ASIA CEMENT (CHINA) HOLDINGS CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

2015 Interim Results Announcement

HIGHLIGHTS OF THE SIX MONTHS ENDED 30 JUNE 2015

Revenue decreased by 23% to approximately RMB3,006.4 million (2014: approximately RMB3,909.0 million).

Profit attributable to owners of the Company decreased by 97% to approximately RMB9.9 million (2014: approximately RMB383.2 million). The decrease in profit attributable to owners of the Company was mainly attributable to the decrease in 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 RMB0.006 (2014: RMB0.246), representing an decrease of 97%.

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 2015 together with comparative figures for the corresponding period in 2014. These interim condensed consolidated financial statements for the six months ended 30 June 2015 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 2015

		Six months ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue		**3,006,396**	3,908,966
Cost of sales		**(2,578,665)**	(2,978,761)
Gross profit		**427,731**	930,205
Other income	*4*	**51,532**	79,208
Other gains and losses	*5*	**10,068**	(47,156)
Distribution and selling expenses		**(187,531)**	(191,703)
Administrative expenses		**(169,059)**	(151,186)
Share of profit of jointly controlled entities		**387**	2,146
Share of profit of an associate		**(897)**	435
Finance costs		**(89,494)**	(90,389)
Profit before tax		**42,737**	531,560
Income tax expense	*6*	**(30,151)**	(137,231)
Profit for the period	*7*	**12,586**	394,329
Other comprehensive income:			
Fair value gain on hedging instruments designated in cash flow hedges		**1,512**	1,633
Total comprehensive income for the period		**14,098**	395,962
Profit for the period attributable to:			
Owners of the Company		**9,854**	383,153
Non-controlling interests		**2,732**	11,176
		12,586	394,329
Total comprehensive income for the period attributable to:			
Owners of the Company		**11,366**	384,786
Non-controlling interests		**2,732**	11,176
		14,098	395,962
		RMB	*RMB*
Earnings per share:	*9*		
Basic		**0.006**	0.246
Diluted		**0.006**	0.246

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015

	Notes	**As at 30 June 2015** *RMB'000* **(Unaudited)**	As at 31 December 2014 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**11,097,943**	11,364,794
Quarry	*11*	**258,641**	266,118
Prepaid lease payments	*12*	**650,989**	663,148
Goodwill		**693,000**	693,000
Other intangible assets		**4,352**	8,554
Interest in a joint venture		**74,075**	75,613
Interest in an associate		**16,216**	17,113
Restricted bank deposits		**28,467**	25,840
Deferred tax assets		**29,153**	29,766
Long term receivables		**22,380**	22,380
Long term prepaid rental		**30,094**	31,864
		12,905,310	13,198,190
CURRENT ASSETS			
Inventories	*14*	**974,117**	966,335
Long term receivables – due within one year		**25,873**	20,573
Trade and other receivables	*15*	**2,833,537**	3,039,842
Prepaid lease payments	*12*	**18,118**	18,118
Loan to a related company	*16*	**430,196**	437,000
Amount due from an associate		**12,096**	–
Restricted bank deposits		**200**	18,347
Bank balances and cash		**2,171,733**	2,324,584
		6,465,870	6,824,799
CURRENT LIABILITIES			
Trade and other payables	*17*	**952,816**	1,201,699
Amount due to a joint venture		**15,996**	6,668
Tax payables		**15,768**	46,874
Derivative liabilities	*13*	**1,362**	2,876
Borrowings – due within one year		**3,602,128**	4,804,222
		4,588,070	6,062,339
NET CURRENT ASSETS		**1,877,800**	762,460
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,783,110**	13,960,650

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Borrowings – due after one year		**4,872,431**	3,814,465
Deferred tax liabilities		**20,771**	27,839
Provision for environmental restoration		**15,049**	13,212
		4,908,251	3,855,516
NET ASSETS		**9,874,859**	10,105,134
CAPITAL AND RESERVES			
Share capital	*18*	**140,390**	140,390
Reserves		**9,466,565**	9,690,227
Equity attributable to owners of the Company		**9,606,955**	9,830,617
Non-controlling interests		**267,904**	274,517
TOTAL EQUITY		**9,874,859**	10,105,134

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company											
	Share capital	**Share premium**	**Statutory reserves**	**Other reserves**	**Special reserve**	**Share option reserve**	**Hedging reserve**	**Investment revaluation reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
At 1 January 2015 (audited)	140,390	3,431,806	1,162,503	286,038	1,635,906	–	(2,876)	–	3,176,850	9,830,617	274,517	10,105,134
Profit for the period	–	–	–	–	–	–	–	–	9,854	9,854	2,732	12,586
Other comprehensive income for the period	–	–	–	–	–	–	1,512	–	–	1,512	–	1,512
Total comprehensive income for the period	–	–	–	–	–	–	1,512	–	9,854	11,366	2,732	14,098
Appropriation	–	–	200,973	–	–	–	–	–	(200,973)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	–	–	–
Dividends recognised as distribution	–	–	–	–	–	–	–	–	(235,028)	(235,028)	(9,345)	(244,373)
At 30 June 2015 (unaudited)	140,390	3,431,806	1,363,476	286,038	1,635,906	–	(1,364)	–	2,750,703	9,606,955	267,904	9,874,859

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**471,950**	630,528
Net cash used in investing activities	**(145,912)**	(1,361,311)
Net cash used in financing activities	**(478,889)**	(1,246)
Net decrease in cash and cash equivalents	**(152,851)**	(732,029)
Cash and cash equivalents at beginning of the period	**2,324,584**	1,967,521
Cash and cash equivalents at end of the period, represented by bank balances and cash	**2,171,733**	1,235,492

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 for certain financial instruments, which are measured at fair values.

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 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied the following amendments to IFRSs which are mandatorily effective for the current interim period:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the 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 disclosure 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 2015 (unaudited)

	Cement business *RMB'000*	**Concrete business** *RMB'000*	**Total** *RMB'000*	**Elimination** *RMB'000*	**Consolidated** *RMB'000*
REVENUE					
External sales	**2,703,367**	**303,029**	**3,006,396**	**–**	**3,006,396**
Inter-segment sales	**52,944**	**–**	**52,944**	**(52,944)**	**–**
Total	**2,756,311**	**303,029**	**3,059,340**	**(52,944)**	**3,006,396**
RESULT					
Segment result	**177,243**	**16,208**	**193,451**	**(51,781)**	**141,670**
Unallocated income					**12,307**
Central administration costs, directors' salaries and other unallocated expense					**(21,236)**
Share of profit of jointly controlled entities					**387**
Share of loss of an associate					**(897)**
Finance costs					**(89,494)**
Profit before tax					**42,737**

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

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	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grant	**14,479**	31,511
Transportation fee income	**4,635**	4,960
Sales of scrap materials	**2,323**	1,456
Interest income on bank deposits	**21,675**	27,944
Rental income, net of outgoings	**1,510**	2,963
Interest income on held-to-maturity investments	**–**	2,138
Others	**6,910**	8,236
	51,532	79,208

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Allowance for doubtful debts, net	**5,194**	(2,570)
Exchange gain, net	**5,270**	(43,926)
Gain on changes in fair value of held-for-trading investments	**–**	26
Loss on disposal of property, plant and equipment	**(396)**	(686)
	10,068	(47,156)

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
— PRC Enterprise Income Tax ("EIT")	**36,246**	144,339
Withholding tax paid	**–**	–
Underprovision (overprovision) in prior years	**359**	(1,859)
Deferred tax credit	**(6,454)**	(5,249)
	30,151	137,231

For the six months ended 30 June 2015 and 2014, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 15% to 25% and 15% 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 2015 and 2014.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation and amortisation	**458,064**	415,403

8. DIVIDENDS

A final dividend of RMB15 cents per share for the year ended 31 December 2014, amounting to RMB235,027,650, was paid during the six months ended 30 June 2015.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 and 2014.

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	
	2015	2014
	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)	**9,854**	383,153
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,566,851**	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	**1,566,851**	1,558,945

10. PROPERTY, PLANT AND EQUIPMENT

	Carrying value
	RMB'000
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
At 1 January 2015 (audited)	11,364,794
Additions	169,759
Depreciation for the period	(432,309)
Disposals	(4,301)
At 30 June 2015 (unaudited)	11,097,943

11. QUARRY

	Carrying value
	RMB'000
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
At 1 January 2015 (audited)	266,118
Additions	1,835
Amortisation during the period	(9,312)
At 30 June 2015 (unaudited)	258,641

12. PREPAID LEASE PAYMENT

	Carrying value
	RMB'000
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
At 1 January 2015 (audited)	681,266
Additions	–
Amortisation during the period	(12,159)
At 30 June 2015 (unaudited)	669,107

13. DERIVATIVE FINANCIAL INSTRUMENTS

Six months ended 30 June 2015 and 2014

At 30 June 2015, 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$30,000,000	20.10.2015	From London Interbank Offering Rate ("LIBOR") to 1.75% per annum

As at 30 June 2015, fair value gain of RMB1,512,000 (2014: fair value gain of RMB1,633,000) 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 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Spare parts and ancillary materials	**389,183**	378,618
Raw materials	**316,543**	385,348
Work in progress	**157,619**	123,388
Finished goods	**110,772**	78,981
	974,117	966,335

15. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**1,487,749**	1,502,968
Less: accumulated allowance	**(96,040)**	(101,156)
	1,391,709	1,401,812
Bills receivable	**1,002,830**	1,284,071
	2,394,539	2,685,883
Other receivables	**441,330**	356,291
Less: accumulated allowance	**(2,332)**	(2,332)
	2,833,537	3,039,842

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 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**553,273**	749,175
91 – 180 days	**280,336**	349,422
181 – 365 days	**459,661**	256,217
Over 365 days	**98,439**	46,998
	1,391,709	1,401,812

16. LOAN TO A RELATED COMPANY

Loan to a related company of RMB430,196,000 is unsecured, interest free and repayable in June 2016.

17. TRADE AND OTHER PAYABLES

	30 June 2015 *RMB'000* (unaudited)	31 December 2014 *RMB'000* (audited)
Trade and bills payables	**502,243**	525,649
Other payables and accruals	**450,573**	676,050
	952,816	1,201,699
Analysed for reporting purposes as:		
Non-current liabilities	**–**	–
Current liabilities	**952,816**	1,201,699
	952,816	1,201,699

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 2015 *RMB'000* (unaudited)	31 December 2014 *RMB'000* (audited)
0 – 90 days	**324,967**	455,247
91 – 180 days	**35,548**	35,124
181 – 365 days	**120,673**	27,713
Over 365 days	**21,055**	7,565
	502,243	525,649

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 2015 amounted to RMB140,390,000. There were no movements in the issued share capital of the Company for the six months ended 30 June 2015.

19. COMMITMENTS

	30 June 2015 *RMB'000* (unaudited)	31 December 2014 *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	**618,880**	752,917

20. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2015 *RMB'000* **(unaudited)**	2014 *RMB'000* (unaudited)
Jointly controlled entities:		
Transportation expenses	**42,139**	51,499
Associate:		
Sale of goods	**2,483**	8,124

The remuneration of directors was as follows:

	Six months ended 30 June	
	2015 *RMB'000* **(unaudited)**	2014 *RMB'000* (unaudited)
Short-term employee benefits	**2,576**	3,366
	2,576	3,366

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

BUSINESS AND FINANCIAL REVIEW

Against the backdrop of the "new normal", the overall economic development in China in the first half of 2015 was stable, while industrial restructuring continued at a steady pace. In line with expectations, economic growth slightly slowed down. The GDP growth rate for the first half of the year was 7.0%, representing a year-on-year decrease of 0.4 percentage point, while the growth rate of China's fixed assets investment reached 11.4%, representing a decline of 5.9 percentage points as compared to that of the same period last year. The property development investment increased by 4.6% year-on-year, which was 9.5 percentage points lower than the growth rate of the same period last year.

Affected by the decline in the growth of China's fixed assets investment and property development investment, the cement market saw sluggish demand. From January to June of 2015, the national cement output was 1,077 million tonnes, representing a decrease of 67 million tonnes or 5.9% from 1,144 million tonnes of the same period last year. According to the analysis conducted by authoritative media in the cement industry, the continued decline in demand had led to high inventory level, making cement companies to lower their price to reduce inventory; as a result, the consensus on energy saving, emission reduction as well as reducing supply could not be reached effectively among cement companies. This led to a continuous drop in cement price, with the price at the end of June being the lowest in 10 years. The operating environment in the cement industry was difficult, as cement prices in a number of regions had dropped below the production cost. The accumulated profit in the first half of the year decreased by over 70% when compared with that of the same period of the previous year.

The Group had taken various measures to proactively cope with the challenges brought by the depressed market conditions and intensified market competition. First, the silo in Taizhou (with a total storage capacity of 70,000 tonnes and annual cement intermediate storage capacity of over 1.5 million tonnes) commenced operation in April 2015, and started exporting products to overseas markets in May, thereby effectively helping adjust sales in accordance with the Group's output. Second, companies under the Group had fully utilized the market network. Leveraging the good quality, service and reputation of "Skyscraper" brand cement, combined with dedicated efforts, the Group successfully won the tender for supplying to a number of key infrastructure projects (including subway, bridge, inter-city railway and expressway, etc.) in Wuhan, Chengdu, Nanchang, Jiujiang and Yangzhou. The total contract volume exceeded 2 million tonnes. The Group had also entered into strategic cooperation agreements with various large-scale construction companies in the process of its on-going tacit cooperation with them. Such was to achieve direct delivery to end-users, thereby minimising intermediate process and expenses. Third, the Group continued to enhance benchmarking led by the headquarters, to reduce costs through different effective measures. In the first half of the year, the consumption indicators of coal, electricity and other raw materials improved from those of the previous year, and the consolidated cost of cement reduced by more than 8% year-on-year. With the abovementioned efforts, the Group was able to achieve full disposal of all output. In the first half of the year, the Group sold a total of 12.95 million tonnes of cement and clinker, representing a drop of 3.6% year-on-year. This combined with an 19% year-on-year decline in the average selling price of cement had led to a significant decrease in the overall profitability.

Revenue

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

	For the six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Region		
Southeastern region	**1,153,551**	1,400,038
Central region	**831,961**	1,137,483
Southwestern region	**720,199**	901,239
Eastern region	**300,685**	470,206
Total	**3,006,396**	3,908,966

In the reporting period, the Group's revenue amounted to RMB3,006.4 million, representing a decrease of RMB902.6 million or 23% from that of RMB3,909.0 million for the corresponding period of 2014. The decrease in revenue was mainly attributable to the decrease in sales volume and average selling price of the Company's products.

In respect of revenue contribution for the six months ended 30 June 2015, sales of cement and related products accounted for 90% (2014: 90%) and the sales of ready-mix concrete accounted for 10% (2014: 10%). The table below shows the sales breakdown by product during the reporting period:

	For the six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cement	**2,536,376**	3,319,504
Clinker	**152,756**	138,210
Blast-furnace slag powder	**14,235**	58,082
RMC	**303,029**	393,170
Total	**3,006,396**	3,908,966

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 RMB2,578.7 million (2014: RMB2,978.8 million). The decrease in cost of sales was mainly due to the decrease in coal cost.

The gross profit for the six months ended 30 June 2015 was RMB427.7 million (2014: RMB930.2 million), representing a gross profit margin of 14% on revenue (2014: 24%). The decrease in gross profit was mainly attributable to a decrease in average selling price of cement products 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 2015, other income amounted to RMB51.5 million, representing a decrease of RMB27.7 million or 35% from RMB79.2 million for the corresponding period in 2014. The decrease in other income was attributable to the decrease in government grant and interest incomes 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 RMB10.1 million, representing an increase of RMB57.3 million from the losses of RMB47.2 million for the corresponding period in 2014. The increase in other gains 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 2015, the distribution and selling expenses amounted to RMB187.5 million, representing a decrease of RMB4.2 million or 2% from RMB191.7 million for the corresponding period of 2014. The decrease in distribution and selling expenses was attributable to the decrease in transportation cost of cement products during the period under review.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses increased by 12%, to RMB169.1 million from RMB151.2 million for the corresponding period of 2014. The increase was attributable to increase in expenses incurred by the Group after the acquisition of Sichuan Lanfeng Cement Co., Ltd ("Sichuan Lanfeng").

The finance costs remained stable.

Profit for the Period

In the reporting period, the net profit of the Group amounted to RMB12.6 million, representing a decrease of RMB381.7 million or 97% from RMB394.3 million for the corresponding period of 2014, while the net profit margin also decreased from 10.1% to 0.4%. The deterioration in net profit was mainly attributable to a decrease of sales volume and average selling price of cement products.

Financial Resources and Liquidity

The Group maintained a healthy financial and liquidity position for the six months ended 30 June 2015. The total assets decreased by 3% to approximately RMB19,371.2 million (31 December 2014: approximately RMB20,023.0 million) while the total equity decreased by 2% to approximately RMB9,874.9 million (31 December 2014: approximately RMB10,105.1 million).

As at 30 June 2015, the Group's cash and cash equivalents amounted to approximately RMB2,200.4 million (31 December 2014: approximately RMB2,368.8 million).

As at 30 June 2015, the Group's gearing ratio was approximately 49% (31 December 2014: 50%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2015 and 31 December 2014, respectively.

Borrowings

The maturity profiles of the Group's borrowings outstanding as at 30 June 2015 and 31 December 2014 are summarized as below:

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within one year	**3,602,128**	4,804,222
In the second year	**2,745,966**	1,447,782
In the third to fifth year	**2,126,465**	2,366,683
	8,474,559	8,618,687

Capital Expenditure and Capital Commitments

Capital expenditure for the six months ended 30 June 2015 amounted to approximately RMB171.5 million (31 December 2014: approximately RMB709.9 million) and capital commitments as at 30 June 2015 amounted to approximately RMB618.9 million (31 December 2014: approximately RMB752.9 million). Both the capital expenditure and capital commitments were mainly related to the purchase of plant, equipment and investment projects. 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 2015, the Group did not have any pledge or charge on assets.

Contingent Liabilities

As at the date of this announcement and as at 30 June 2015, the Board was not aware of any material contingent liabilities.

Human Resources

As at 30 June 2015, the Group had 4,663 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 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 2015, 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

Save for the aforesaid, the Group had no significant investment, material acquisitions or disposals for the six months ended 30 June 2015.

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 2015, the Group had an outstanding US$ interest rate swap contract of US$30,000,000 to hedge the Group's cash flow interest rate exposure on certain US$ denominated floating rate bank borrowings.

Prospects

Looking into the second half of the year, the macro-economy will continue to pick up as key economic indicators showed gradual recovery in June. The government will also implement more powerful proactive fiscal policy and prudent monetary policy, with particular focuses. More and stronger measures to stabilise economic growth will be introduced. Regarding monetary policy, the People's Bank of China had lowered the reserve requirement ratio three times and cut the benchmark deposit and lending interest rates twice. These measures effectively increase liquidity. With respect to fiscal policy, the National Development and Reform Commission approved a large number of key construction projects. During the first half of the year, 35 large-scale infrastructure projects with a total investment amount of over RMB800 billion were approved, while approximately RMB1,970 billion worth of public and private partnership projects were launched. In addition, although the property market had been regulated for a long period of time, it starts to show moderate recovery as stimulus and relaxation measures, which have been successively introduced, are gradually taking effect. The Group expects the government's measures to stabilise growth in the first half of the year will gradually produce positive and significant results after a "lag period", which will in turn drive growth in cement demand. With strict implementation of environmental standards and the abolishment of PC 32.5 grade cement, the phase-out of uncompetitive small to medium-sized cement companies will accelerate. This will also help escalate industry upgrade and consolidation progress, raise the standard for concrete and guarantee the quality of construction projects, which will be beneficial to the development of the cement and construction materials industries. Methods for large enterprises' collaboration will become more diversified. Investing in the other's equities and signing of strategic cooperation agreements have become a norm. Strategic cooperation between strong industry players complementing each other will help create rational competition in the industry. It can also promote energy saving, emission reduction and a healthy development of the industry, thereby stabilising regional markets and improving cement prices.

All in all, the Group expects both market demand and price will remain at low levels due to the high temperature in July and August. But with the construction of various projects and rural housing reaching its peak in September, and the abolishment of PC 32.5 grade cement, which will have positive impact on high-grade cement, the overall demand and industry confidence will be boosted. Companies will gradually give up the competition concepts of "Law of the Jungle" and "Zero-Sum Game" they had in the first half of the year, and move towards regional consolidation through win-win cooperation. Starting from September, it is expected that both quantity and price will increase, bringing a turnaround to the industry development.

In 2015, the Group plans to sell a total of approximately 31 million tonnes of cement and clinker, representing a year-on-year increase of 1.1 million tonnes or 4%.

Crisis always comes with opportunity. The Group will strive to tackle the current difficulties by seizing development opportunities. The companies under the Group will strengthen market analysis and adopt a more flexible and targeted marketing strategy, to broaden sales in markets near the factories. Such is aimed to increase market influence in core markets. Meanwhile, the Group will continue to promote management reform as well as innovations in production, transportation and sales, reduce account receivables and achieve cost reduction and higher efficiency through various measures, in order to increase overall competitiveness. Besides, the Group will continue to look out for suitable targets for strategic collaboration for capacity expansion and sales network optimisation. Finally, the Group will adhere to green development strategy, in order to establish a corporate image associated with energy saving, emission reduction, clean production and environmental protection. In addition to integrated utilization of industrial wastes, the Group will, depending on the circumstances and at an appropriate time, start to utilise cement kilns to facilitate the treatment of domestic and solid waste, thereby making contribution to society and environmental protection.

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 2015, 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.

Following the resignation of Mr. Lei, Qian-zhi and the passing away of Mr. Liu, Zhen-tao, the number of independent non-executive directors has fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules. Following the appointment of Mr. Wang Wei and Mr. Lee Kao-chao with effect from 13 April 2015 as independent non-executive directors, the Company has fulfilled the requirements of Rule 3.10A 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 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) and Mr. Hsu Shu-tong, all of whom are non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, 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 2015 for the six months ended 30 June 2015 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, 4 August 2015

As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, 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. TSIM Tak-lung Dominic, Mr. WANG Wei and Mr. LEE Kao-chao.