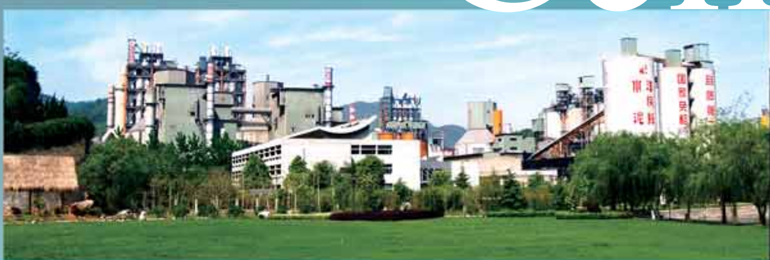
Asia Cement (China) Holdings Corporation
亞洲水泥（中國）控股公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 743

Asia Cement



Interim Report 2009

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. CHANG, Tsai-hsiung
Madam CHIANG SHAO, Ruey-huey
Mr. CHANG, Chen-kuen
Mr. LIN, Seng-chang
Dr. WU, Chung-lih

Non-executive Directors

Mr. HSU, Shu-tong (Chairman)

Independent non-executive Directors

Mr. LIU, Zhen-tao
Mr. LEI, Qian-zhi
Mr. TSIM, Tak-lung Dominic
Dr. WONG, Ying-ho Kennedy

Company Secretary

Mr. LO Wai Kit, *ACCA, FCPA, CFA*

Qualified Accountant

Mr. LO Wai Kit, *ACCA, FCPA, CFA*

Authorized Representatives

Madam CHIANG SHAO, Ruey-huey
Mr. LO Wai Kit

Members of Audit Committee

Mr. TSIM, Tak-lung Dominic (Chairman)
Mr. HSU, Shu-tong
Dr. WONG, Ying-ho Kennedy

Members of Remuneration Committee

Mr. HSU, Shu-tong (Chairman)
Mr. TSIM, Tak-lung Dominic
Dr. WONG, Ying-ho Kennedy

Members of Independence Committee

Mr. TSIM, Tak-lung Dominic
Dr. WONG, Ying-ho Kennedy
Mr. LIU, Zhen-tao

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in the PRC

No. 6 Yadong Avenue
Ma-Tou Town, Ruichang City
Jiangxi Province, PRC

Principal Place of Business in Hong Kong

Portion of Unit B, 11th Floor
Lippo Leighton Tower
103 Leighton Road
Causeway Bay
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

China Construction Bank
Bank of China
Bank of Communications

Compliance Adviser

CIMB-GK Securities (HK) Limited
25/F, Central Tower
28 Queen's Road Central
Central
Hong Kong

Auditors

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

Stock Code

743

Company Website

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Contact Details

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Financial Highlights

	Notes	Six months ended 30 June 2009 RMB'000	2008 RMB'000	% Change Increase/ (Decrease)
Revenue		**1,974,242**	1,347,715	46
Gross profit		**626,832**	432,266	45
Profit for the period		**325,954**	195,371	67
Profit attributable to owners of the Company		**323,916**	171,814	89
Gross profit margin		**32%**	32%	—
Net profit margin	*1*	**17%**	14%	21
Earning per share				
— Basic		**RMB0.208**	RMB0.154	35
— Diluted		**RMB0.208**	RMB0.154	35

		30 June 2009 RMB'000	31 December 2008 RMB'000	
Total assets		**11,047,304**	10,950,060	1
Net assets		**6,777,944**	6,591,014	3
Liquidity and Gearing				
Current ratio	*2*	**1.71**	1.84	
Quick ratio	*3*	**1.46**	1.62	
Gearing ratio	*4*	**0.39**	0.40	

Notes:

1. *Net profit margin is calculated as profit for the period divided by revenue.*

2. *Current ratio is calculated as current assets divided by current liabilities.*

3. *Quick ratio is calculated as current assets less inventories divided by current liabilities.*

4. *Gearing ratio is calculated as total liabilities divided by total assets.*

Condensed Consolidated Financial Statements

Interim 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 unaudited consolidated interim results of the Group for the six months ended 30 June 2009 together with comparative figures for the corresponding period in 2008. These interim condensed consolidated financial statements for the six months ended 30 June 2009 have not been audited, but have been reviewed by the Audit Committee and the auditors of the Company.

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
	Notes	**2009** **RMB'000** **(unaudited)**	2008 RMB'000 (audited)
Revenue		**1,974,242**	1,347,715
Cost of sales		**(1,347,410)**	(915,449)
Gross profit		**626,832**	432,266
Other income		**49,905**	47,974
Other expenses and losses	*5*	**(37,550)**	(42,053)
Distribution and selling expenses		**(108,012)**	(84,580)
Administrative expenses		**(85,876)**	(68,515)
Share of results of jointly controlled entities		**(308)**	19
Finance costs		**(84,024)**	(70,759)
Profit before tax		**360,967**	214,352
Income tax expense	*6*	**(35,013)**	(18,981)
Profit for the period	*7*	**325,954**	195,371
Other comprehensive income:			
Available-for-sale financial assets		**—**	146
Total comprehensive income for the period		**325,954**	195,517
Profit for the period attributable to:			
Owners of the Company		**323,916**	171,814
Minority interests		**2,038**	23,557
		325,954	195,371
Total comprehensive income for the period attributable to:			
Owners of the Company		**323,916**	171,960
Minority interests		**2,038**	23,557
		325,954	195,517
		RMB	RMB
Earnings per share:	*9*		
Basic		**0.208**	0.154
Diluted		**0.208**	0.154

Condensed Consolidated Financial Statements (continued)

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	7,445,256	6,908,257
Quarry	11	103,732	71,434
Prepaid lease payments	12	362,044	284,758
Interests in jointly controlled entities		29,967	30,275
Deposits paid for land use rights		107,980	185,268
Deferred tax assets		16,973	10,637
Long term receivables	13	79,577	53,070
		8,145,529	7,543,699
Current assets			
Inventories		432,418	415,485
Long term receivables — due within one year	13	1,318	6,140
Trade and other receivables	14	814,739	767,070
Tax recoverable		12,816	8,519
Prepaid lease payments	12	8,240	7,939
Amounts due from related companies		—	37
Restricted bank deposits	15	180,346	102,943
Time deposits		—	20,000
Bank balances and cash		1,451,898	2,078,228
		2,901,775	3,406,361
Current liabilities			
Trade and other payables	16	547,441	525,414
Amounts due to related companies		5,053	7,487
Tax payables		20,972	4,747
Bank borrowings — due within one year	17	1,120,776	1,309,722
		1,694,242	1,847,370
Net current assets		1,207,533	1,558,991
Total assets less current liabilities		9,353,062	9,102,690
Non-current liabilities			
Bank borrowings — due after one year	17	2,564,187	2,503,898
Deferred tax liabilities		10,931	7,778
		2,575,118	2,511,676
Net assets		6,777,944	6,591,014
Capital and reserves			
Share capital	18	139,549	139,549
Reserves		6,505,003	6,332,072
Equity attributable to owners of the Company		6,644,552	6,471,621
Minority interests		133,392	119,393
Total equity		6,777,944	6,591,014

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Special reserve RMB'000	Revaluation reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2008 (audited)	2	1,377,066	106,360	268,145	1,619,677	1,689	—	470,746	3,843,685	439,278	4,282,963
Gain on fair value change of available-for-sale investments	—	—	—	—	—	1,550	—	—	1,550	—	1,550
Profit for the period	—	—	—	—	—	—	—	171,814	171,814	23,557	195,371
Release upon disposal of available-for-sale investments	—	—	—	—	—	(1,404)	—	—	(1,404)	—	(1,404)
Total comprehensive income for the period	—	—	—	—	—	146	—	171,814	171,960	23,557	195,517
Capitalisation issue	101,016	(101,016)	—	—	—	—	—	—	—	—	—
Issue of shares via capitalisation of amount due to the immediate holding company	—	288,495	—	—	—	—	—	—	288,495	—	288,495
Issue of new shares for cash	38,531	1,868,841	—	—	—	—	—	—	1,907,372	—	1,907,372
Cost of issue new shares	—	(56,816)	—	—	—	—	—	—	(56,816)	—	(56,816)
Contributions from ultimate holding company	—	—	—	17,893	—	—	—	—	17,893	—	17,893
Recognition of equity-settled share based payment	—	—	—	—	—	—	2,245	—	2,245	—	2,245
Acquisition of minority interest	—	—	—	—	54,216	—	—	—	54,216	(344,481)	(290,265)
At 30 June 2008 (audited)	139,549	3,376,570	106,360	286,038	1,673,893	1,835	2,245	642,560	6,229,050	118,354	6,347,404
At 1 January 2009 (audited)	139,549	3,376,570	164,947	286,038	1,673,893	—	7,748	822,876	6,471,621	119,393	6,591,014
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	323,916	323,916	2,038	325,954
Dividend (Note 8)	—	—	—	—	—	—	—	(155,625)	(155,625)	—	(155,625)
Recognition of equity-settled share based payment	—	—	—	—	—	—	4,640	—	4,640	—	4,640
Capital contribution from minority interest (Note)	—	—	—	—	—	—	—	—	—	11,961	11,961
At 30 June 2009 (unaudited)	139,549	3,376,570	164,947	286,038	1,673,893	—	12,388	991,167	6,644,552	133,392	6,777,944

Note: The capital contribution of US$1,750,000 (equivalent to approximately RMB11,961,000) from a minority shareholder represents its share of additional contributed capital in Jiangxi Ya Dong Cement Corporation Ltd ("Jiangxi Ya Dong") as a result of the increase in the registered capital of Jiangxi Ya Dong during the six months ended 30 June 2009.

Condensed Consolidated Financial Statements (continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Net cash from operating activities	**613,210**	269,855
Investing activities:		
Decrease (increase) in time deposits	**20,000**	(20,193)
Interest received	**15,299**	14,142
Proceeds on disposal of property, plant and equipment	**855**	8,438
Proceeds on disposal of available-for-sale investments	**—**	259,404
Acquisition of available-for-sale investments	**—**	(251,800)
Purchase of property, plant and equipment	**(759,330)**	(1,005,986)
(Increase) decrease in restricted bank deposits	**(77,403)**	8,536
Purchase of quarry	**(34,810)**	(12,349)
Increase in long term receivables	**(14,925)**	(3,000)
Increase in deposits paid for land use rights	**(7,490)**	(72,000)
Consideration paid for land use rights	**(6,912)**	(1,641)
Net cash used in investing activities	**(864,716)**	(1,076,449)
Financing activities:		
Repayments of borrowings	**(1,076,299)**	(269,585)
Dividend paid	**(155,625)**	—
Interest paid	**(102,503)**	(99,087)
Repayments of advances to ultimate holding company	**—**	(1,796)
Proceeds from issue of new shares, net of share issue cost	**—**	1,850,556
Capital contribution from minority interest	**11,961**	—
Bank borrowings raised	**947,642**	1,452,069
Net cash (used in) from financing activities	**(374,824)**	2,932,157
Net (decrease) increase in cash and cash equivalents	**(626,330)**	2,125,563
Cash and cash equivalents at beginning of the period	**2,078,228**	620,216
Cash and cash equivalents at end of the period, represented by bank balances and cash	**1,451,898**	2,745,779

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. General Information

The Company is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law (2003 Revision), Chapter 22 of the Cayman Islands on 7 April 2004. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company is Asia Cement Corporation ("Asia Cement"), 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 principal activity of the Group is manufacture and sale of cement, concrete and related products in the People's Republic of China (the "PRC"). The Company is an investment holding company.

2. 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 and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Group's interim financial information is presented in Renminbi ("RMB") which is also the functional currency of the Company.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at initial recognition.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

IAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. IFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, IAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 (see note 4). The adoption of the new and revised IFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of IFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. IAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Condensed Consolidated Financial Statements (continued)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

4. Segment Information

The Group has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The Group's CODM is the chief executive officer. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In prior years, primary segment information was analysed on the basis of business activities of the group which were categorised into cement business and concrete business. Internal reports that regularly reviewed by the CODM include (i) revenue analysed on the basis of the geographical location of cement products and concrete supplied to; (ii) revenue and sales volume analysed on the basis of types of products which include cement products, clinker, blast- furnace slag powder (collectively under cement business) and RMC (under concrete business). No operating results nor discrete financial information was presented to CODM in relation to the above analyses. For the purposes of assessing performance and allocating resources, CODM reviews revenues and operating results of cement business and concrete business, respectively. They are considered as the operating segments of the Group under IFRS 8. Accordingly, application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14. Nor has the adoption of IFRS 8 changed the basis of measurement of segment profit or loss.

Segment information about these businesses is presented below:

Six months ended 30 June 2009

	Cement business RMB'000 (unaudited)	Concrete business RMB'000 (unaudited)	Elimination RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
REVENUE				
External sales	1,764,386	209,856	—	1,974,242
Inter-segment sales	38,526	25,823	(64,349)	—
Total	1,802,912	235,679	(64,349)	1,974,242
RESULT				
Segment result	445,531	(3,969)		441,562
Investment income				22,136
Central administration costs, directors' salaries and other unallocated expenses				(18,399)
Share of loss of jointly controlled entities				(308)
Finance costs				(84,024)
Profit before tax				360,967

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

4. Segment Information (continued)

Six months ended 30 June 2008

	Cement business RMB'000 (audited)	Concrete business RMB'000 (audited)	Elimination RMB'000 (audited)	Consolidated RMB'000 (audited)
REVENUE				
External sales	1,215,248	132,467	—	1,347,715
Inter-segment sales	33,242	6,380	(39,622)	—
Total	1,248,490	138,847	(39,622)	1,347,715
Segment result	312,786	3,152		315,938
Investment income				34,414
Central administration costs, directors' salaries and other unallocated expenses				(65,260)
Share of profit of jointly controlled entities				19
Finance costs				(70,759)
Profit before tax				214,352

Segment result represents the profit earned (loss incurred) by each segment without allocation of central administration costs, directors' salaries and other unallocated expenses, investment income, share of results of jointly controlled entities and finance costs.

5. Other Expenses and Losses

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Allowance for doubtful debts, net	**19,022**	4,742
Donations	**11,006**	152
Exchange loss, net	**3,877**	22,778
Fair value adjustment on long term receivables	**3,645**	—
Listing expenses	**—**	14,381
	37,550	42,053

During the six months ended 30 June 2009, additonal allowance for doubtful debts of approximately RMB19 million has been made on trade receivables, taking into account the estimated future cash flows by reference to past default experience, financial condition and the ages of these trade receivables.

Condensed Consolidated Financial Statements (continued)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

6. Income Tax Expense

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Current tax:		
— PRC Enterprise Income Tax	**38,946**	22,023
— Other jurisdictions	**10**	44
	38,956	22,067
Overprovision in prior years	**(760)**	(1,493)
Deferred tax credit	**(3,183)**	(1,593)
	35,013	18,981

For the six months ended 30 June 2009, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 7.5% to 25% (Six months ended 30 June 2008: ranged from 7.5% to 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated statement of comprehensive income as the Group had no assessable profit arising in Hong Kong for both periods.

7. Profit for the Period

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Profit for period has been arrived at after charging:		
Depreciation and amortisation	**217,938**	169,342

8. Dividend

Final dividend of RMB10 cents per share for the year ended 31 December 2008, amounting to RMB155,625,000, was paid during the six months ended 30 June 2009.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2009 and 2008.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

9. Earnings per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2009 RMB'000 (unaudited)	2008 RMB'000 (audited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**323,916**	171,814
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,556,250**	1,113,973
Effect of dilutive employee share options	**183**	1,554
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,556,433**	1,115,527

10. Property, Plant and Equipment

	Carrying value RMB'000
At 1 January 2009 (audited)	6,908,257
Additions	749,682
Depreciation for the period	(211,323)
Disposals	(1,360)
At 30 June 2009 (unaudited)	7,445,256

11. Quarry

	Carrying value RMB'000
At 1 January 2009 (audited)	71,434
Additions	34,810
Amortisation during the period	(2,512)
At 30 June 2009 (unaudited)	103,732

Condensed Consolidated Financial Statements (continued)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

12. Prepaid Lease Payments

	Carrying value RMB'000
At 1 January 2009 (audited)	292,697
Transfer from deposits paid for land use rights	74,778
Additions	6,912
Amortisation during the period	(4,103)
At 30 June 2009 (unaudited)	370,284

13. Long Term Receivables

	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Receivables from:		
瑞昌市人民政府 (the "Ruichang City Government")	**11,165**	10,962
武漢市新洲區人民政府 (the "Wuhan City Government")	**26,068**	25,866
彭州市人民政府 (the "Pangzhou City Government") (Note a)	**35,307**	22,382
黃岡市人民政府 (the "Huanggang City Government") (Note b)	**8,355**	—
	80,895	59,210
Less: Amount due within one year	**(1,318)**	(6,140)
Amount due after one year	**79,577**	53,070

Notes:

(a) In July 2006, Sichuan Yadong entered into an agreement with Pengzhou City Government to ensure sufficient supply of lime stones to the factory of Sichuan Yadong. Pursuant to the agreement, the Pengzhou City Government is responsible for the reimbursement of the transportation costs and interest expenses incurred by Sichuan Yadong. Details of the arrangement are set out in note 28(c) of the 2008 Annual Report of the Company. During the six months ended 30 June 2009, additional reimbursement in relation to transportation costs of approximately RMB7.7 million is receivable from the Pangzhou City Government.

(b) In January 2009, in order to ensure that Huanggang Yadong Cement Co., Ltd. ("Huanggang Yadong") would have a reliable source of electricity, Huanggang Yadong entered into an agreement with the Huanggang City Government, pursuant to which Huanggang Yadong advanced RMB12 million to Huanggang City Government to facilitate the construction of power city lines. The amount is unsecured, non-interest bearing and will be repayable by ten equal annual instalments, upon the completion of the construction. The receivable is measured at fair value based on the estimated future cash flows discounted at 5.48% per annum, and the amount is subsequently stated at amortised cost using effective interest method less any identified impairment losses as at 30 June 2009.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

14. Trade and Other Receivables

	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Trade receivables	428,080	339,272
Less: accumulated allowance	(43,978)	(24,956)
	384,102	314,316
Bill receivables	271,533	308,076
Other receivables	161,477	147,051
Less: accumulated allowance	(2,373)	(2,373)
	814,739	767,070

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 are generally after the completion of the construction by 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, at the balance sheet date:

	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
0–90 days	230,432	194,407
91–180 days	54,635	60,058
181–365 days	92,890	51,549
Over 365 days	6,145	8,302
	384,102	314,316

15. Restricted Bank Deposits

The amount as at 30 June 2009 represent deposits pledged to secure short-term banking facilities granted to the Group and therefore classified as current assets. The pledged bank deposits will be released upon release of the banking facilities granted by the banks.

Condensed Consolidated Financial Statements (continued)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

16. Trade and Other Payables

	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Trade payables	204,966	147,919
Other payables	342,475	377,495
	547,441	525,414

The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
0–90 days	198,753	143,794
91–180 days	2,267	514
181–365 days	1,664	1,796
Over 365 days	2,282	1,815
	204,966	147,919

The average credit period for trade purchases is 30 to 90 days.

17. Bank Borrowing

During the six months ended 30 June 2009, the Group obtained new bank loans of approximately RMB948 million and repaid bank loans of approximately RMB1,076 million in accordance with the repayment terms. The new loans raised are denominated in RMB and United States Dollar, unsecured and carry interest at market rates ranging from 1.79% to 5.35% per annum. The proceeds were used as general working capital for the Group and for the construction of new production lines.

18. Share Capital

Issued share capital as at 30 June 2009 amounted to RMB139,549,000. There were no movements in the issued share capital of the Company in current interim period.

19. Commitments

	30 June 2009 RMB'000 (unaudited)	31 December 2008 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	588,734	447,252

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2009

20. Related Party Transactions

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Jointed controlled entities:		
Purchase of goods	**2,711**	2,037
Transportation expenses	**8,525**	9,844

The remuneration of directors and other members of key management were as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Short-term employee benefits	**3,873**	4,131
Equity-settled share based payment	**2,856**	1,511
	6,729	5,642

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

Independent Review Report

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF ASIA CEMENT (CHINA) HOLDINGS CORPORATION
亞洲水泥（中國）控股公司
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 16, which comprise the condensed consolidated statement of financial position of Asia Cement (China) Holdings Corporation (the "Company") and its subsidiaries of 30 June 2009 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 August 2009

Management Discussion and Analysis

Business and Financial Review

The Board is pleased to announce the Group's unaudited interim results for the six months ended 30 June 2009. China's economy was still in the haze of global recession during the period under review. In an effort to mitigate the adverse impact inflicted by the external environment, the PRC Government moved swiftly to focus on increasing domestic spending by announcing an unprecedented RMB4 trillion investment package. Benefit from the government stimulus policies and post-earthquake reconstruction in Sichuan Region and the aggressive old capacity closure in the regions of the Group, the Group has been able to maintain constant growth in both production and sales. The cement sales in the first half of the year reached 6.0 million tonnes, mainly attributable to the enhanced production capacity following the full operation of No.2 rotary kiln at Sichuan Yadong Plant in December 2008 and No.1 rotary kiln at Hubei Yadong Plant in March 2009, with a daily rated capacity of 4,200 tonnes clinker. The Group achieved production targets and the required standards as scheduled. As at 30 June 2009, the Group's total rated capacity of clinker has increased to 8.3 million tonnes (actual annual production capacity of clinker can be reached to 10.0 million tonnes).

The Group is one of the leading integrated cement producers in the Central Yangtze River Region (which includes the provinces of Jiangxi and Hubei) and a major integrated cement producer in the Sichuan Region (which covers Sichuan province). The Group's integrated operations ranging from the excavation of principal raw materials to the production, sale and distribution of clinker and different types of cement and RMC products through a well-established road and riverway transportation network to its principal markets. The Group's cement and RMC products are sold in Shanghai and the provinces of Jiangxi, Hubei, Sichuan, Zhejiang and Anhui. In the period under review, the production scale of the cement industry has been further expanded. With the additional production capacity, market competition in certain regional markets has been increasingly fierce. Despite the slight fluctuation of the cement price in Sichuan Region, the Group seized the opportunities arising from the increasing investment in infrastructure encouraged by the government. Meanwhile, the Group has obtained several infrastructure projects and has penetrated rural construction markets in Jiangxi and Hubei.

With the extensive operating experience and industry knowledge, the senior management team led the Company to grow continuously and achieved satisfactory results for the six months ended 30 June 2009.

Revenue

The concerted efforts of the management team have continued to bear fruits as evidenced by the increase in sales of the Group. The table below shows the sales breakdown by regions during the reporting period:

	30 June 2009 (Unaudited)	30 June 2008 (Audited)
Region		
Yangtze River Delta	**303,080**	138,654
Central Yangtze River	**815,480**	675,319
Sichuan Region	**840,276**	519,748
Others	**15,406**	13,994
Total	**1,974,242**	1,347,715

In the reporting period, the Group's revenue amounted to RMB1,974.2 million, representing an increase of RMB626.5 million or 46% over that of RMB1,347.7 million for the corresponding period of 2008. The increase in revenue was mainly attributable to an overall increase in total production output as a result of increased market demand and the full operation of rotary kiln No. 2 at Sichuan Yadong Plant and rotary kiln No.1 at Hubei Yadong Plant which commenced operation in December 2008 and March 2009 respectively.

Management Discussion and Analysis (continued)

Business and Financial Review (continued)

Revenue (continued)

In respect of revenue contribution for the six months ended 30 June 2009, sales of cement products and related products accounted for 89% (2008: 90%) and the sales of concrete accounted for 11% (2008: 10%). The table below shows the sales breakdown by product during the reporting period.

	30 June 2009 (Unaudited)	30 June 2008 (Audited)
Cement Products	**1,699,017**	1,181,892
Clinker	**37,957**	4,652
RMC	**209,856**	132,467
Blast-furnace slag powder	**27,412**	28,704
Total	**1,974,242**	1,347,715

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 increased by 47% to RMB1,347.4 million from RMB915.4 million due to the expansion of overall business of the Group.

The gross profit for the six months ended 30 June 2009 was RMB626.8 million, representing a gross profit margin of 32% on revenue and a significant improvement on the gross profit of RMB432.3 million in the corresponding period of 2008. The significant improvement in gross profit reflected the fact that the increase in the economies of scale achieved.

Other Income

Other income mainly comprises government grants, transportation fee income, interest income, sales of scrap materials, investment incentives from the PRC government and gain on disposal of property, plant and equipment. For the six months ended 30 June 2009, other income amounted to RMB49.9 million, representing an increase of RMB1.9 million or 4% over that of RMB48.0 million for the corresponding period in 2008. The increase in other income was attributable to (i) the increase in transportation fee income from increased sales activities and (ii) increase in government grants during the period under review.

Other Expenses and Losses

Other expenses and losses mainly comprise exchange loss, donations, listing expenses and allowance of doubtful debts. For the period under review, other expenses and losses amounted to 37.6 million, representing a decrease of RMB4.5 million or 11% over that of RMB42.1 million for the corresponding period in 2008. The decrease in other expenses and losses was mainly attributable to (i) the decrease in exchange loss from foreign currencies bank deposits and (ii) the decrease in listing expenses.

Distribution and Selling Expenses, Administrative Expenses and Finance Costs

For the six months ended 30 June 2009, the distribution and selling expenses amounted to RMB108.0 million, representing an increase of RMB23.4 million or 28% over that of RMB84.6 million for the corresponding period of 2008. The increase in distribution costs was attributable to the increase in sale activities during the period under review.

Administrative costs, including employee compensation and benefits, depreciation expenses, listing related expenses and other general office expenses increased by 25%, from RMB68.5 million to RMB85.9 million. The increase was attributable to the increase in headcount of administrative staff and the expenses incurred by the Group for the purpose of expanding its operation and production capacity.

The 19% increase in finance costs was mainly due to the increase in bank loans for financing the Group's expansion plan.

Business and Financial Review (continued)

Profit for the Period

In the reporting period, the net profit of the Group amounted to RMB326.0 million, representing an increase of RMB130.6 million or 67% over that of RMB195.4 million for the corresponding period of 2008, while the net profit margin also increased from 14% to 17%. The substantial increase of net profit was mainly attributable to the increase in production output.

Financial Resources and Liquidity

The Group maintained a strong financial and liquidity position for the six months ended 30 June 2009. The total assets increased by 1% to approximately RMB11,047.3 million (2008: approximately RMB10,950.1 million) while the total equity grew by 3% to approximately RMB6,777.9 million (2008: approximately RMB6,591.0 million).

As at 30 June 2009, the Group had cash and cash equivalents amounted to approximately RMB1,451.9 million. After deducting the total interest-bearing bank borrowings of RMB3,685.0 million, the Group had a net borrowing of approximately RMB2,233.1 million.

As at 30 June 2009, the Group's gearing ratio was approximately 39% (2008: 40%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2009 and 31 December 2008 respectively. The decrease in the gearing ratio was mainly attributable to the repayments of borrowings during the period under review.

Bank Borrowings

The maturity profiles of the Group's bank borrowings outstanding as at 30 June 2009 and 31 December 2008 are summarized as below:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Within one year	**1,120,776**	1,309,722
In the second year	**728,655**	841,209
In the third to fifth year	**1,740,082**	1,539,744
After five years	**95,450**	122,945
	3,684,963	3,813,620

Capital Expenditure and Capital Commitments

Capital expenditure for the six months ended 30 June 2009 amounted to approximately RMB866.2 million and capital commitments as at 30 June 2009 amounted to approximately RMB588.7 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 proceeds from initial public offerings ("IPO"), future operating revenue, bank borrowings and other sources of finance when appropriate.

Pledge of Assets

The Group did not have any pledge or charge on assets as of 30 June 2009 other than restricted bank deposits of approximately RMB180.3 million.

Use of Proceeds

The proceeds from the initial public offerings in Hong Kong in May 2008, after deduction of related issuance expenses, amounted to approximately HK$2,049.8 million. As of 30 June 2009, approximately RMB961.2 million have been used and were applied in accordance with the proposed applications set forth in the Prospectus. The unutilised proceeds have been deposited with licensed banks and financial institutions in Hong Kong and Taiwan as interest-bearing deposits.

Management Discussion and Analysis (continued)

Business and Financial Review (continued)

Contingent Liabilities

As of the date of this report and as at 30 June 2009, the Board is not aware of any material contingent liabilities

Human Resources

As at 30 June 2009, the Group had 3,067 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 the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 June 2009, 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 2009, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Material Acquisition and Disposals of Subsidiaries and Affiliated Companies

The Group did not make any material acquisition or disposals of subsidiaries or affiliated companies during the six months ended 30 June 2009.

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 and the proceeds raised through the initial public offering of the Company in May 2008 were denominated in 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, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Prospects

The global financial turmoil has been affecting every single economy in the world. While many developed countries are expected to experience their worst economic performance, the mainland economy is considered to be better-positioned to recover faster and earlier than other major economies, driven by the PRC government's desire to maintain a GDP growth rate of 8% and supported by the massive spending and other policy initiatives. With China's domestic demand remaining strong and economic fundamentals sound, the Group believes that the demand for cement product will remain strong amid tight supply and the price of cement product will sustain, driving the long-term growth of the industry.

Looking forward, the Group will adopt a steady development strategy in accordance with market changes, aiming at strengthening its market presence in its strategic markets through capacity expansion, and enhancement of operational efficiency and distribution network. As part of our future development strategies, the Group will continue to expand and strengthen its footholds in Sichuan Region and Central Yangtze River Region.

The majority of the ongoing construction projects in the regions of the Group are expected to commence gradually by the late 2009 and early 2010, boosting the cement product consumption. Meanwhile, we will strive to control production costs and enhance operating proficiency. With its current leading market position and successfully executing the aforesaid strategies, the Group's growth prospect is set to be promising. The management is well-prepared for market variations and is endeavored to explore opportunities in maximizing returns for our shareholders.

Other Information

Disclosure of Interests

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2009, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Number of ordinary shares			% of the Company's issued shares
	Personal interests	Equity derivatives *(Note 1)*	Total interests	
Mr. Chang, Tsai-hsiung	200,000	1,500,000	1,700,000	0.11
Madam Chiang Shao, Ruey-huey	40,000	400,000	440,000	0.03
Mr. Hsu, Shu-tong	—	3,000,000	3,000,000	0.19
Mr. Chang, Chen-kuen	10,000	400,000	410,000	0.03
Mr. Lin, Seng-chang	—	400,000	400,000	0.03
Mr. Wu, Chung-lih	—	400,000	400,000	0.03

Note:

1. *This represented interests in option granted to Directors under the Pre-IPO Share Option Scheme to subscribe for shares of the Company, further details of which are set forth under the section headed "Share Option Schemes" to this report.*

Other Information (continued)

Disclosure of Interests (continued)

Directors' Interests and Short Positions in Shares and Underlying Shares (continued)

Long positions in shares and underlying shares of associated corporation (continued)

Name of Director	Name of associated corporation	Type of interest: Personal	Through spouse	Corporate	No. of shares in the associated corporation	% of shareholding in the associated corporation
Mr. Chang, Tsai-hsiung	Asia Cement Corporation ("Asia Cement")	396,127	36,476	—	432,603	0.01%
	Oriental Industrial Holdings Pte., Ltd ("Oriental Industrial")	2,000	—	—	2,000	0.0004%
Madam Chiang Shao, Ruey-huey	Asia Cement	66,069	2,109	—	68,178	0.002%
	Oriental Industrial	1,000	—	—	1,000	0.0002%
Mr. Hsu, Shu-tong	Asia Cement	20,074,271	7,006,088	—	27,080,359	0.93%
	Asia Cement (Singapore) Private Limited ("Asia Cement Singapore")	2	—	—	2	0.00002%
	Oriental Industrial	4,000	—	—	4,000	0.0009%
Mr. Chang, Chen-kuen	Asia Cement	267,247	4,282	—	271,529	0.009%
Mr. Lin, Seng-chang	Asia Cement	197,149	425	—	197,574	0.007%

Saved as disclosed above, as at 30 June 2009, none of the Directors and their associates had any interests or short positions in any shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interest in Securities

As at 30 June 2009, the interests and short positions of every persons, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Long positions in Shares

Substantial shareholders

Name	Capacity	Number of Shares	% of shareholding in the associated corporation
Asia Cement Singapore	Beneficial owner	63,790,798	4.10%
Falcon Investments Private Limited	Beneficial owner	11,074,000	0.71%
U-Ming Marine Transport (Singapore) Private Limited (note 1)	Interest by attribution	11,074,000	0.71%
U-Ming Marine Transport Corporation (note 2)	Interest by attribution	11,074,000	0.71%
Asia Cement (note 3)	Beneficial owner and interest by attribution	1,136,074,000	73.00%
Far Eastern Textile Ltd. (note 4)	Interest by attribution	1,136,074,000	73.00%

Notes:

1. *U-Ming Marine Transport (Singapore) Private Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Falcon Investment Private Limited.*

2. *U-Ming Marine Transport Corporation is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of U-Ming Marine Transport (Singapore) Private Limited.*

3. *Asia Cement beneficially owns approximately 68.19% interest of the Company. Asia Cement Singapore is approximately 99.96% owned by Asia Cement. Asia Cement is also deemed to be interested in approximately 4.10% interest of the Company by virtue of its corporate interest in Asia Cement Singapore.*

4. *Far Eastern Textile Ltd is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Asia Cement.*

Other Information (continued)

Share Option Schemes

(a) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme on 13 December 2007, the Company has granted certain options to eligible directors, senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated under the Pre- IPO Share Option Scheme. The exercise price shall be 85% of the final offer price to the public. The Pre- IPO Share Option Scheme will remain in force for a period of 6 years from the grant date.

At 30 June 2009, 11,578,000 options were granted under the Pre-IPO Share Option Scheme, and no such share options have been exercised yet. Share options granted under the Pre-IPO Share Option Scheme are exercisable at HK$4.2075 per share. The holders of the said share options may exercise options pursuant to the following schedules of vesting period and percentage:

(i) The employee of the Group

Period that the share options can be exercised after the share options are granted	Maximum accumulated percentage of share options exercisable
Attaining 2 years	30%
Attaining 3 years	60%
Attaining 4 years	80%
Attaining 5 years	100%

(ii) The director of the Group

Period that the share options can be exercised after the share options are granted	Maximum accumulated percentage of share options exercisable
Attaining 1 years	33.3%
Attaining 2 years	66.6%
Attaining 3 years	100%

Share Option Schemes (continued)

(a) Pre-IPO Share Option Scheme (continued)

(iii) The eligible persons who is neither the employee nor the director of the Group may exercise the share options after 6 months the share options are granted to him.

Details of the share options outstanding as at 30 June 2009 which have been granted under the Pre-IPO Share Option Scheme are as follows:

Name	Date of Grant	Options outstanding at 1 January 2009	Granted during the period	Options exercised during the period	Option lapsed on expiry	Options cancelled upon termination of employment	Option outstanding at 30 June 2009
Directors							
Mr. Chang, Tsai-hsiung	17 April 2008	1,500,000	—	—	—	—	1,500,000
Madam Chiang Shao, Ruey-huey	17 April 2008	400,000	—	—	—	—	400,000
Mr. Hsu, Shu-tong	17 April 2008	3,000,000	—	—	—	—	3,000,000
Mr. Chang, Chen-kuen	17 April 2008	400,000	—	—	—	—	400,000
Mr. Lin, Seng-chang	17 April 2008	400,000	—	—	—	—	400,000
Mr. Wu Chung-lih	17 April 2008	400,000	—	—	—	—	400,000
Other employees	17 April 2008	5,478,000	—	—	—	—	5,478,000
		11,578,000	—	—	—	—	11,578,000

(b) Share Option Scheme

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and to enable to the Company and its subsidiaries to recruit and retain high-calibre employees.

The Directors may, at their discretion, offer eligible persons (being full time or part time employees, executive directors, non-executive directors and independent non-executive directors or consultant of the Group or any person whom the Board considers, in its sole discretion, has contributed or contributes to the Group) who the Board may in its absolute discretion select to subscribe the shares.

Initially the maximum number of shares which may be issued upon exercise of all the options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate number of the shares in issue as at the date of the Listing. The total number of shares which may be issued upon exercise of all the options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the aggregate number of the shares in issue from time to time.

Unless approved by shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) under the Share Option Scheme or any other share option scheme adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) in any 12 month period must not exceed 1% of the shares in issue.

Other Information (continued)

Share Option Schemes (continued)

(b) Share Option Scheme (continued)

The vesting periods, exercise periods and vesting conditions maybe specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of grant.

At the time of the grant of the options, the Company may specify any performance target(s) which must be achieved before the options can be exercised. The Share Option Scheme does not contain any performance targets.

The amount payable by a grantee on acceptance of a grant of options is HK$1.00. The subscription price for the shares of the Company being the subject of the options shall be no less than the higher of (i) the closing price of the shares as stated in the daily quotation sheet issued by the HK Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the HK Stock Exchange for the five HK Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The Share Option Scheme will expire on 26 April 2018. No options has been granted under the Share Option Scheme as at 30 June 2009, or as at the date of this Interim Report.

Corporate Governance

During the six months ended 30 June 2009, 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.

Remuneration Committee

The Company has established the Remuneration Committee 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 Remuneration Committee include the review of Directors' and senior management's remuneration packages, bonuses and other compensation. Currently, the Remuneration committee comprises Mr. Hsu, Shu-tong (Chairman), Mr. Tsim, Tak-lung Dominic and Dr. Wong Ying- ho Kennedy, all of whom are non-executive directors and the majority of whom are independent non- executive Directors.

Independence Committee

The Company has established the Independence Committee. The primary duties of the Independence Committee include the review of transactions between the Group, Asia Cement and Far Eastern Group and assess any potential conflict of interest between them. Save as disclosed in the section headed "Relationship with Asia Cement" and "Connected Transactions" in the Prospectus, no additional ongoing relationships or potential conflict of interests was identified in the period under review.

Model Code of Securities Transactions by Directors

The Company has adopted the model code 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 of all Directors, confirms that its Directors had complied with the required standard set out in the Code throughout the six months ended 30 June 2009.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

Appreciation

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the period.

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

Hong Kong, 24 August 2009