Asia Cement (China) Holdings Corporation

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 743)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

SUMMARY

The directors ("Directors") of Asia Cement (China) Holdings Corporation ("the Company") announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2016. This announcement is made as part of the Company's practice to publish its financial results quarterly and pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The unaudited consolidated loss attributable to owners for the three months ended 31 March 2016 was approximately RMB62.7 million.

The Directors of the Company are making this announcement of the Group's unaudited consolidated results for the three months ended 31 March 2016 in line with its practice to publish the Group's financial results quarterly and pursuant to paragraph 13.09 of the Listing Rules.

Condensed Consolidated Income Statement

	For the three months ended 31 March	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue	**1,198,722**	1,348,325
Cost of sales	**(1,079,703)**	(1,132,783)
Gross profit	**119,019**	215,542
Other income	**22,886**	23,940
Other gains and losses	**6,261**	(16,329)
Distribution and selling expenses	**(94,188)**	(89,663)
Administrative expenses	**(68,853)**	(70,457)
Share of profit of a jointly controlled entity	**589**	174
Share of profit of an associate	**141**	(604)
Finance costs	**(47,366)**	(44,009)
(Loss) Profit before tax	**(61,511)**	18,594
Income tax expenses	**(1,327)**	(17,122)
(Loss) Profit for the period	**(62,838)**	1,472
Attributable to:		
Owners of the Company	**(62,741)**	37
Non-controlling interests	**(97)**	1,435
	(62,838)	1,472

Consolidated Statement of Financial Position

	As at 31 March 2016 *RMB'000* *(Unaudited)*	As at 31 December 2015 *RMB'000* *(Audited)*
NON-CURRENT ASSETS		
Property, plant and equipment	**10,745,461**	10,879,534
Quarry	**252,971**	256,476
Prepaid lease payments	**635,404**	640,879
Investment properties	**21,819**	20,950
Goodwill	**693,000**	693,000
Other intangible assets	**4,565**	4,638
Interest in joint ventures	**74,934**	74,345
Interest in an associate	**17,852**	17,711
Restricted bank deposits	**29,325**	29,106
Deferred tax assets	**72,814**	72,531
Long term prepaid rental	**27,717**	29,057
	12,575,862	12,718,227
CURRENT ASSETS		
Inventories	**692,134**	740,781
Long term receivables – due within one year	**25,953**	27,953
Trade and other receivables	**2,148,474**	2,510,213
Prepaid lease payments	**20,150**	20,150
Loan to related companies	**458,537**	456,935
Amount due from an associate	**6,022**	7,247
Amount due from a joint venture	**35,962**	36,058
Restricted bank deposits	**4,366**	4,366
Bank balances and cash	**880,475**	1,105,250
	4,272,073	4,908,953
CURRENT LIABILITIES		
Trade and other payables	**915,189**	1,041,963
Amount due to a joint venture	**12,628**	18,160
Amount due to ultimate holding company	**–**	828
Tax payables	**(13,008)**	10,847
Borrowings – due within one year	**2,365,671**	3,379,212
	3,280,480	4,451,010
NET CURRENT ASSETS	**991,593**	457,943
TOTAL ASSETS LESS CURRENT LIABILITIES	**13,567,455**	13,176,170

	As at 31 March 2016 *RMB'000* *(Unaudited)*	As at 31 December 2015 *RMB'000* *(Audited)*
NON-CURRENT LIABILITIES		
Borrowings – due after one year	**4,016,859**	3,565,860
Deferred tax liabilities	**24,231**	21,170
Provision for environmental restoration	**18,278**	18,214
	4,059,368	3,605,244
NET ASSETS	**9,508,087**	9,570,926
CAPITAL AND RESERVES		
Share capital	**140,390**	140,390
Reserves	**9,096,210**	9,158,952
Equity attributable to owners of the Company	**9,236,600**	9,299,342
Non-controlling interests	**271,487**	271,584
TOTAL EQUITY	**9,508,087**	9,570,926

Condensed Consolidated Cash Flow Statement

	For the three months ended 31 March	
	2016 *RMB'000* *(Unaudited)*	2015 *RMB'000* *(Unaudited)*
Net cash from operating activities	**507,295**	24,053
Net cash used in investing activities	**(120,810)**	(75,737)
Net cash (used in) from financing activities	**(611,260)**	114,956
Net decrease in cash and cash equivalents	**(224,775)**	63,272
Cash and cash equivalents at beginning of the year	**1,105,250**	2,324,584
Cash and cash equivalents at 31 March	**880,475**	2,387,856

The Group's unaudited consolidated results for the three months ended 31 March 2016 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the last annual report for the year ended 31 December 2015.

The Directors do not recommend payment of a dividend in respect of the first three months of 2016 (2015: Nil).

Business Review and Prospects

In the first quarter of 2016, the overall macro-economy continued the sluggish trend in 2015. However, as the government's various measures to achieve stable growth began to take effect, the economy has bottomed out and began to stabilize. The national GDP in the first quarter recorded a year-on-year increase of approximately 6.7%, which was within a reasonable range of medium- to high-speed growth. Fixed assets investment in China increased by 10.7% year-on-year, while the property development investment saw a 6.2% year-on-year increase.

Affected by the government's economic restructuring measures and insufficient market demand, the cement industry continued to witness a slowdown in the growth in output. From January to February in 2016, the national cement production volume amounted to 238.75 million tonnes, representing a decrease of 24.91 million tonnes or 9.4% from 263.66 million tonnes for the corresponding period of 2015. The first quarter is generally the traditional off season of the cement industry. Significant decline in demand led to intensified market competition. Moreover, there was a lack of consensus on self-discipline among industry players, while product prices continued to fall. Entering March, as weather conditions improved, more projects gradually commenced construction and market demand for cement recovered. This together with the government and association's implementation of measures to eliminate excessive capacity, adjust industry structure and stabilize prices has led to gradual increase in price in certain regions.

The Group had made strenuous efforts to overcome impact from adverse factors such as lower market demand, by firmly pushing forward various cost saving measures. As a result, the Group's consolidated cement cost in the first quarter of 2016 reduced by 15% year-on-year. The Group continued to fine-tune production organisation and adjustment of transportation and sales in accordance with output to reduce storage and transportation costs, as well as stepped up efforts in the expansion of core markets. Through the abovementioned efforts, the Group continued to achieve full disposal of all output in the first quarter. The Group sold a total of 6.46 million tonnes of cement products, representing an increase of 940,000 tonnes or 17% from 5.52 million tonnes for the corresponding period of 2015, thereby achieving growth amid a market downturn. However, affected by the prevailing depressed conditions of the industry, the Group's cement price in the first quarter decreased by 22% year-on-year. As a result, the Group reported a loss.

During the period under review, the Group reported an unaudited consolidated revenue of RMB1,198.7 million and the loss attributable to owners of RMB62.7 million. Decrease in revenue and profit attributable to owners was mainly attributable to the decrease in average selling price of the Company's products. The gross profit decreased by 45% to RMB119.0 million and the gross profit margin was 10%, reduced by 6 percentage points from that of the corresponding period of the previous year.

The year of 2016 is the first year of China's "13th Five-Year Plan". At the National People's Congress and Chinese People's Political Consultative Conference held in March, the government set the GDP growth target at 6.5%–7%, signifying that the macro-economy will maintain a medium- to high-speed growth. With the government's implementation of a series of supply-side structural reforms to "eliminate excessive capacity, clear inventory, deleverage, reduce costs and shore up weakness, the Group is of the view that the cement market still has great potential for growth. We are confident because of the following reasons. First, as favourable factors driving demand keep coming up, the national fixed assets investment and property development investment have started to stabilise and increase. Sales of commodity housing, which had long been stagnant, begin to pick up, while construction of affordable housing projects in cities and towns is steadily being carried out. In 2016, 6 million residential units in shanty towns will be renovated. In addition, the government continues to push forward new-type urbanisation and agricultural modernisation by expediting the commencement of a number of key projects. Such will drive cement market demand. Second, the government's supply-side reform will accelerate the cleansing of "zombie enterprises", develop green production and step up efforts to tackle pollution. All these will significantly facilitate the reduction of industry's supply and enhancement of quality. Early in 2016, two ministries of China jointly released the "Notice on Issues regarding the Implementation of Tiered Electricity Rate Policies for Cement Enterprises", pursuant to which tariffs will vary according to different electricity consumption by the cement enterprises. This will significantly enhance the electricity costs of enterprises with high energy consumption, which will accelerate their withdrawal from the market. In addition, the complete abolition of 32.5 grade cement and C30 grade concrete has been put on the agenda. It is estimated that with the deepening of the supply-side reform, more policies favourable for industry restructuring and industry upgrade will be promulgated, and the supply side of the industry will continue to improve. Furthermore, the leadership role played the association is gaining increasing importance. China Cement Association has requested each provincial association to implement measures to facilitate improvement in profitability of the cement industry. The association has put forward five propositions: 1) be determined to curb new supply of capacity; 2) accelerate the elimination of obsolete capacity and reduction of excessive capacity; 3) reinforce industry self-discipline and coordination; 4) strengthen enterprise and industry innovation; 5) actively expand international cement trade. Early March, the "C12+3 Summit" of the national cement industry was held in Zhuhai. The summit endorsed the proposals on measures to be taken by the cement industry to drive supply-side reforms, as well as to stabilise growth, adjust structure and increase profitability. As a result, under the proactive guidance of the association, the self-discipline exercised by the enterprises will be more effective in lifting the industry's profitability.

The Group expects that starting from the second quarter, with demand driven by the government's implementation of a series of measures to "eliminate excessive capacity" and increase in key projects commencing construction, cement market price will be on an upward trend. The Group will continue to advance in the preset direction, striving to further reduce costs, expand industry chain, enlarge export sales, conduct talent grooming and improve internal control management, as well as to achieve full disposal of all output. It is expected that the Group's aggregate sales volume of cement products in the first half of 2016 will amount to 15 million tonnes, representing an increase of approximately 15% or 1.98 million tonnes from 13.02 million tonnes for the corresponding period of 2015. All in all, the management of the Group will make its utmost effort to try to improve its profitability.

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

Hong Kong, 20 April 2016

As at the date of this announcement, the executive Directors are Mr. CHANG Tsai-hsiung, Mr. HSU, Shu-ping, Dr. WU Chung-lih, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Ms. WU Ling-ling, the non-executive Director and Chairman is Mr. HSU Shu-tong, the independent non-executive Directors are Mr. TSIM Tak-lung Dominic, Mr. LEE Kao-chao, Mr. WANG Wei and Dr. WANG Kuo-ming.