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)

2014 INTERIM RESULTS ANNOUNCEMENT

	For the six months ended 30 June		
	2014	2013	**Increase**
	(unaudited)	(unaudited)	
Turnover *(HK$ million)*	**15,161.0**	12,858.2	17.9%
Profit attributable to owners of the Company *(HK$ million)*	**2,056.0**	1,145.6	79.5%
Basic earnings per share	**HK$0.315**	HK$0.176	
Interim dividend per share	**HK$0.07**	HK$0.035	
	As at 30/6/2014 (unaudited)	As at 31/12/2013 (audited)	**Increase**
Total assets *(HK$ million)*	**54,420.8**	54,179.7	0.4%
Equity attributable to owners of the Company *(HK$ million)*	**26,192.1**	24,820.9	5.5%
Net borrowings *(HK$ million) (note 1)*	**17,621.2**	17,618.1	–
Net gearing ratio *(note 2)*	**67.3%**	71.0%	
Net assets per share – book *(note 3)*	**HK$4.01**	HK$3.80	

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 2014 (the "Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	Notes	**2014**	2013
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**15,161,022**	12,858,156
Cost of sales		**(10,329,772)**	(9,891,880)
Gross profit		**4,831,250**	2,966,276
Other income		**169,013**	133,562
Selling and distribution expenses		**(839,534)**	(703,124)
General and administrative expenses		**(882,640)**	(853,346)
Exchange (loss) gain		**(145,575)**	223,775
Finance costs	*4*	**(349,528)**	(374,483)
Share of results of associates		**(40,906)**	2,256
Share of results of joint ventures		**46,061**	3,330
Profit before taxation	*5*	**2,788,141**	1,398,246
Taxation	*6*	**(753,725)**	(248,016)
Profit for the period		**2,034,416**	1,150,230
Attributable to:			
Owners of the Company		**2,055,967**	1,145,639
Non-controlling interests		**(21,551)**	4,591
		2,034,416	1,150,230
Basic earnings per share	*7*	**HK$0.315**	HK$0.176
Interim dividend per share	*8*	**HK$0.07**	HK$0.035

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30/6/2014 *HK$'000* (unaudited)**	As at 31/12/2013 *HK$'000* (audited)
Non-current assets			
Fixed assets		**32,589,526**	32,526,564
Prepaid lease payments		**2,735,360**	2,752,320
Investment property		**77,000**	77,000
Intangible assets		**2,240,190**	2,200,216
Interests in associates		**2,336,975**	2,392,943
Interests in joint ventures		**1,755,665**	1,727,042
Deposits for acquisition of fixed assets		**1,683,604**	1,632,062
Deferred tax assets		**194,562**	152,878
Long term receivables		**615,395**	620,686
		44,228,277	44,081,711
Current assets			
Inventories		**2,143,440**	2,131,961
Trade receivables	*9*	**3,669,276**	3,191,885
Other receivables		**1,414,055**	1,555,543
Amounts due from joint ventures		**394,786**	388,593
Taxation recoverable		**12,797**	5,024
Pledged bank deposits		**3,144**	3,171
Cash and bank balances		**2,555,055**	2,821,782
		10,192,553	10,097,959
Current liabilities			
Trade payables	*10*	**2,836,770**	3,246,173
Other payables		**3,760,069**	4,365,452
Taxation payable		**729,779**	560,041
Amount due to immediate holding company		**54,956**	54,956
Bank loans – amount due within one year		**5,551,433**	6,171,482
		12,933,007	14,398,104
Net current liabilities		**(2,740,454)**	(4,300,145)
Total assets less current liabilities		**41,487,823**	39,781,566

	As at 30/6/2014 *HK$'000* (unaudited)	As at 31/12/2013 *HK$'000* (audited)
Non-current liabilities		
Bank loans – amount due after one year	**11,527,296**	11,169,690
Unsecured bonds	**3,100,624**	3,101,840
Other long term payables	**28,465**	28,535
Deferred tax liabilities	**116,252**	119,750
	14,772,637	14,419,815
	26,715,186	25,361,751
Capital and reserves		
Share capital	**653,294**	653,294
Reserves	**25,538,767**	24,167,560
Equity attributable to owners of the Company	**26,192,061**	24,820,854
Non-controlling interests	**523,125**	540,897
Total equity	**26,715,186**	25,361,751

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

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – INT 21	Levies

The application of the above amendments to HKFRSs and Interpretation 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 and 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 2014 (unaudited)

	Cement	Concrete	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER – SEGMENT REVENUE				
External sales	**12,079,687**	**3,081,335**	**–**	**15,161,022**
Inter-segment sales	**543,324**	**459**	**(543,783)**	**–**
	12,623,011	**3,081,794**	**(543,783)**	**15,161,022**

Inter-segment sales are charged at prevailing market prices.

	Cement	Concrete	Elimination	Total
RESULTS				
Segment results	**3,118,645**	**180,164**	**–**	**3,298,809**
Interest income				**17,704**
Unallocated net corporate expenses				**(183,999)**
Finance costs				**(349,528)**
Share of results of associates				**(40,906)**
Share of results of joint ventures				**46,061**
Profit before taxation				**2,788,141**

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 associates				2,256
Share of results of joint ventures				3,330
Profit before taxation				1,398,246

4. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on		
Bank loans and unsecured bonds wholly repayable within five years	**352,061**	354,321
Loans from intermediate holding companies	**–**	27,257
Other long term payables	**390**	560
	352,451	382,138
Less: Amount capitalised to fixed assets	**(2,923)**	(7,655)
	349,528	374,483

5. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Total staff costs (including Directors' emoluments)	**1,138,349**	1,109,933
Amortisation of mining rights (included in general and administrative expenses)	**34,160**	25,927
Depreciation of fixed assets	**899,538**	859,802
Impairment of fixed assets	**79,552**	22,186
Operating lease payments in respect of		
– rented premises	**29,273**	24,508
– motor vehicles	**125,138**	51,041
Release of prepaid lease payments	**35,561**	32,022
Reversal of allowance for doubtful debts	**(9,488)**	(13,691)
Interest income	**(17,704)**	(22,924)

6. TAXATION

	For the six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current taxation		
Hong Kong Profits Tax	**7,129**	5,977
Chinese Mainland Enterprise Income Tax	**792,185**	242,247
	799,314	248,224
Deferred taxation		
Hong Kong	**302**	371
Chinese Mainland	**(45,891)**	(579)
	(45,589)	(208)
	753,725	248,016

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 25% (2013: 15% to 25%) 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	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	**2,055,967**	1,145,639

	For the six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
Number of shares		
Number of shares for the purpose of basic earnings per share	**6,532,937,817**	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	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interim dividend at HK$0.07 per share (2013: HK$0.035)	**457,306**	228,174

note: At the Board meeting held on 7 March 2014, the Directors proposed a final dividend of HK$0.07 per share for the year ended 31 December 2013 (HK$0.07 per share for the year ended 31 December 2012). Such proposed dividend totalling HK$457,306,000 (year ended 31 December 2012: HK$456,348,000) was subsequently approved by shareholders on 9 May 2014.

9. TRADE RECEIVABLES

	As at	As at
	30/6/2014	31/12/2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from third parties	**3,628,703**	3,160,638
Trade receivables from related parties	**40,573**	31,247
	3,669,276	3,191,885

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

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 30/6/2014 *HK$'000* (unaudited)	As at 31/12/2013 *HK$'000* (audited)
0 to 90 days	**3,249,442**	3,011,119
91 to 180 days	**183,966**	102,471
181 to 365 days	**235,868**	78,295
	3,669,276	3,191,885

10. TRADE PAYABLES

	As at 30/6/2014 *HK$'000* (unaudited)	As at 31/12/2013 *HK$'000* (audited)
Trade payables to third parties	**2,826,047**	3,225,011
Trade payables to related parties	**10,723**	21,162
	2,836,770	3,246,173

The Group normally receives credit period of 30 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 30/6/2014 *HK$'000* (unaudited)	As at 31/12/2013 *HK$'000* (audited)
0 to 90 days	**2,622,303**	2,973,675
91 to 180 days	**47,254**	182,079
181 to 365 days	**112,218**	49,660
Over 365 days	**54,995**	40,759
	2,836,770	3,246,173

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$0.07 per share for the Period (2013: HK$0.035). The interim dividend will be distributed on or about Friday, 26 September 2014 to shareholders whose names appear on the Register of Members of the Company after the close of business on Friday, 29 August 2014. Such interim dividend will not be subject to any withholding tax in Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 1 September 2014 to Friday, 5 September 2014, 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, 29 August 2014 with the Company's Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

BUSINESS ENVIRONMENT

In the first half of 2014, China maintained stable economic growth. According to the National Bureau of Statistics of China, in the first half of the year, China's gross domestic products ("GDP") reached RMB26.9 trillion, representing an increase of 7.4% over the corresponding period last year. Fixed asset investments ("FAI"), consumption and net export contributed 3.6, 4.0 and –0.2 percentage points respectively to the GDP growth. FAI and consumption are the key drivers of economic growth. In the first half of the year, China's FAI (excluding rural households) amounted to RMB21.3 trillion, representing an increase of 17.3% over the corresponding period last year, among which, infrastructure investment (excluding power supply) was RMB3.4 trillion, representing an increase of 25.1%. In the first half of the year, the total retail sales of consumer goods amounted to RMB12.4 trillion, representing an increase of 12.1% which is a flat growth rate, over the corresponding period last year.

In the first half of the year, in order to cope with the pressure of domestic economic downturn, the Chinese government launched a series of measures to ensure steady economic growth, promote reform and restructuring, and improve people's livelihood. As at 30 June 2014, M2 money supply reached RMB121.0 trillion, representing an increase of 14.7% over the corresponding period last year. In the first half of the year, there were more than 7 million new hiring in the urban job market. The Consumer Price Index rose by 2.3%, which was lower than the government's target of 3.5% for the full year. The prudent monetary policy and fiscal policy implemented by the government assisted in boosting domestic consumption and maintained stable economic development over the period.

According to the data released by the respective provincial Bureau of Statistics, for the first half of 2014, the GDP of Guangdong, Guangxi, Fujian, Hainan, Shanxi, Yunnan and Guizhou, the areas at which we have operation, were RMB3,087.9 billion, RMB632.8 billion, RMB973.4 billion, RMB167.6 billion, RMB609.8 billion, RMB501.0 billion and RMB378.0 billion, representing increases of 7.5%, 8.5%, 9.7%, 8.0%, 6.1%, 8.4% and 10.8% respectively, whereas the FAI (excluding rural households) in the respective provinces reached RMB1,023.7 billion, RMB619.4 billion, RMB843.6 billion, RMB139.9 billion, RMB373.3 billion, RMB482.1 billion and RMB316.4 billion, representing increases of 17.3%, 16.0%, 21.5%、17.6%、18.3%, 18.9% and 24.6% respectively over the corresponding period last year.

In the first half of 2014, the Chinese government has increased the annual target of FAI in railways three times, from RMB600 billion to RMB800 billion. The number of newly commenced investment projects increased to 64 and a total of over 7,000 km of new railways is expected to be put into operation by end of the year. During the Period, China's FAI in railways reached RMB235.1 billion, an increase of 8.9% over the corresponding period last year, representing 29.4% of the annual target. The increase in railway investment is expected to accelerate in the second half of the year. In April 2014, the State Council of China established a railway development fund, which aims to broaden the source of funding for construction, so as to attract investment by private capital in order to ensure steady growth in railway investment and speed up railway construction. According to the "Twelfth Five-Year" plan, the operational length of national railways in China will reach 120,000 km by the end of 2015. We believe the railway investment will create continuing demand for the cement industry.

In the first half of 2014, the FAI in highways and waterways reached RMB656.3 billion, representing an increase of 9.4% over the corresponding period last year. According to the statistics of the Ministry of Transport of China, at the end of 2013, the total length of roads and highways nationwide amounted to 4.4 million km and 104,000 km respectively. 71,000 km of the highways are national highway. According to "National Highway Network Planning (2013-2030)", cities with population of more than 200,000 people will be connected by national highways with a total planned length of 136,000 km, including national highways of 118,000 km and possible extension of 18,000 km in the future. Highways and waterways infrastructure will provide strong support for the sustainable cement demand in the future.

In the first half of 2014, there was a downward adjustment trend in the real estate market in China. According to the National Bureau of Statistics, during the Period, the total area of commodity housing sold was 480 million square metres, representing a decrease of 6.0%, and sales turnover decreased by 6.7% to RMB3.1 trillion, over the corresponding period last year. China's real estate investment reached RMB4.2 trillion, representing an increase of 14.1%, while the total area of land purchased for the real estate industry was 150 million square metres, representing a decrease of 5.8% over the corresponding period last year. The total area of newly commenced construction of real estate projects was 800 million square metres, representing a decrease of 16.4%. The total area of completed real estate projects was 380 million square metres, representing an increase of 8.1% and an increase in growth rate of 1.8 percentage points over the corresponding period last year. Whilst the adjustment of the real estate market will bring pressure to the economy in short term, it will help in restraining excessive increase in property prices. In the long term, it will be beneficial for the healthy development of the real estate market and result in sustainable demand for the cement industry.

On the other hand, the construction of social housing also leads to stable cement demand. In the first half of 2014, according to the Ministry of Housing and Urban-Rural Development of China, the construction of 5.3 million units of urban social housing has newly commenced and 2.8 million units have been completed, achieving 76% and 58% of the annual targets of construction of 7 million units and completion of 4.8 million units of social housing set by the Chinese government respectively, with a total investment of RMB720.0 billion.

THE INDUSTRY

Demand for cement continued to grow steadily in the first half of 2014. According to the National Bureau of Statistics, the total cement production increased by 3.6% to 1.1 billion tons. Among them, according to the China Cement Association, the cement production of Guangdong, Guangxi, Hainan, Shanxi, Yunnan and Guizhou were 65.4 million tons, 49.2 million tons, 10.1 million tons, 19.7 million tons, 47.5 million tons and 45.0 million tons, representing increases of 15.7%, 2.0%, 14.0%, 0.5%, 6.3% and 21.7% respectively, over the corresponding period last year, whereas the cement production of Fujian was 35.8 million tons, representing a decrease of 9.2% over the corresponding period last year.

According to the statistics of Digital Cement, cement investment in China in the first half of 2014 amounted to approximately RMB49.0 billion, representing a decrease of 12.2% over the corresponding period last year. There were a total of twenty-two clinker production lines newly released in the first half of 2014, which increased clinker production capacity by 31.1 million tons, representing a decrease of 20.0% over the corresponding period last year. More than half of new capacities are located in the south-western and north-western regions. In Southern China, only one production line commenced operation in Guangdong, which increased clinker production capacity by 1.6 million tons, representing a decrease of 60.0% over the corresponding period last year. Four production lines, mainly located in western Yunnan, commenced operation, which increased clinker production capacity by 5.1 million tons, representing an increase of 312.5% over the corresponding period last year. Four production lines commenced operation in Guizhou, which increased clinker production capacity by 4.7 million tons, representing a decrease of 23.5% over the corresponding period last year. In addition, China continued the elimination of obsolete capacity. On 18 July 2014, the Ministry of Industry and Information Technology of China announced a list of enterprises of various industries including the cement industry with obsolete capacity and overcapacity issues. According to the list, 82.1 million tons of cement capacities (including 3.5 million tons in Guangdong, 8.9 million tons in Guangxi, 1.4 million tons in Fujian, 1.1 million tons in Shanxi, 2.5 million tons in Yunnan and 4.0 million tons in Guizhou) are required to cease operation by the end of September 2014 and be demolished by the end of the year.

The Chinese government continued the strict control policies over new capacity, elimination of obsolete capacity, energy saving and emission reduction for cement industry. In October 2013, the State Council of China published the "Guidance on Resolving the Conflict Concerning Severe Overcapacity" which proposed the abolition of grade 32.5 composite cement. This policy is still under discussion and if it is fully implemented, it will accelerate the elimination of obsolete capacity. In December 2013, the Ministry of Environmental Protection and the General Administration of Quality Supervision, Inspection and Quarantine of China jointly published a new "Air Pollutants Emission Standard for the Cement Industry", which raises the emission standards on nitrogen oxides and particulate matters. The new standard has been applied to newly built cement projects since March this year and will apply to existing production lines from July next year. In May 2014, the National Development and Reform Commission, the Ministry of Industry and Information Technology and the General Administration of Quality Supervision, Inspection and quarantine jointly issued the "Notice on Matters Relating to the Use of Pricing Tactics to Promote Industrial Structure Adjustment of Cement Industry" in order to increase the electricity tariffs of obsolete cement kilns and accelerate the phasing out of capacity using backward technology. The State Council of China also published the "Action Plan for Energy Conservation, Emissions Reduction and Low-carbon Development in 2014-2015" in May in order to promote market-based mechanism for energy saving and emission reduction and realize low carbon development, which fully demonstrated the government's commitment to environmental protection and is conducive to the continuing healthy development of the industry.

SOCIAL RESPONSIBILITY

As the Co-chairman of Cement Sustainability Initiative in China, the Group is committed to honouring its corporate social responsibility, environmental protection and sustainable development of the cement industry. In order to comply with the new emission standard for the cement industry introduced by Chinese government, the Group enthusiastically promotes the technological upgrade projects to reduce the emission levels of nitrogen oxides and particulate matters. As at 30 June 2014, the Group has completed technological upgrade on denitrogenation of 39 clinker production lines and dust collection system of 13 clinker production lines, which ensures full compliance with the latest national standards on the emission levels of nitrogen oxides and particulate matters.

In addition, the Group is committed to green development and actively promotes the integrated use of cement kilns for waste treatment. The Group is also actively participating in the pilot carbon credit trading scheme developed by the Guangdong government. All our eight production plants in Guangdong province have already settled their payments for the carbon emission quotas of 2013 and we are one of the cement enterprises that have completed the quota settlement in the early stage.

INTEGRITY ENHANCEMENT

In first half of 2014, in order to strengthen the prevention of integrity risk in business operation, we continued to implement the "Guidance on Business Integrity of China Resources Cement". We assessed the business integrity risk and key control points in the critical processes, and developed certain preventive controls and measures for our clinker factories, cement grinding plants and concrete batching plants with a view to strengthening the prevention and control of business integrity within the Group. At the same time, the Group strictly enforced the "China Resources Cement Discipline and Supervision Matters Investigation Guidelines" and set up a complaint mailbox, which helps to build up the internal surveillance system. We continue to strive for integrity enhancement and have established favourable organizational atmosphere within the Group.

OPERATIONAL PERFORMANCE REVIEW

Acquisitions

Subsequent to the execution of the capital contribution agreement on 30 September 2013 (which has already been reported in our Annual Report 2013), the parties agreed that the values stated in the two valuation reports prepared by an independent valuer shall be adopted for the purpose of capital contribution by China Resources Cement Investments Limited ("CRC Investments"). On 23 June 2014, CRC Investments entered into a supplemental agreement to the capital contribution agreement in relation to, inter alia, the amount of capital contribution to Fujian Building Material (Holdings) Company Limited. According to the supplemental agreement, the capital contribution to be made by CRC Investments for the 49% equity interest in Fujian Building Material (Holdings) Company Limited shall amount to approximately RMB682,194,000 (approximately HK$859,455,000). After taking into account the value of the entire equity interests of the 9 concrete companies to be injected into Fujian Building Material (Holdings) Company Limited by CRC Investments as capital contribution, the balance of approximately RMB377,724,000 (approximately HK$475,872,000) of the capital contribution shall be made by CRC Investments in the form of cash. As at the date of this announcement, the injection of the equity interests of the 9 concrete companies as capital contribution is in progress and no cash has yet been injected.

New production plants

During the Period, the Group completed the construction of one cement grinding line and three concrete batching plants, which has increased our total annual cement and concrete production capacity by 1.0 million tons and 1.7 million m^3 respectively.

Capacity utilization

During the Period, the utilization rates of our cement, clinker and concrete production lines were 87.4%, 115.1% and 40.1% as compared with 86.2%, 116.7% and 40.5%, respectively for the corresponding period last year.

Procurement management

In the first half of 2014, China's coal market continued its downward trend and domestic coal in China is more competitive in term of price comparing to imported coal. The Group has adopted a short-cycle and multi-channel procurement strategy for effective control of procurement cost and risk through reasonable adjustment to the structure of procurement channels according to the changing condition of the coal market. In the first half of 2014, the total volume of coal purchased was 4.3 million tons, which was flat compared with the corresponding period of 2013, of which, approximately 70%, 14%, 5% and 11% were sourced from northern China, neighbouring areas of our plants, Vietnam and other countries (45%, 17%, 36% and 2% respectively for the corresponding period in 2013). The Group will further explore its sources of coal procurement in China and other countries, as well as stabilize its cooperation with strategic suppliers in order to accommodate the fluctuation of domestic and international coal prices. At the same time, we will further enhance the cost control system through the implementation of bi-directional logistics and centralized procurement.

Logistics management

As at 30 June 2014, through tendering, the Group has secured 650,000 tons of shipping capacity at the Xijiang River region, with annual shipping capacity of 29.3 million tons. In addition, Guangxi Rungui Water Transportation Limited, of which 49% of the equity interest is held by the Group, currently owns 80 vessels with shipping capacity of 100,000 tons and annual shipping capacity of 4.5 million tons.

Leveraging on the shipping capacity at the Xijiang River region, the Group has established bi-directional logistics for finished goods and raw materials in order to reduce total logistic costs. The control of the shipping capacity at the Xijiang River and implementation of bi-directional logistics provide us with long-term and stable shipping capacity, as well as more favorable control on our logistic costs. In addition, the Group has controlled the operation of 47 silo terminals (mainly located in the Pearl River Delta region of Guangdong) with an annual capacity of 33.0 million tons, which have enhanced our competitive advantage in terms of logistics and transportation in the Pearl River Delta region and have further strengthened our market competitiveness in the region.

Safety and environmental protection

In the first half of 2014, the Group has continued to promote standardization on production safety. To date, fourteen of our cement production plants have been accredited with First-Class in Production Safety Standardization by the State Administration of Work Safety in China, nine of our quarries have passed the accreditation of Second-Class in Production Safety Standardization for Quarries and all of our concrete batching plants have passed the accreditation of Third-Class in Production Safety Standardization. In addition, in the first half of the year, the Group emphasized on the promotion for establishment and improvement on the emergency management. Emergency plans have been developed by regional offices and drills were organized for quarries, hazardous chemicals, road traffic, fire and natural disasters. Some production plants jointly organized rescue drills with government departments. Through emergency drills, it has aroused the safety awareness of our employees and also tested the effectiveness and operability of the emergency plans.

Turnover

The consolidated turnover for the Period amounted to HK$15,161.0 million, representing an increase of 17.9% over HK$12,858.2 million for the corresponding period last year. An analysis of segmental turnover by product is set out as follows:

	For the six months ended 30 June					
	2014			2013		
	Sales volume	**Average selling price**	**Turnover**	Sales volume	Average selling price	Turnover
	'000 tons/m³	***HK$***	***HK$'000***	*'000 tons/m³*	*HK$*	*HK$'000*
Cement	**31,233**	**355.7**	**11,110,857**	30,355	300.3	9,116,962
Clinker	**3,471**	**279.1**	**968,830**	4,863	235.2	1,143,767
Concrete	**7,372**	**418.0**	**3,081,335**	6,898	376.5	2,597,427
Total			**15,161,022**			12,858,156

During the Period, our external sales volume of cement, clinker and concrete increased by 878,000 tons, decreased by 1.4 million tons and increased by 474,000 m^3, representing an increase of 2.9%, a decrease of 28.6% and an increase of 6.9%, respectively over the corresponding period last year. During the Period, approximately 69.1% of the cement sales were generated from 42.5 or higher grades (69.8% for the corresponding period in 2013) and approximately 47.2% of the volume of our cement products were sold in bags (45.8% for the corresponding period in 2013). Internal sales volume of cement for our concrete production was 1,653,100 tons (1,480,000 tons for the corresponding period in 2013), representing 5.0% of the total volume of cement sold (4.6% for the corresponding period in 2013). The intra-group transaction amount of HK$543.3 million (HK$445.4 million for the corresponding period in 2013) was eliminated from the consolidated turnover for the Period.

Our cement sales by geographical areas for the Period are set out as follows:

	For the six months ended 30 June					
	2014			2013		
	Sales volume	**Average selling price**	**Turnover**	Sales volume	Average selling price	Turnover
	'000 tons	***HK$***	***HK$'000***	*'000 tons*	*HK$*	*HK$'000*
Guangdong	**12,768**	**389.9**	**4,978,023**	10,562	311.8	3,293,011
Guangxi	**8,854**	**325.9**	**2,885,114**	10,820	289.0	3,127,492
Fujian	**3,862**	**343.0**	**1,324,623**	4,162	291.0	1,211,311
Hainan	**2,367**	**438.4**	**1,037,635**	1,748	307.8	538,111
Yunnan	**1,672**	**300.7**	**502,839**	1,525	338.8	516,660
Shanxi	**1,710**	**223.8**	**382,623**	1,538	279.8	430,377
Total	**31,233**	**355.7**	**11,110,857**	30,355	300.3	9,116,962

The average selling prices of cement, clinker and concrete for the Period were HK$355.7 per ton, HK$279.1 per ton and HK$418.0 per m^3, representing increases of 18.4%, 18.7% and 11.0% respectively over the corresponding period last year. The increases in average selling prices of cement and clinker for the Period reflected the improved market condition as new capacity addition has reduced while demand continued to grow. The selling prices of concrete increased as cost increases were passed on to the market during the Period.

Major production costs

The average price of coal we purchased for the Period was around HK$695 per ton, representing a decrease of 1.3% from the average price of HK$704 per ton for the corresponding period last year, while the quality of coal improved with average thermal value increased by 3.3% to 5,196 kcal per kg. During the Period, our unit coal consumption decreased to 151.6 kg per ton of clinker produced, representing a decrease of 2.8% from the average of 156.0 kg for the corresponding period in 2013. Our standard coal consumption increased to 108.4 kg per ton of clinker for the Period from the average of 107.9 kg for the corresponding period last year. As the result of the reduced coal price and unit coal consumption, our average coal cost of production for the Period decreased by 4.1% to HK$105.3 per ton of clinker produced from HK$109.8 for the corresponding period of 2013. Coal cost represented approximately 36.9% of the cost of sales of cement for the Period (40.1% in the corresponding period of 2013) and approximately 30.3% of the Group's total cost of sales for the Period (34.1% in the corresponding period of 2013).

Our average electricity cost increased by 1.0% from HK$41.3 per ton of cement to HK$41.7 due to stronger RMB exchange rate compared with that of the corresponding period in 2013. We managed to improve our electricity consumption to 78.5 kwh per ton of cement for the Period (79.8 kwh for the corresponding period of 2013), representing a cost saving of approximately HK$31.4 million (HK$149.3 million for the corresponding period of 2013). Our residual heat recovery generators generated in aggregate 871.0 million kwh of electricity for the Period, representing an increase of 2.9% over 846.2 million kwh of electricity generated in the corresponding period last year. The electricity generated during the Period accounted for approximately 30.4% of our required electricity consumption (29.3% for the corresponding period of 2013) and we achieved a cost saving of approximately HK$549.2 million for the Period (HK$538.8 million for the corresponding period of 2013). Electricity cost represented approximately 17.9% of the cost of sales of cement for the Period (18.1% in the corresponding period of 2013) and approximately 14.7% of the Group's total cost of sales for the Period (15.3% for the corresponding period in 2013).

Gross profit and gross margin

The consolidated gross profit for the Period was HK$4,831.3 million, representing an increase of 62.9% from HK$2,966.3 million for the corresponding period last year and the consolidated gross margin was 31.9%, representing an increase of 8.8 percentage points from 23.1% for the corresponding period last year. The increases in consolidated gross profit and gross margin for the Period were mainly attributable to the improved selling prices as compared with those of the corresponding period last year. The gross margins of cement, clinker and concrete for the Period were 35.5%, 20.8% and 22.4%, as compared with 24.1%, 9.9% and 25.2% respectively for the corresponding period last year.

Other income

Other income for the Period was HK$169.0 million, representing an increase of 26.5% from HK$133.6 million for the corresponding period last year. This was mainly due to an increase of HK$26.3 million in government incentives received.

Selling and distribution expenses

Selling and distribution expenses for the Period were HK$839.5 million, which were 19.4% more than HK$703.1 million for the corresponding period last year. This was mainly due to higher transportation costs because of increased volume of cement and clinker being delivered from Guangxi to Guangdong for sale. As a percentage to consolidated turnover, selling and distribution expenses for the Period remained flat at 5.5% for the same period last year.

General and Administrative Expenses

General and administrative expenses for the Period were HK$882.6 million, representing an increase of 3.4% over HK$853.3 million for the corresponding period last year. As a percentage to consolidated turnover, general and administrative expenses decreased to 5.8% for the Period from 6.6% for the corresponding period last year.

Exchange loss/gain

An exchange loss of HK$145.6 million was generated from net borrowings denominated in other currencies for the Period due to the depreciation of RMB against other currencies during the Period. For the corresponding period in 2013, an exchange gain of HK$223.8 million was recorded.

Share of results of associates

The associates of the Group, which operated in Inner Mongolia, generated a loss for the Period of which an amount of HK$40.9 million was attributable to the Group. For the corresponding period of 2013, the share of results of the associates attributable to the Group was HK$2.3 million. The result reflected an increasingly competitive environment in Inner Mongolia for the Period.

Share of results of joint ventures

The share of results of joint ventures attributable to the Group for the Period amounted to HK$46.1 million, representing an increase of 13 times from HK$3.3 million in the corresponding period of 2013. The improvement in the operating results of the joint venture reflected the better market condition in the Guangzhou region.

Taxation

The effective tax rate of the Group for the Period was 27.0%, representing an increase of 9.3 percentage points from 17.7% of the corresponding period last year. This was because of the cessation of tax holidays previously enjoyed by certain subsidiaries for the current year and the Group has accounted income tax at the Chinese Mainland Enterprise Income Tax rate of 25% on the profit generated in the Chinese Mainland.

Net margin

Net margin of the Group for the Period was 13.4%, which was 4.5 percentage points higher than that of 8.9% 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$52.8 (HK$27.9 for the corresponding period in 2013) and HK$14.7 (HK$17.6 for the corresponding period in 2013) respectively.

Liquidity and Financial Resources

As at 30 June 2014, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 30 June 2014 *'000*	As at 31 December 2013 *'000*
HK$	**610,767**	417,600
RMB	**1,478,157**	1,864,378
US$	**10,983**	4,645

As at 30 June 2014, the Group's banking facilities amounted to HK$11,250.0 million, RMB10,811.0 million and US$250.0 million, of which RMB7,415.0 million and US$50.0 million were unutilized and remained available for drawdown and the total bank loans of the Group amounting to HK$17,078.7 million equivalent (HK$17,341.2 million equivalent as at 31 December 2013) comprised loans in the following currencies:

	As at 30 June 2014 *'000*	As at 31 December 2013 *'000*
HK$	**11,250,000**	11,000,000
RMB	**3,396,000**	4,254,000
US$	**200,000**	120,000

All these bank loans were unsecured as at 30 June 2014 and 31 December 2013.

As at 30 June 2014, bank loans which carried interests at fixed and variable rates amounted to HK$2,330.7 million and HK$14,748.0 million respectively (HK$2,416.6 million and HK$14,924.6 million as at 31 December 2013).

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$14,747.6 million equivalent which expire from July 2014 to February 2018, China Resources (Holdings) Company Limited ("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$14,447.6 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 2014, calculated by dividing net borrowings by equity attributable to owners of the Company, was 67.3% (71.0% as at 31 December 2013).

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 2014 and 31 December 2013, the Group was not engaged in any hedging contract.

The Group has net current liabilities of HK$2,740.5 million as at 30 June 2014. 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 2014, there was no charge on assets by the Group (Nil as at 31 December 2013).

Contingent Liabilities

As at 30 June 2014, the Group has issued guarantees to banks in respect of banking facilities in the amount of RMB449.0 million and HK$50.0 million granted to associates and a joint venture respectively, of which RMB395.1 million and HK$22.1 million had been utilized.

Employees

As at 30 June 2014, our Group employed a total of 24,415 full time employees, of whom 173 were based in Hong Kong and the remaining 24,242 were based in the Chinese Mainland. A breakdown of our employees by function is stated as follows:

	As at 30 June 2014	As at 31 December 2013
Management	**379**	358
Finance and administration	**3,060**	3,045
Production and technical	**18,097**	17,682
Quality control	**2,180**	2,125
Sales and marketing	**699**	679
Total	**24,415**	23,889

Among our 379 senior and middle managerial staff, 90% are male (90% as at 31 December 2013) and 10% are female (10% as at 31 December 2013), 66% possess university degrees (66% as at 31 December 2013), 27% have received post-secondary education (27% as at 31 December 2013) and their average age is about 44 (44 as at 31 December 2013). 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 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 of the Company ("Shares") acquired by the trustee under the 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. 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 to include Directors as eligible grantees and such that payments under the share award scheme will be made in form of cash rather than Shares. According to the share award 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 share award scheme. Grantees do not have any right to the Shares.

No grant was made during the Period. As at 30 June 2014, the trustee held 109,472,000 Shares and cash of HK$41,907,000 (109,472,000 Shares and cash of HK$39,641,000 as at 31 December 2013) on trust under the share award scheme.

Future Plan and Capital Expenditure

New construction

During the Period, the Company approved and commenced the construction of nine concrete batching plants with total annual capacity of 5.4 million m^3, with the cost of construction amounting to approximately HK$353.7 million.

Capital expenditure

As at 30 June 2014, the Group has outstanding capital expenditure for production plants under construction during the Period in the amount of HK$6,174.1 million. Details of these production plants are as below:

Projects	**Total capital expenditure for the project** *HK$ million*	**Expended as at 31/12/2013** *HK$ million*	**Expended during the Period** *HK$ million*	**Outstanding capital expenditure as at 30/6/2014** *HK$ million*
Construction of production lines in Fengkai County, Guangdong, with a total capacity of 3.1 million tons of clinker	2,920.6	806.7	179.9	1,934.0
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	1,430.0	26.5	2.2	1,401.3
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	1,331.3	693.6	187.1	450.6
Construction of production lines in Midu County, Yunnan, with a total capacity of 2.0 million tons of cement and 1.6 million tons of clinker	1,065.8	194.9	288.8	582.1
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	1,299.1	134.6	29.0	1,135.5
Construction of production lines in Lianjiang County, Guangdong, with a total capacity of 3.0 million tons of cement	486.3	94.3	17.8	374.2
Construction of 9 concrete batching plants with a total capacity of 5.4 million m^3 of concrete	353.7	50.6	6.7	296.4
Total	8,886.8	2,001.2	711.5	6,174.1

Payment of capital expenditure

The Group also had outstanding payment for the construction of production plants completed in the previous years, which have already been included under other payables in the condensed consolidated statement of financial position as at 30 June 2014. Total payments for capital expenditure of the Group are expected to be approximately HK$3,200.5 million and HK$3,677.1 million in the second half of 2014 and in the year ending 31 December 2015 respectively, which will be financed by bank loans and internally generated funds.

STRATEGIES AND PROSPECTS

In first half of 2014, the Group continued to adopt the "full-scaled production and sale" marketing strategy and expanded our sale channel so as to further consolidate its leading position in the region. On 23 June, we entered into a supplemental agreement with Fujian Energy Group Company Limited to determine the capital contribution of the Group, which has established a win-win partnership to further expand our influence in Southern China. In addition, the Group has cooperated with the coal and thermal power business of China Resources Power Holdings Company Limited and developed a circular economy project in Jinsha County, Bijie Region of Guizhou. The clinker and cement production lines have already commenced operation in July this year, which will contribute to the sustainable development of the local community.

As at 30 June 2014, the annual production capacities of cement, clinker and concrete in operation held through our subsidiaries amounted to 76.5 million tons, 51.0 million tons and 37.8 million m^3 respectively. Without regard to any further acquisition, we expect our annual production capacities for cement, clinker and concrete held through subsidiaries will amount to 80.5 million tons, 54.1 million tons and 37.2 million m^3 respectively by the end of 2014; 83.5 million tons, 55.7 million tons and 40.8 million m^3 respectively by the end of 2015; 89.5 million tons, 63.6 million tons and 44.4 million m^3 respectively by the end of 2016; 95.5 million tons, 68.1 million tons and 48.0 million m^3 respectively by the end of 2017. In addition, as at 30 June 2014, the joint ventures that operate in Guangzhou and the associated companies that operate in Inner Mongolia, in which we have equity interests, had total annual cement and clinker production capacities of 25.2 million tons and 14.5 million tons, of which the annual cement and clinker production capacities attributable to the Group in proportion to our equity interests amounted to 11.5 million tons and 6.5 million tons respectively.

In the second half of the year, we believe the Chinese government will continue its consistent and stable macroeconomic policies in order to maintain a reasonable rate of economic growth. In 2014, the government has set the GDP growth target of 7.5% and FAI growth target of 17.5%. In long term, urbanization will still be the key driver for the cement demand. As at the end of 2013, the national urbanization rate is 53.7%, In March 2014, the State Council of China published the "National New-type Urbanization Plan (2014-2020)" which rolls out the future development path of urbanization and aims to lift the urbanization rate to 60% by 2020. Urbanization will maintain the healthy development of the Chinese economy and will also be the important source of demand for the cement market.

Looking forward, we will persevere with the "3+2" development strategy. Through the control, conversion and distribution of resources, we will endeavour to be the lowest total cost producer with leading market position in the region. While promoting internal lean management, reducing cost and increasing efficiency, we will continue to seek for mergers and acquisitions opportunities in the regions where we have operations, strengthen research and innovation, focus on energy saving, promote green development in the industry, and contribute to the healthy development of the cement industry 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 employees of the Group 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 2014 for the six months ended 30 June 2014 will be published on the HKExnews website of the Stock Exchange (www.hkexnews.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, 8 August 2014

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan, Mr. PAN Yonghong 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.