**307,433**	233,334
181 – 365 days	**229,404**	131,276
Over 365 days	**39,987**	48,456
	1,308,085	1,136,235

16. LOAN TO A RELATED COMPANY

Loan to a related company of RMB392,961,000 is unsecured, interest free and repayable on 4 June 2015.

17. TRADE AND OTHER PAYABLES

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Trade and bills payables	**868,398**	377,714
Other payables and accruals	**1,192,644**	405,705
	2,061,042	783,419
Analysed for reporting purposes as:		
Non-current liabilities	**–**	–
Current liabilities	**2,061,042**	783,419
	2,061,042	783,419

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 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
0 – 90 days	**421,761**	326,179
91 – 180 days	**326,288**	32,265
181 – 365 days	**67,073**	12,041
Over 365 days	**53,276**	7,229
	868,398	377,714

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

18. SHARE CAPITAL

Issued share capital as at 30 June 2014 amounted to RMB139,549,000. There were no movements in the issued share capital of the Company for the six months ended 30 June 2014.

19. COMMITMENTS

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(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	**1,122,553**	1,131,845

20. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Jointly controlled entities:		
Transportation expenses	**51,499**	34,818
Associate:		
Sale of goods	**8,124**	6,092

The remuneration of directors was as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term employee benefits	**3,366**	3,727
	3,366	3,727

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

BUSINESS AND FINANCIAL REVIEW

Facing a complex domestic and international environment in the first half of 2014, the Chinese government emphasised reform and innovation, pushed forward with restructuring and upgrade, and continued to improve people's livelihood, thereby maintaining economic stability, with a GDP growth rate of over 7%. However, the overall economy showed signs of slowdown. The growth rate of China's fixed asset investment declined by 2.8 percentage points year-on-year to 17.3%, while the country's property development investment growth declined by 6.2 percentage points year-on-year to 14.1%.

China's cement production volume in the first half of 2014 amounted to 1,143 million tonnes, representing a 3.6% year-on-year increase, but the growth rate had slipped by close to 6 percentage points when compared with the same period of 2013. Owing to declining growth in infrastructure and property development investments and a relatively large amount of rainfall, growth in cement demand in the first half of 2014 was lower than market expectation, causing prices to drop. However, the overall industry in the first half of 2014 outperformed that of the corresponding period of 2013. Benefiting from low coal price, profitability of the industry improved significantly year-on-year.

Against a complicated macroeconomic environment and industrial situation, the Group proactively faced the challenges by adopting flexible measures to cope with market competition. The Group made timely adjustment to its sales strategies in accordance with market changes, strengthened production management and enhanced equipment's operating efficiency to keep improving its overall competitiveness. Following the inauguration of No. 5 kiln of Jiangxi Yadong under the Group in October 2013, Jiangxi Yadong No. 6 kiln also commenced operation in January 2014, with equipment running smoothly. In April 2014, the Group acquired the entire equity interest in Sichuan Lanfeng Cement Co., Ltd. (with an annual cement production capacity of 5 million tonnes, thus enabling the Company to command the largest market share in the Chengdu cement market and to increase the Group's total production capacity to 35 million tonnes per annum, which was a step closer to its target of 50 million tonnes per annum. The Group has been maintaining high environmental standards, implementing measures in compliance with national energy saving and emission reduction policies, and remaining at the forefront of the industry in reduction of in denitration and nitrogen oxides emission. With efficient sales channel, the Group continued to maintain its main objective of a 1 to 1 sales to output ratio during the first half of the year, and sold an aggregate of 13.43 million tonnes of cement and clinker, representing a year-on-year increase of 14%. Benefiting from increase in cement price and a continued low coal price, which allowed the Group to strengthen its cost control, the Group achieved satisfactory results, with significant growth in overall profits when compared with the corresponding period of last year.

Revenue

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

	For the six months ended	
	30 June 2014	30 June 2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Region		
Central Yangtze River	**2,231,151**	1,858,817
Sichuan Region	**901,239**	756,300
Yangtze River Delta & Others	**776,576**	561,844
Total	**3,908,966**	3,176,961

In the reporting period, the Group's revenue amounted to RMB3,909.0 million, representing an increase of RMB732.0 million or 23% from that of RMB3,177.0 million for the corresponding period of 2013. The increase in revenue was mainly attributable to the increase in sales volume and average selling price of the Company's products.

In respect of revenue contribution for the six months ended 30 June 2014, sales of cement and related products accounted for 90% (2013: 92%) and the sales of ready-mix concrete accounted for 10% (2013: 8%). The table below shows the sales breakdown by product during the reporting period:

	For the six months ended	
	30 June 2014	30 June 2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cement	**3,319,504**	2,801,184
Clinker	**138,210**	45,049
Blast-furnace slag powder	**58,082**	65,210
RMC	**393,170**	265,518
Total	**3,908,966**	3,176,961

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 RMB2,978.8 million (2013: RMB2,593.1 million). The increase in cost of sales was mainly due to the increase of sales volume of the Group.

The gross profit for the six months ended 30 June 2014 was RMB930.2 million (2013: RMB583.8 million), representing a gross profit margin of 24% on revenue (2013: 18%). The improvement in gross profit was mainly attributable to an increase in sales volume and average selling price 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 2014, other income amounted to RMB79.2 million, representing a decrease of RMB6.4 million or 7% from RMB85.6 million for the corresponding period in 2013. The decrease in other income was attributable to the decrease in other income of Jiangxi Yadong during the period under review.

Other Gains and Losses

Other gains and losses mainly comprise exchange losses and allowance of doubtful debts. For the period under review, other gains and losses amounted to the losses of RMB47.2 million, representing a decrease of RMB100.5 million from the gains of RMB53.3 million for the corresponding period in 2013. The decrease in other gains and losses was principally attributable to the increase in exchange loss from US dollar denominated bank borrowings.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For the six months ended 30 June 2014, the distribution and selling expenses amounted to RMB191.7 million, representing an increase of RMB21.9 million or 13% from RMB169.8 million for the corresponding period of 2013. 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 increased by 16%, to RMB151.2 million from RMB130.2 million for the corresponding period of 2013. The increase was attributable to increase in expenses incurred by the Group after the acquisition of Sichuan Lanfeng Cement Co., Ltd ("Sichuan Lanfeng").

The increase in finance costs was mainly due to increase in interest rate.

Profit for the Period

In the reporting period, the net profit of the Group amounted to RMB394.3 million, representing an increase of RMB130.7 million or 50% from RMB263.6 million for the corresponding period of 2013, while the net profit margin also increased from 8% to 10%. The improvement in net profit was mainly attributable to an increase of sales volume and average selling price 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 2014. The total assets increased by 12% to approximately RMB19,507.9 million (31 December 2013: approximately RMB17,361.7 million) while the total equity increased by 2% to approximately RMB9,630.3 million (31 December 2013: approximately RMB9,477.8 million).

As at 30 June 2014, the Group's cash and cash equivalents amounted to approximately RMB1,235.5 million (31 December 2013: approximately RMB1,967.5 million). After deducting the total interest-bearing borrowings of RMB7,689.4 million (31 December 2013: approximately RMB6,956.4 million), the Group had a net borrowing of approximately RMB6,453.9 million (31 December 2013: approximately RMB4,988.9 million).

As at 30 June 2014, the Group's gearing ratio was approximately 51% (31 December 2013: 45%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2014 and 31 December 2013, respectively.

Borrowings

The maturity profiles of the Group's borrowings outstanding as at 30 June 2014 and 31 December 2013 are summarized as below:

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Within one year	**3,500,819**	3,473,494
In the second year	**3,359,067**	2,566,924
In the third to fifth year	**829,525**	916,029
	7,689,411	6,956,447

Capital Expenditure and Capital Commitments

Capital expenditure for the six months ended 30 June 2014 amounted to approximately RMB292.8 million (31 December 2013: approximately RMB1,692.9 million) and capital commitments as at 30 June 2014 amounted to approximately RMB1,122.6 million (31 December 2013: approximately RMB1,131.8 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

As at 30 June 2014, the Group had secured bank loans of RMB331.8 million (31 December 2013: Nil), unsecured bank loans of RMB 7,357.6 million (31 December 2013: RMB6,956.4 million).

Contingent Liabilities

As at the date of this announcement and as at 30 June 2014, the Board was not aware of any material contingent liabilities.

Human Resources

As at 30 June 2014, the Group had 4,657 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 2014, 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 2014, 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

On 16 April 2014, the Company announced that the Sichuan Yadong Cement Co., Ltd, being a non wholly-owned subsidiary of the Company, entered into the Sales and Purchase Agreement with two individual sellers for acquiring 100% of the equity interest in Sichuan Lanfeng at the total estimated consideration of RMB1.0 billion, with appropriate adjustments as required. The consideration shall be satisfied by the Company according to the mechanism described in the announcement of the Company dated 16 April 2014. The Acquisition was completed on 30 July 2014 at the final consideration of RMB968.1 million. For details, please refer to the announcement of the Company dated 30 July 2014.

Save for the aforesaid, the Group had no significant investment, material acquisitions or disposals for the six months ended 30 June 2014.

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 2014, the Group had an outstanding US$ interest rate swap contract of US$40,000,000 to hedge the Group's cash flow interest rate exposure on certain US$ denominated floating rate bank borrowings.

Prospects

In the second half of 2014, a more positive approach is expected to be seen in macroeconomic policy adjustment in the PRC. Fiscal policy and monetary policy shall be more geared to targeting at specific areas and achieving stability so as to ensure that a 7.5% GDP annual growth target will be met. With the government's promulgation of "stimulus" program, fixed asset investment growth rate for the full year in 2014 is expected to surpass 17.5%. Increase in affordable housing projects, policy on three agricultural issues, major hydraulic facilities, railway, energy conservation and environmental protection, as well as social undertakings will all drive cement demand. Weakening property market will prompt austerity measures to gradually relax. In the second half of 2014, the property market will turn around, benefiting the cement industry. The industry expects demand growth in the second half of 2014 will rise significantly, with a 6% increase to 2.56 billion tonnes in cement demand for the entire year when compared with 2013. In May 2014, the Ministry of Industry and Information Technology announced the target for eliminating obsolete cement capacity in 2014 will be 50.5 million tonnes, which is 8.5 million tonnes more than the 42 million tonnes target set by the "Report on the Work of the Government", indicating efforts to eliminate obsolete capacity will be stepped up. The Ministry of Industry and Information Technology is also revising the new "Entry Criteria for the Cement Industry". The recent promulgation of air pollution control policy, the policy for addressing overcapacity, the abolishment of 32.5 grade composite cement according to the new national standard as well as differential electricity prices for enterprises to be eliminated will facilitate healthy and positive development of the industry and effectively improve supply-demand situation. According to several media forecasts, new supply of clinker capacity will decrease from 94 million tonnes in 2013 to 65 million tonnes in 2014. Additional cement capacity will have a net growth rate of 2% or it may decline. As such, growth in supply will be smaller than that of demand.

Although cement price fell short of expectations in the second quarter of 2014, industry players are highly confident that the price will recover in the second half of the year. It is expected that industry players will be more proactive in exercising self-discipline to suspend the operation of kilns to conserve energy and reduce emission in the third quarter, which will further improve supply and demand situation. As such, the Group is optimistic about the future market trend. We expect cement prices will start to rise at the end of the third quarter, and to leap further as growth in demand accelerates after the arrival of the peak season in the fourth quarter. The Group expects the aggregate sales volume of cement and clinker in 2014 will be 32 million tonnes, representing more than 20% from that of 2013.

As the Group's production capacity gradually expands, we will be more proactive in monitoring changes in the external environment and prepare ourselves in advance for making responses, in order to be among the first to seize market opportunities and be proactive in competition. The Group will ensure the silos in Taizhou, currently under construction, will commence operation in the fourth quarter of this year, which will facilitate deployment of production and sales in the downstream region of the Yangtze River in China and, when necessary, enable the Group to sell to overseas markets. The Group will also continue to strengthen cost control and accounts receivable control to enhance operational efficiency, optimise employee training mechanism, and cultivate creative employees. The Group has been upholding the principle of environmental protection. We will strive to push forward cooperation with local governments, utilising cement kilns to facilitate the treatment of waste such as urban waste, so as to fulfil social responsibility of a large company. All in all, the management believes that the Group is optimistic and confident about the outlook for its profitability in the second half of 2014.

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 to the Listing Rules during the six months ended 30 June 2014, 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 16 April 2014 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 CG Code 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 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the Directors of the Company. Having made specific enquiry with all Directors, all the Directors confirmed that they have complied with the Model Code throughout the period under review.

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 2014 for the six months ended 30 June 2014 will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.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, 6 August 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.