華潤水泥控股有限公司
China Resources Cement Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1313)

2013 INTERIM RESULTS ANNOUNCEMENT

	For the six months ended 30 June		
	2013 (unaudited)	2012 (unaudited)	**Increase**
Turnover *(HK$ million)*	**12,858.2**	11,033.9	16.5%
Profit attributable to owners of the Company *(HK$ million)*	**1,145.6**	635.2	80.4%
Basic earnings per share	**HK$0.176**	HK$0.097	
Interim dividend per share	**HK$0.035**	Nil	
	As at 30/6/2013 (unaudited)	As at 31/12/2012 (audited)	**Increase (decrease)**
Total assets *(HK$ million)*	**51,754.6**	52,159.1	(0.8%)
Equity attributable to owners of the Company *(HK$ million)*	**22,415.1**	21,375.7	4.9%
Net borrowings *(HK$ million) (note 1)*	**19,386.9**	18,641.9	4.0%
Net gearing ratio *(note 2)*	**86.5%**	87.2%	
Net assets per share – book *(note 3)*	**HK$3.44**	HK$3.28	

notes:

1. Net borrowings equal to total indebtedness less cash and bank balances and pledged bank deposits.

2. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.

3. Net assets per share – book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the relevant reporting period.

The board (the "Board") of directors (the "Directors") of China Resources Cement Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 (the "Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	Notes	**2013**	2012
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**12,858,156**	11,033,949
Cost of sales		**(9,891,880)**	(8,734,410)
Gross profit		**2,966,276**	2,299,539
Other income		**357,337**	132,382
Selling and distribution expenses		**(703,124)**	(542,536)
General and administrative expenses		**(853,346)**	(766,213)
Finance costs	*4*	**(374,483)**	(391,596)
Share of results of joint ventures		**3,330**	11,180
Share of results of associates		**2,256**	46,788
Profit before taxation	*5*	**1,398,246**	789,544
Taxation	*6*	**(248,016)**	(157,606)
Profit for the period		**1,150,230**	631,938
Attributable to:			
Owners of the Company		**1,145,639**	635,231
Non-controlling interests		**4,591**	(3,293)
		1,150,230	631,938
Basic earnings per share	*7*	**HK$0.176**	HK$0.097
Interim dividend per share	*8*	**HK$0.035**	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30/6/2013** ***HK$'000*** **(unaudited)**	As at 31/12/2012 *HK$'000* (audited)
Non-current assets			
Fixed assets		**32,023,292**	31,552,919
Prepaid lease payments		**2,599,088**	2,510,484
Investment property		**67,000**	67,000
Intangible assets		**1,963,989**	1,964,627
Interests in associates		**2,314,929**	2,286,023
Interests in joint ventures		**1,394,491**	1,381,417
Amount due from a joint venture		**238,540**	–
Deposits for acquisition of fixed assets		**1,261,683**	933,819
Deferred tax assets		**125,691**	124,456
Long term receivables		**593,446**	633,048
		42,582,149	41,453,793
Current assets			
Inventories		**2,189,511**	2,322,153
Trade receivables	*9*	**2,480,988**	2,492,210
Other receivables		**1,645,520**	1,606,607
Amounts due from joint ventures		**434,465**	663,526
Taxation recoverable		**44,549**	54,002
Pledged bank deposits		**3,391**	4,977
Cash and bank balances		**2,373,997**	3,561,863
		9,172,421	10,705,338
Current liabilities			
Trade payables	*10*	**3,041,913**	3,386,392
Other payables		**3,613,604**	4,211,572
Provisions		**3,844**	3,776
Taxation payable		**109,887**	183,312
Amount due to immediate holding company		**54,956**	54,956
Loans from an intermediate holding company		**2,232,251**	1,330,881
Bank loans – amount due within one year		**6,507,673**	7,607,433
		15,564,128	16,778,322
Net current liabilities		**(6,391,707)**	(6,072,984)
Total assets less current liabilities		**36,190,442**	35,380,809

	As at 30/6/2013 HK$'000 (unaudited)	As at 31/12/2012 HK$'000 (audited)
Non-current liabilities		
Bank loans – amount due after one year	**9,921,647**	10,169,739
Unsecured bonds	**3,102,732**	3,100,696
Provisions	**25,561**	25,111
Long term payables	**13,384**	12,766
Deferred tax liabilities	**114,582**	114,297
	13,177,906	13,422,609
	23,012,536	21,958,200
Capital and reserves		
Share capital	**651,926**	651,926
Reserves	**21,763,161**	20,723,739
Equity attributable to owners of the Company	**22,415,087**	21,375,665
Non-controlling interests	**597,449**	582,535
Total equity	**23,012,536**	21,958,200

Notes:

1. **BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property, which is measured at fair value.

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC)-INT 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-INT 13 "Jointly controlled entities – Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors reviewed and assessed the application of these five standards in the current interim period and concluded that they have had no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 "Interim financial reporting as part of the annual improvements to HKFRSs 2009 – 2011 cycle" for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since assets and liabilities of the Group's reportable segments have no material changes from the amounts disclosed in the last annual financial statements, the Group has not included total assets and total liabilities information as part of segment information.

The application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Segment information has been identified on the basis of analysis of different products in internal management reports which are prepared in accordance with accounting policies of the Group, that are regularly reviewed by the chief executive officer in order to allocate resources to the reportable segments and to assess their performance.

The Group's operating and reportable segments are: cement and concrete. Segment results represent the profit earned by each segment without allocation of central administration costs, directors' salaries, exchange differences, share of results of associates, share of results of joint ventures, interest income, finance costs and taxation.

The information of the reportable segment results are as follows:

For the six months ended 30 June 2013 (unaudited)

	Cement	Concrete	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER – SEGMENT REVENUE				
External sales	**10,260,729**	**2,597,427**	**–**	**12,858,156**
Inter-segment sales	**445,406**	**713**	**(446,119)**	**–**
	10,706,135	**2,598,140**	**(446,119)**	**12,858,156**

Inter-segment sales are charged at prevailing market prices.

	Cement	Concrete	Elimination	Total
RESULTS				
Segment results	**1,510,554**	**179,244**	**–**	**1,689,798**
Interest income				**22,924**
Unallocated net corporate income				**54,421**
Finance costs				**(374,483)**
Share of results of joint ventures				**3,330**
Share of results of associates				**2,256**
Profit before taxation				**1,398,246**

For the six months ended 30 June 2012 (unaudited)

	Cement *HK$'000*	Concrete *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
TURNOVER – SEGMENT REVENUE				
External sales	8,847,931	2,186,018	–	11,033,949
Inter-segment sales	392,725	–	(392,725)	–
	9,240,656	2,186,018	(392,725)	11,033,949

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segment results	1,066,626	143,870	–	1,210,496
Interest income				37,989
Unallocated net corporate expenses				(125,313)
Finance costs				(391,596)
Share of results of joint ventures				11,180
Share of results of associates				46,788
Profit before taxation				789,544

4 FINANCE COSTS

	For the six months ended 30 June	
	2013 ***HK$'000*** **(unaudited)**	2012 *HK$'000* (unaudited)
Interests on		
Bank loans and unsecured bonds wholly repayable within five years	**354,321**	428,265
Bank loans not wholly repayable within five years	**–**	2,340
Loans from intermediate holding companies	**27,257**	1,356
Long term payables	**560**	1,704
	382,138	433,665
Less: Amount capitalised to fixed assets	**(7,655)**	(42,069)
	374,483	391,596

5. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Total staff costs (including Directors' emoluments)	**1,109,933**	871,157
Amortisation of mining rights (included in general and administrative expenses)	**25,927**	17,985
Depreciation of fixed assets	**859,802**	802,118
Operating lease payments in respect of		
– rented premises	**24,508**	21,821
– motor vehicles	**51,041**	23,240
Release of prepaid lease payments	**32,022**	30,668
Reversal of allowance for doubtful debts	**(13,691)**	(36,670)
Exchange (gain) loss	**(223,775)**	50,705
Interest income	**(22,924)**	(37,989)

6. TAXATION

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current taxation		
Hong Kong Profits Tax	**5,977**	6,682
Chinese Mainland Enterprise Income Tax	**242,247**	177,185
	248,224	183,867
Deferred taxation		
Hong Kong	**371**	(472)
Chinese Mainland	**(579)**	(25,789)
	(208)	(26,261)
	248,016	157,606

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

Chinese Mainland Enterprise Income Tax represents the income tax in the Chinese Mainland which is calculated at the prevailing tax rate on the taxable income of the group entities in the Chinese Mainland.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	**1,145,639**	635,231

	For the six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
Number of shares		
Number of shares for the purpose of basic earnings per share	**6,519,255,462**	6,519,255,462

No diluted earnings per share is presented as the Company did not have any potential shares outstanding.

8. DIVIDENDS

	For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interim dividend at HK$0.035 per share (2012: Nil)	**228,174**	–

note: At the Board meeting held on 1 March 2013, the Directors proposed a final dividend of HK$0.07 per share for the year ended 31 December 2012 (HK$0.06 per share for the year ended 31 December 2011). Such proposed dividend totalling HK$456,348,000 (year ended 31 December 2011: HK$391,155,000) was subsequently approved by shareholders on 3 May 2013.

9. TRADE RECEIVABLES

	As at	As at
	30/6/2013	31/12/2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from third parties	**2,457,750**	2,475,199
Trade receivables from fellow subsidiaries	**23,238**	17,011
	2,480,988	2,492,210

The Group has a policy of allowing an average credit period to its customers ranging from 0 to 60 days from the date of issuance of invoices.

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 each reporting period.

	As at 30/6/2013	As at 31/12/2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**2,175,669**	2,299,264
91 to 180 days	**162,687**	106,317
181 to 365 days	**135,320**	86,629
Over 365 days	**7,312**	–
	2,480,988	2,492,210

10. TRADE PAYABLES

	As at 30/6/2013	As at 31/12/2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables to third parties	**3,020,435**	3,361,872
Trade payables to fellow subsidiaries	**21,478**	24,520
	3,041,913	3,386,392

The Group normally receives credit period of 30 days to 90 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period.

	As at 30/6/2013	As at 31/12/2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**2,667,789**	3,132,940
91 to 180 days	**221,387**	137,577
181 to 365 days	**119,521**	67,524
Over 365 days	**33,216**	48,351
	3,041,913	3,386,392

11. REVIEW OF INTERIM RESULTS

The interim results have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.035 per share for the six months ended 30 June 2013 (2012: Nil) to shareholders whose names appear on the Register of Members of the Company on Friday, 30 August 2013. The interim dividend is to be payable in cash, with an option to receive new and fully paid shares in lieu of cash (the "Scrip Dividend Scheme"). Such interim dividend will not be subject to any withholding tax in Hong Kong.

A circular containing details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or around 6 September 2013. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. It is expected that the dividend warrants and the share certificates for the Scrip Dividend Scheme will be sent to shareholders on or around 7 October 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 2 September 2013 to Friday, 6 September 2013, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on Friday, 30 August 2013 with the Company's Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

THE BUSINESS ENVIRONMENT

In the first half of 2013, China achieved a steady economic growth despite uncertain recovery of overseas market. According to China's National Bureau of Statistics, during the Period, China's gross domestic products ("GDP") reached RMB24.8 trillion, representing an increase of 7.6% over the corresponding period in 2012. Fixed asset investments ("FAI"), consumption and net export have boosted GDP by 4.1, 3.4 and 0.1 percentage points, respectively. During the Period, China's total import and export growth has been slowed down with increasing volatility. In the first and second quarters, China's total import and export increased by 13.5% and 4.3% respectively over the corresponding period last year, on the back of a negative 2% growth in June. The total retail sales of consumer goods in the first half was RMB11.1 trillion, representing an increase of 12.7% but a decrease in growth rate of 1.7 percentage points over the corresponding period last year. FAI remained the key driver of economic growth. In the first half, China's FAI (excluding rural household) amounted to RMB18.1 trillion, representing an increase of 20.1% over the corresponding period last year. Moreover, investment in infrastructure (excluding production and supply of electricity, heat, gas and water) was RMB2.7 trillion, representing an increase of 25.3%, with growth rate of 20.9 percentage points over the corresponding period last year.

The new Chinese government insists on its keynote policy of steady progression. To improve the quality and effectiveness of economic growth under its steady monetary policy, the Chinese government has declared a plan to activate the existing quantity and maintain the total money and credit supply reasonably in the market. Meanwhile, the Chinese government has also maintained a proactive fiscal policy by expanding government expenditure and stimulating domestic consumption, to achieve a steady economy in China. As of 30 June 2013, M2 money supply reached RMB105.5 trillion, representing an increase of 14.0% over the end of 2012. In June, the Consumer Price Index rose by 2.7%, which is below government's control target of 3.5%. Producer Price Index fell by 2.7% and it is expected that the Chinese government is not under pressure to raise interest rate in near future.

The Chinese government clearly indicated the continuity in economic policy, by emphasizing steady growth, promoting reform and achieving structural adjustment, and has set the China's 2013 target of GDP growth at 7.5% and FAI at 18%, respectively. According to the Bureau of Statistics of relevant provinces, the GDP of Guangdong, Guangxi, Fujian, Hainan, Yunnan and Shanxi, where we operate, were RMB2,846.6 billion, RMB581.0 billion, RMB885.5 billion, RMB151.7 billion, RMB464.1 billion and RMB601.7 billion for the first half of 2013, representing increases of 8.5%, 10.2%, 11.3%, 10.3%, 12.4% and 9.0% respectively over the corresponding period last year. Besides, the FAI (excluding rural household) in Guangdong, Guangxi, Fujian, Hainan, Yunnan and Shanxi for the first half of 2013 were RMB851.1 billion, RMB533.8 billion, RMB682.2 billion, RMB107.5 billion, RMB405.5 billion and RMB315.4 billion, representing increases of 17.0%, 22.9%, 24.1%, 27.1%, 28.9% and 24.9% respectively over the corresponding period last year.

In May 2013, the Chinese government launched the railway investment system reform proposal whereby certain ownership and operational rights of railways will be open to private capitals. In July, the National Development & Reform Commission approved China Railway Corporation for the issuance of RMB150 billion bonds in phases in 2013 and the proceeds will be used for the construction of 73 railway projects. At the same time, the Chinese government also proposed other favorable measures for railway construction such as to fully open the railway construction market, establish railway development fund, and to accelerate the preparation work so that the Twelfth Five-Year Period will proceed as scheduled. As at the end of 2012, the length of national operating railway is 98,000 km. According to the Twelfth Five-Year Period, the length of national operating railway will reach 120,000 km by the end of 2015. In 2013, China's railway infrastructure investment target is RMB650.0 billion and a total of 5,200 km of new railways will be put into operation. In the first half of 2013, investment of RMB215.9 billion has been completed, representing an increase of 21.5% over the corresponding period last year. The above measures are expected to provide a favorable environment for the railway industry and will drive cement consumption.

As of the end of 2012, the length of national operating road network amounted to 173,000 km, of which 105,000 km are standard roads and 68,000 km are national operating highways. According to "National Highway Network Planning (2013-2030)", urban cities with more than 200,000 population will be connected by national highway; the total target national operating highway has been adjusted to 118,000 km with an possible extension of 18,000 km going forward, totaling the length of national operating highway network to 136,000 km. According to the Ministry of Transport of the PRC, the FAI in highway and waterway reached RMB599.6 billion in the first half of 2013, representing an increase of 9.2%, as compared with the negative growth of 6.2% over the corresponding period last year. The highway investment in the eastern, central and western China have reached RMB210.0 billion, RMB147.4 billion and RMB242.2 billion, representing increases of 7.9%, 20.7% and 4.3% respectively. We believe the ongoing construction of highway and waterway infrastructure will facilitate the medium to long term demand for cement.

China continues to implement control policies on real estate by introducing home purchase restriction, differential housing credit policies and real estate tax policies, as well as increasing land supply plus other measures to control real estate prices from rapid increases. These measures are expected to maintain the healthy and stable development of China's real estate market, resulting in a steady demand for cement. According to the National Bureau of Statistics, China's real estate investment reached RMB3.7 trillion in the first half of 2013, representing an increase of 20.3% and an increase in growth rate of 3.7 percentage points over the corresponding period last year. The total area of real estate completed was approximately 353.0 million square meters, representing an increase of 6.3% over the corresponding period last year. The total area of commodity housing sold was 514.0 million square meters, representing an increase of 28.7% over the corresponding period last year. In the meantime, the Chinese government is actively promoting the construction of social housing. According to the targets of the Ministry of Housing and Urban-Rural Development, China will commence the construction of 6.3 million units of social housing and complete 4.7 million units in 2013. During the first half of 2013, the construction of 4.4 million units was commenced and 2.4 million units were completed, representing 69.8% and 50.0% of the annual targets, respectively. Total investment amounted to RMB495.0 billion. According to the Chinese government's targets in building a better-off society, it is expected by 2020, the housing area per capita will reach 35 square meters in urban city, which is higher than 32.9 square meters reported at the end of 2012. We believe that China's steady demand for real estate would support a sustainable growth in cement consumption.

INDUSTRY

Cement demand continued to grow in the first half of 2013. According to the National Bureau of Statistics, the total cement production reached 1.1 billion tons, representing an increase of 9.7% over the corresponding period last year. Among them, according to the China Cement Association, the cement production of Guangdong, Guangxi, Fujian, Hainan, Yunnan and Shanxi were 55.8 million tons, 48.6 million tons, 40.0 million tons, 8.8 million tons, 44.3 million tons and 20.2 million tons, representing increases of 11.3%, 17.4%, 18.7%, 24.7%, 21.9% and 0.6%, respectively over the corresponding period last year.

According to the China Cement Association, there were 32 new clinker production lines, which increased clinker production capacity of 38.8 million tons in the first half of 2013 and represented a decrease of 53.2% over the corresponding period last year. The new capacity are mainly located in the western regions such as Xinjiang, Sichuan, Gansu and Guizhou. Among them, there are only 7 production lines released in Southern China, increasing clinker production capacity by 8.2 million tons, and representing a decrease of 61.6% over the corresponding period last year. During the Period, there were 3 clinker production lines commenced operation in Shanxi, providing 3.9 million tons of new production capacity, representing an increase of 20.2% over the corresponding period last year. As of 30 June 2013, total NSP clinker production capacity in China reached 1,690.0 million tons, including 285.0 million tons in Southern China and 60.1 million tons in Shanxi.

On 25 July 2013, the Ministry of Industry and Information Technology issued the tasks of eliminating obsolete capacities of 19 industries including the cement industry. The notice requested all the listed obsolete capacities to be shut down by the end of September 2013 and be completely dismantled by the end of 2013. According to the list, the cement industry will eliminate 92.8 million tons in 2013, In our operating regions, approximately 15.0 million tons in Guangdong, 4.5 million tons in Guangxi, 7.6 million tons in Fujian, 1.0 million tons in Yunnan and 3.5 million tons in Shanxi, respectively, of obsolete capacities shall be eliminated during the current year. The removal of obsolete capacity will improve the supply and demand condition as well as the business environment for the cement industry in China.

On 10 May 2013, National Development & Reform Commission and the Ministry of Industry and Information Technology jointly published "Notice on curbing the blind expansion of serious overcapacity industries" (No. 892), which stated that the overcapacity issue and new capacity control of certain industries, including cement, will be the emphasis of work plan for the year so as to strictly control the new production capacities for those industries. Following the tightened requirements of new project approval, growths in new production capacities have slowed down during the Period. With the Chinese government's encouragement and promotion, mergers and acquisitions and restructuring are expected to accelerate the market concentration in the cement industry. Optimal resource allocation and sustainable growth will be the key tasks for cement industry development going forward. Meanwhile, the effective implementation of obsolete capacity elimination and strict approval on new capacity will control net capacity addition, improve supply and demand dynamics, resulting in better business environment of the cement industry.

SOCIAL RESPONSIBILITY

The Group is committed to the protection of the environment and sustainable development of the cement industry, striving to minimize the waste produced during the cement manufacturing process, as well as supporting environmental protection and relevant government departments to treat residential and industrial wastes in the city. The Group is in a leading position on energy saving, emission reduction and circular economy in the cement industry in China. As at 30 June 2013, the Group has completed technological upgrades on denitrogenation for 11 clinker production lines. The remaining 29 lines will be scheduled for upgrades, of which 18 lines will be completed by end of the year. The Group has also completed technological upgrades on dust collection systems for 4 clinker production lines, while upgrades for 8 lines are in progress. The nitrogen oxides and dust emission level will be effectively reduced and will help the Group better prepared in complying with the new emission standards for the cement industry in China. In the future, we will gradually upgrade our production facilities for waste treatment in handling industrial wastes and municipal sludge, as a contribution to energy saving and environmental protection in China.

During the course of our promotion for green development, we always value our interaction with international cement peers on energy saving, emission reduction and social responsibility. In July 2013, the Group participated in the CEO conference held by the Cement Sustainability Initiative in Heidelberg of Germany, where we discussed with other cement companies worldwide regarding the future development of the Cement Sustainability Initiative, and set out its strategic path and roadmap to pursue the sustainable development of the cement industry to 2020.

OPERATIONAL PERFORMANCE REVIEW

Acquisitions

On 2 January 2013, the Company approved the acquisition from six independent third parties of 100% equity interests in Hainan Wuzhishan Dajiangnan Cement Limited at the total consideration of RMB53.0 million (equivalent to approximately HK$65.2 million). Hainan Wuzhishan Dajiangnan Cement Limited operates a cement grinding line with annual production capacity of 600,000 tons in Maoyang Town, Wuzhishan City, Hainan. Please refer to the Company's announcement dated 2 January 2013 for details of the acquisition. As at the date of this announcement, a total of RMB6.8 million (equivalent to approximately HK$8.4 million) has been paid.

New production plants

During the Period, the Group completed the construction of three concrete batching plants, which has increased our total annual concrete production capacity by 1.7 million m^3.

Capacity utilization

During the Period, the utilization rates of our cement, clinker and concrete production lines were 86.2%, 116.7% and 40.5% as compared with 71.0%, 101.8% and 37.2%, respectively for the corresponding period last year.

Procurement

In the first half of 2013, in response to the downward trend of coal market, the Group has adopted a short-cycle and multi-channel sourcing strategy to lower coal procurement cost, improve cash flow with effective risk management. Total volume of coal procured in the first half of 2013 was 4.3 million tons, representing an increase of 13% over the corresponding period in 2012, of which, approximately 45%, 17%, 36% and 2% were sourced from northern China, neighbor areas of our plants, Vietnam and other countries respectively (52%, 15%, 33% and nil respectively for the corresponding period in 2012). The Group will further enhance price and quality control, as well as logistic arrangement in procurement and supply function. We had developed a three-level management mechanism to reinforce the centralized procurement at headquarters and strengthen regional sharing of raw materials and some spare parts of production facilities.

Logistics

In the first half of 2013, through tendering, the Group has secured 540,000 tons of shipping capacity on the Xijiang River, reaching an annual shipping capacity of 25 million tons. In addition, the Guangxi Rungui Water Transportation Limited, which the Group holds 49% equity interest currently has 80 vessels, shipping transportation capacity of 100,000 tons and an annual capacity of 4.5 million tons. These provide us with a long-term, stable shipping capacity to secure transportation cost control along Xijiang River. In respect of road transportation, the Group has introduced global positioning system for scheduling truck transportation distribution in the Pearl River Delta region from July 2013. As at 30 June 2013, the Company operated a total of 36 silo terminals (35 as at 31 December 2012) along the Xijiang River and its tributaries (mainly in Guangdong Pearl River Delta Region) with an annual capacity of 26.5 million tons (26.0 million tons as at 31 December 2012), making us more competitive in terms of logistic and transportation through the "water shipment and transshipment" model.

Turnover

The consolidated turnover for the six months ended 30 June 2013 amounted to HK$12,858.2 million, representing an increase of 16.5% over HK$11,033.9 million for the corresponding period last year. An analysis of segmental turnover by product is as follows:

	For the six months ended 30 June					
	2013			2012		
	Sales volume *'000 tons/m³*	**Average selling price** *HK$*	**Turnover** *HK$'000*	Sales volume *'000 tons/m³*	Average selling price *HK$*	Turnover *HK$'000*
Cement	**30,355**	**300.3**	**9,116,962**	22,969	333.9	7,669,858
Clinker	**4,863**	**235.2**	**1,143,767**	4,358	270.3	1,178,073
Concrete	**6,898**	**376.5**	**2,597,427**	5,877	372.0	2,186,018
Total			**12,858,156**			11,033,949

The commencement of operation of our newly constructed production lines in 2012 has contributed to the increased production capacity and together with higher utilization rate of our production capacity, enabled us to increase our production volume. During the Period, our external sales volume of cement, clinker and concrete increased by 7.4 million tons, 0.5 million tons and 1.0 million m^3, representing increases of 32.2%, 11.6% and 17.4%, respectively over the corresponding period last year. During the Period, approximately 69.8% of the cement sales were generated from 42.5 or higher grades (70.0% for the corresponding period in 2012) and approximately 45.8% of the volume of our cement products were sold in bags (45.2% for the corresponding period in 2012). Internal sales volume of cement for our concrete production was 1,480,000 tons (1,148,000 tons for the corresponding period in 2012), representing 4.6% of the total volume of cement sold (4.8% for the corresponding period in 2012). The intra-group transaction amount of HK$445.4 million (HK$392.7 million for the corresponding period in 2012) was eliminated from the consolidated turnover for the Period.

Our cement sales by geographical areas for the Period were as follows:

	For the six months ended 30 June					
	2013			2012		
	Sales volume	**Average selling price**	**Turnover**	Sales volume	Average selling price	Turnover
	'000 tons	***HK$***	***HK$'000***	*'000 tons*	*HK$*	*HK$'000*
Guangdong	**10,562**	**311.8**	**3,293,011**	7,393	357.9	2,645,959
Guangxi	**10,820**	**289.0**	**3,127,492**	8,708	305.0	2,655,852
Fujian	**4,162**	**291.0**	**1,211,311**	2,597	344.0	893,344
Hainan	**1,748**	**307.8**	**538,111**	1,794	374.7	672,125
Yunnan	**1,525**	**338.8**	**516,660**	1,183	358.8	424,419
Shanxi	**1,538**	**279.8**	**430,377**	1,294	292.2	378,159
Total	**30,355**	**300.3**	**9,116,962**	22,969	333.9	7,669,858

The average selling prices of cement, clinker and concrete for the Period were HK$300.3 per ton, HK$235.2 per ton and HK$376.5 per m^3, representing a decrease of 10.1%, a decrease of 13.0% and an increase of 1.2% respectively over the corresponding period last year. The decreases in average selling prices of cement and clinker for the Period reflected the more competitive market situation as new capacities have been released into the market since 2012 and therefore cement producers were more willing to cut prices to maintain continuous production. The selling prices of concrete were relatively stable throughout the Period.

Major production costs

The average price of coal we purchased for the Period was around HK$704 per ton, representing a decrease of 18.9% from the average price of HK$868 per ton for the corresponding period last year, while the quality of coal was better with average thermal value increased by 3.6% to 5,030 kcal per kg. During the Period, our unit coal consumption decreased to 156.0 kg per ton of clinker produced, representing a decrease of 4.6% from the average of 163.5 kg for the corresponding period in 2012. Our standard coal consumption decreased to 107.9 kg per ton of clinker for the Period from the average of 109.9 kg for the corresponding period last year. As the result of the lowered coal price and improved coal consumption, our average coal cost of production for the Period decreased by 22.6% to HK$109.8 per ton of clinker produced from HK$141.9 for the corresponding period of 2012. Coal cost represented approximately 40.1% of the cost of sales of cement for the Period (45.4% in the corresponding period of 2012) and approximately 34.1% of the Group's total cost of sales for the Period (39.0% in the corresponding period of 2012).

Our average electricity cost decreased by 7.4% from HK$44.6 per ton of cement to HK$41.3 due to the reduced electricity consumption for production. We managed to improve our electricity consumption to 79.8 kwh per ton of cement for the Period (86.3 kwh for the corresponding period of 2012), representing a cost saving of approximately HK$149.3 million (HK$66.6 million for the corresponding period of 2012). Our residual heat recovery generators performed satisfactorily and generated 846.2 million kwh of electricity for the Period, representing an increase of 22.3% over 691.7 million kwh of electricity generated in the corresponding period last year. The electricity generated during the Period accounted for approximately 29.3% of our required electricity consumption (28.5% for the corresponding period of 2012) and we achieved a cost saving of approximately HK$538.8 million for the Period (HK$438.4 million for the corresponding period of 2012). Electricity cost represented approximately 18.1% of the cost of sales of cement for the Period (17.0% in the corresponding period of 2012) and approximately 15.3% of the Group's total cost of sales for the Period (14.6% for the corresponding period in 2012).

Gross profit and gross margin

The consolidated gross profit for the Period was HK$2,966.3 million, representing an increase of 29.0% from HK$2,299.5 million for the corresponding period last year and the consolidated gross margin was 23.1%, representing an increase of 2.3 percentage points from 20.8% for the corresponding period last year. The increase in consolidated gross profit for the Period was mainly attributable to the increase in sales volume and the increase in gross margin. The increase in gross margin was due to the decrease in cost of production of our cement products as mitigated by the decrease in selling price. The gross margins of cement, clinker and concrete for the Period were 24.1%, 9.9% and 25.2%, as compared with 21.0%, 11.1% and 25.4% respectively for the corresponding period last year.

Other income

Other income for the Period was HK$357.3 million, representing an increase of 169.9% from HK$132.4 million for the corresponding period last year. This was mainly due to the appreciation of RMB against other currencies during the Period. As a result, an exchange gain of HK$223.8 million from net borrowings denominated in other currencies was generated during the Period. In the corresponding period last year, an exchange loss of HK$50.7 million was generated and charged to general and administrative expenses.

Selling and distribution expenses

Selling and distribution expenses for the Period were HK$703.1 million, which were 29.6% more than HK$542.5 million for the corresponding period last year. As a percentage to consolidated turnover, selling and distribution expenses increased to 5.5% for the Period from 4.9% for the same period last year. This was mainly due to the effect of lower average selling prices of our products and higher transportation costs were incurred because more cement and clinker was delivered from Guangxi to Guangdong for sale.

General and Administrative Expenses

General and administrative expenses for the Period were HK$853.3 million, representing an increase of 11.4% over HK$766.2 million for the corresponding period last year. As a percentage to consolidated turnover, general and administrative expenses decreased to 6.6% for the Period from 6.9% for the corresponding period last year.

Share of results of joint ventures

The share of results of joint ventures attributable to the Group for the Period amounted to HK$3.3 million, representing a decrease of 70.5% from HK$11.2 million in the corresponding period of 2012. During the Period, the joint ventures incurred additional major repair costs of approximately HK$24.4 million under the routine maintenance program which is implemented in alternate years.

Share of results of associates

The share of results of associates attributable to the Group for the Period amounted to HK$2.3 million, representing a decrease of 95.1% from HK$46.8 million in the corresponding period of 2012. The result reflected a tougher competitive environment in Inner Mongolia.

Taxation

The effective tax rate of the Group for the Period was 17.7%, representing a decrease of 2.3 percentage points from 20.0% of the corresponding period last year. This was because a higher portion of the Group's profit was generated from certain subsidiaries established in Guangxi which were subject to the favorable income tax rate of 15% instead of the Chinese Mainland Enterprise Income Tax rate of 25% that was applicable to other subsidiaries.

Net margin

Net margin of the Group for the Period was 8.9%, which was 3.2 percentage points higher than that of 5.7% for the corresponding period last year. After full allocation of other income and corporate expenses but excluding share of results of joint ventures and associates, net profit per ton of cement products and per m^3 of concrete were about HK$27.9 (HK$17.5 for the corresponding period in 2012) and HK$17.6 (HK$13.0 for the corresponding period in 2012) respectively.

Liquidity and Financial Resources

As at 30 June 2013, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 30 June 2013 *'000*	As at 31 December 2012 *'000*
HK$	**467,614**	754,530
RMB	**1,468,531**	2,204,326
US$	**8,526**	12,092

As at 30 June 2013, the Group's banking facilities amounted to US$150.0 million, HK$11,520.0 million and RMB17,126.0 million, of which HK$2,000.0 million and RMB12,550.5 million were unutilized and remained available for drawdown and the total bank loans of the Group amounting to HK$16,429.3 million equivalent (HK$17,777.2 million equivalent as at 31 December 2012) comprised loans in the following currencies:

	As at 30 June 2013 *'000*	As at 31 December 2012 *'000*
US$	**150,000**	150,000
HK$	**9,520,000**	9,820,000
RMB	**4,575,500**	5,507,500

Among these bank loans denominated in RMB, total amount of HK$313.9 million equivalent was secured by fixed assets of the Group (HK$339.1 million as at 31 December 2012) and HK$16,115.4 million equivalent (HK$17,438.1 million as at 31 December 2012) was unsecured.

As at 30 June 2013, bank loans which carried interests at fixed and variable rates amounted to HK$1,757.6 million and HK$14,671.7 million respectively (HK$986.6 million and HK$16,790.6 million as at 31 December 2012).

During the first half of 2013, the Group obtained certain loans from CR Holdings, China Resources Co., Limited and their respective subsidiaries. As at 30 June 2013, the total amount of the outstanding loans was HK$2,232.3 million equivalent (HK$1,330.9 million as at 31 December 2012) which comprised loans in the following currencies:

	As at 30 June 2013	As at 31 December 2012
	'000	*'000*
HK$	**1,220,000**	80,000
RMB	**806,300**	1,014,200

The above loans were unsecured, interest bearing at prevailing market rates and repayable with three months from the dates of drawdown.

On 5 October 2012, the Company issued 2.125% credit enhanced senior bonds in the amount of US$400.0 million due October 2017 for refinancing and general corporate purposes. The bonds are unsecured and payments of principal and interest in respect of the bonds are supported by an irrevocable standby letter of credit issued by DBS Bank Ltd., Hong Kong Branch. The bonds remain in good credit standing at the date of this announcement.

Under the terms of certain agreements for the total banking facility of HK$14,878.2 million equivalent which will expire from July 2013 to June 2016, CR Holdings is required to hold not less than 51% of the voting share capital of the Company. Under the terms of 2.125% credit enhanced senior bonds, CR Holdings is required to hold not less than 35% of the issued share capital in the Company. Under the terms of certain agreements for the total banking facility of HK$14,878.2 million equivalent, the net gearing ratio of the Company (as may be adjusted to exclude certain non-tangible assets) shall not exceed 180%. The net gearing ratio of the Company as at 30 June 2013, calculated by dividing net borrowings by equity attributable to owners of the Company, was 86.5% (87.2% as at 31 December 2012).

The Group's business transactions were mainly carried out in HK$ and RMB. The Group's exposure to currency risk was attributable to the bank balances and bank loans which were denominated in currencies other than the functional currency of the entity to which these bank balances and bank loans were related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise. As at 30 June 2013, the Group was engaged in a hedging contract in the amount of US$100.0 million (US$100.0 million as at 31 December 2012) for the purpose of the settlement of a US$ bank loan.

The Group has net current liabilities of HK$6,391.7 million as at 30 June 2013. Taking into account the cash and bank balances, the unutilized banking facilities, the expected future internally generated funds and the new banking facilities to be obtained, the Company is confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. The Company will obtain more bank loan facilities with longer maturity dates in order to strengthen the liquidity position.

Charges on Assets

As at 30 June 2013, certain assets of subsidiaries of the Company with an aggregate carrying value of HK$306.1 million (HK$311.7 million as at 31 December 2012) were pledged with banks for banking facilities used by these subsidiaries.

Contingent Liabilities

As at 30 June 2013, the Group has issued guarantees to banks in respect of banking facilities in the amount of HK$50.0 million and RMB666.7 million granted to a joint venture and an associate respectively, of which HK$36.4 million and RMB450.0 million had been utilized.

Employees

As at 30 June 2013, our Group employed a total of 23,541 full time employees, of whom 183 were based in Hong Kong and the remaining 23,358 were based in the Chinese Mainland. A breakdown of our employees by functions is stated as follows:

	As at 30 June 2013	As at 31 December 2012
Management	**330**	315
Finance and administration	**3,058**	2,951
Production and technical	**17,382**	17,348
Quality control	**2,074**	2,051
Sales and marketing	**697**	631
Total	**23,541**	23,296

Among our 330 senior and middle managerial staff, 65% possess university degrees (64% as at 31 December 2012), 28% have received post-secondary education (29% as at 31 December 2012) and their average age is about 43 (42 as at 31 December 2012). We offer our employees remuneration packages mainly on the basis of individual performance and experience and also having regard to industrial practice, which include basic wages, production unit allowance, performance related bonuses and other staff benefits. The Company has established a long term award scheme whereby eligible employees of the Group may be granted cash benefits calculated and paid according to the Shares acquired by the trustee under the Scheme. Details of the Scheme are stated in the section on Long Term Award Scheme.

Long Term Award Scheme

The Company adopted a share award scheme on 2 September 2009. The share award scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The purpose of the share award scheme is to recognize the contributions of officers and employees of our Group, excluding any Director, towards the development of our Group in the past or as incentives to selected grantees to achieve higher than target profits for our Group and to align the interests of the selected grantees with sustainable growth and development of our Group.

The aggregate number of Shares purchased under the share award scheme shall not exceed 2.5% of all issued shares of the Company. The aggregate number of Shares which may be awarded to a selected grantee under the share award scheme shall not exceed 0.1% of the issued share capital of the Company. A trust has been set up and BOCI-Prudential Trustee Limited has been appointed as the trustee. Pursuant to the share award scheme, the trustee may purchase Shares from the public market out of cash contributed by the Company from time to time. Shares purchased under the share award scheme will be held in trust for the eligible employees until such Shares are vested in accordance with the provisions of the rules relating to the share award scheme. The share award scheme will be effective for a term of 10 years until 2 September 2019 unless terminated at the discretion of the Board at an earlier date.

On 17 November 2010, the Company amended the terms of the share award scheme (the "Scheme") to include Directors as eligible grantees and such that payments under the Scheme will be made in form of cash rather than Shares. According to the Scheme, the Company can utilize the proceeds generated from the disposal of the Shares purchased and held by the trustee for awards to be made under the Scheme. Grantees do not have any right to the Shares.

No grant was made during the Period. As at 30 June 2013, the trustee held 128,198,000 Shares and cash of HK$30,123,000 (128,198,000 Shares and cash of HK$22,639,000 as at 31 December 2012) on trust under the Scheme.

Future Plan and Capital Expenditure

New construction

During the Period, the Company approved and commenced the following construction:

(1) one clinker production line with annual capacity of 1.6 million tons and two cement grinding lines with annual capacity of 2.0 million tons in Jinsha County, Guizhou with total cost of construction amounting to approximately RMB1,056.7 million (equivalent to approximately HK$1,326.6 million);

(2) one clinker production line with annual capacity of 1.2 million tons and two cement grinding lines with annual capacity of 2.0 million tons in Midu County, Yunnan with total cost of construction amounting to approximately RMB791.1 million (equivalent to approximately HK$993.1 million);

(3) one clinker production line with annual capacity of 1.6 million tons and two cement grinding lines with annual capacity of 2.0 million tons in Hepu County, Guangxi with total cost of construction amounting to approximately RMB996.5 million (equivalent to approximately HK$1,251.0 million); and

(4) 11 concrete batching plants with total annual capacity of 6.6 million m^3, with the cost of construction amounting to approximately HK$519.0 million.

Capital expenditure

As at 30 June 2013, the Group has outstanding capital expenditure for projects under construction in the amount of HK$10,290.5 million, of which approximately HK$2,894.0 million and HK$4,662.2 million are expected to be expended in the second half of 2013 and in the year ending 31 December 2014 respectively. Details of these projects are as below:

Projects	**Total capital expenditure for the project** *HK$ million*	**Expended as at 31/12/2012** *HK$ million*	**Expended during the Period** *HK$ million*	**Outstanding capital expenditure as at 30/6/2013** *HK$ million*
Construction of production lines in Fengkai County, Guangdong with a total capacity of 6.0 million tons of cement and 6.2 million tons of clinker	6,673.5	6,146.8	250.8	275.9
Construction of production lines in Fuchuan County, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,190.3	1,137.7	37.8	14.8
Construction of production lines in Shangsi County, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,542.1	1,400.5	91.8	49.8
Construction of production lines in Tianyang County, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,101.6	938.3	112.8	50.5
Construction of production lines in Wuxuan County, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,055.8	873.9	62.1	119.8
Construction of production lines in Shantou City, Guangdong with a total capacity of 1.8 million tons of cement	260.0	251.1	4.6	4.3
Construction of production lines in Luchuan County, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,147.4	993.4	43.1	110.9
Construction of production lines in Yongding County, Fujian, with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,534.5	1,185.5	21.3	327.7

Projects	Total capital expenditure for the project *HK$ million*	Expended as at 31/12/2012 *HK$ million*	Expended during the Period *HK$ million*	Outstanding capital expenditure as at 30/6/2013 *HK$ million*
Construction of production lines in Yangchun County, Guangdong with a total capacity of 1.0 million tons of cement and 0.8 million tons of clinker	353.4	320.7	8.9	23.8
Construction of production lines in Longyan City, Fujian, with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,468.5	1,095.9	64.1	308.5
Construction of production lines in Liulin County, Shanxi, with a total capacity of 4.0 million tons of cement and 2.7 million tons of clinker	2,654.8	2,474.8	90.3	89.7
Construction of the second set of production lines in Shangsi County, Guangxi with a total capacity of 2.0 million tons of cement and 1.6 million tons of clinker	689.2	593.7	23.1	72.4
Construction of production lines in Changzhi City, Shanxi, with a total capacity of 2.0 million tons of cement and 1.4 million tons of clinker	1,402.9	841.7	137.7	423.5
Acquisition of production lines in Changzhi City, Shanxi, with a total capacity of 600,000 tons of cement and 372,000 tons of clinker	175.2	111.6	2.0	61.6
Construction of production lines in Yanshi Town, Longyan City, Fujian, with a total capacity of 2.0 million tons of cement and 1.4 million tons of clinker	1,321.7	927.9	104.6	289.2
Acquisition of production lines in Fangshan County, Shanxi, with a total capacity of 700,000 tons of cement and 372,000 tons of clinker	316.4	197.6	3.6	115.2
Construction of production lines in Luoding County, Guangdong, with a total capacity of 2.0 million tons of cement and 1.4 million tons of clinker	1,229.7	853.6	132.7	243.4
Construction of production lines in Fengkai County, Guangdong with a total capacity of 3.1 million tons of clinker	2,910.4	614.5	52.5	2,243.4

Projects	Total capital expenditure for the project *HK$ million*	Expended as at 31/12/2012 *HK$ million*	Expended during the Period *HK$ million*	Outstanding capital expenditure as at 30/6/2013 *HK$ million*
Construction of production lines in Anshun City, Guizhou, with a total capacity of 2.0 million tons of cement and 1.4 million tons of clinker	1,381.0	–	20.8	1,360.2
Construction of production lines in Jinsha County, Guizhou, with a total capacity of 2.0 million tons of cement and 1.6 million tons of clinker	1,326.6	189.8	197.4	939.4
Construction of production lines in Midu County, Yunnan, with a total capacity of 2.0 million tons of cement and 1.2 million tons of clinker	993.1	–	41.6	951.5
Construction of production lines in Hepu County, Guangxi, with a total capacity of 2.0 million tons of cement and 1.6 million tons of clinker	1,251.0	92.8	18.9	1,139.3
Construction of 11 concrete batching plants with a total capacity of 6.6 million m^3 of concrete	519.0	43.7	21.8	453.5
Technological upgrade projects and other purchases of fixed assets	622.2	–	–	622.2
	33,120.3	21,285.5	1,544.3	10,290.5

Apart from the foregoing, the Group had no other significant planned capital expenditure or commitment as at 30 June 2013. The above planned and intended capital expenditures and commitments will be financed by bank loans and internally generated funds.

STRATEGIES AND PROSPECTS

During the first half of 2013, the Group continued to optimize coal procurement through centralization, expand sales channel and improve production and logistic cost control. Through the increased utilization and improved sales volume, we have further enhanced our market share in our operating regions during the Period. Going forward, we are committed to take various measures to strengthen our leading position in our operating regions. In terms of market development, the Group has entered into Guizhou since beginning of the year, in the cooperation with the coal and thermal power businesses of China Resources Power Holdings Company Limited on the construction of circular economy project in Bijie region under the "Guizhou to Chongqing Power Supply Project". According to the above project, the Group has commenced the construction of two cement and clinker production plants in Anshun City and Jinsha City. As at 30 June 2013, the annual production capacities of cement, clinker and concrete in operation held through our subsidiaries amounted to 73.9 million tons, 50.2 million tons, 34.9 million m^3 respectively. Provided that we do not have any further acquisition, we expect our annual production capacities for cement, clinker and concrete held through subsidiaries will amount to 76.5 tons, 51.8 tons and 40.9 million m^3 respectively by the end of 2013; 84.5 million tons, 57.5 million tons and 48.1 million m^3 by the end of 2014; 90.5 million tons, 65.1 million tons and 55.3 million m^3 by the end of 2015; and 92.5 million tons, 66.7 million tons and 62.5 million m^3 by 2016. In addition, through the jointly ventures that operate in Guangzhou and the associated companies that operate in Inner Mongolia, in which we have equity interests, we owned attributable share of annual cement and clinker production capacities of 11.5 million tons and 6.5 million tons respectively.

It is expected that the Chinese government will adopt consistent macroeconomic policies in second half of 2013 in order to achieve steady economic growth, whereas infrastructure investment will remain the major driving force in this round of economic recovery. Urbanization will be the key in promoting the long term development of China's economy, leading to the sustainable development of the cement industry. As at the end of 2012, China's urbanization rate was only 52.6%. According to the "State Council's work report on urbanization development", China's urbanization rate is expected to rise continuously by one per cent annually to reach approximately 70% in 2030 and hence there is huge room for future growth. The new form of urbanization driven by the Chinese government will be relying on the circular economy, the urban waste treatment during cement production and the use of energy efficient technologies, which will bring enormous opportunity for green cement. Furthermore, the construction of public facilities, social houses and infrastructure construction related industries will develop rapidly to create huge demand for cement and building material industries.

Looking into the future, we will continue to persist in the "3+2" development strategy, through control, conversion and distribution of resources, making us the lowest total cost producer with leading position in regional market. We will further promote the lean management, expand on scope of centralized procurement, improve the logistics system and, take advantage of the lowest total cost within the region. We will continue to conduct market integration, optimize the business network and increase market share in operating region to speed up the collaborative development of cement and concrete businesses. At the same time, we will unremittingly devote ourselves for the circular economy development and urban waste treatment, setting up a stricter emission reduction standard and devote ourselves towards the goal of being the most profitable, best managed and most respected cement and concrete supplier in China.

CORPORATE GOVERNANCE

During the Period, the Company met with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules except that all non-executive Directors were not appointed for a specific term. Since all Directors are subject to re-election by shareholders at annual general meetings and at least about once every three years on a rotation basis in accordance with the articles of association of the Company, there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

APPRECIATION

On behalf of the Board, I would like to thank the Directors, management team and all front line and back office employees for their contribution and dedication to their work and our stakeholders for their continuing trust and support to the Company.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Interim Report 2013 for the six months ended 30 June 2013 will be published on the website of the Stock Exchange (www.hkex.com.hk) and the official website for corporate communication of the Company (www.irasia.com/listco/hk/crcement/index.htm) in due course.

By order of the Board
China Resources Cement Holdings Limited
ZHOU Longshan
Chairman

Hong Kong, 9 August 2013

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan, Mr. PAN Yonghong, Mr. YU Zhongliang and Mr. LAU Chung Kwok Robert; the non-executive Directors are Mr. DU Wenmin, Mr. WEI Bin, Mr. HUANG Daoguo and Mr. CHEN Ying; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Mr. XU Yongmo, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.