

For Immediate Release

15 August 2022



China Resources Cement Holdings Limited

(Stock Code: 1313)

TURNOVER OF THE COMPANY REACHED HK\$16.1 BILLION IN 1H22
PROFIT ATTRIBUTABLE TO OWNERS REACHED HK\$1.8 BILLION
INTERIM DIVIDEND PER SHARE OF HK\$0.120 DIVIDEND PAYOUT RATIO 46.5%

Financial Highlights

	For the six months ended 30 June		
	2022	2021	Change
Turnover (HK\$ million)	16,116.5	20,179.6	-20.1%
Profit Attributable to Owners of the Company (HK\$ million)	1,804.5	3,633.5	-50.3%
Basic Earnings per Share (HK\$)	0.258	0.520	-50.3%
Net Assets per Share (HK\$)	7.48	7.37	+1.5%
Dividend Payout Ratio (%)	46.5	46.1	+0.4 ppt

(Hong Kong, 12 August 2022) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), a large-scale and competitive cement, clinker and concrete producer in Southern China, announced its results for the six months ended 30 June 2022 (the “Period”).

During the Period, the Company’s consolidated turnover decreased by 20.1% over the corresponding period last year to approximately HK\$16.1 billion. Profit attributable to owners of the Company decreased by 50.3% over the corresponding period last year to HK\$1.8 billion. Basic earnings per share was HK\$0.258. The interim dividend was HK\$0.120, with a dividend payout ratio of 46.5%. As at 30 June 2022, the total assets of the Company amounted to HK\$76.0 billion, the gearing ratio was 19.1% and the net assets per share was HK\$7.48.

During the Period, the Company’s total external sales volume of cement, clinker and concrete were approximately 30.7 million tons, 2.0 million tons and 5.4 million m³ respectively. The utilization rates of cement, clinker and concrete production lines during the Period were 69.9%, 87.1% and 28.8%. The blended average selling price of cement and clinker increased by 6.2% over the corresponding period last year to HK\$405 per ton, whereas the average selling price of concrete increased by 5.4% over the corresponding period last year to HK\$532 per m³. The consolidated gross margin of the Company was 20.5% and the net margin was 10.9%.

Government policies supported the economy and stabilized the social situation

Since 2022, in the face of the complex and difficult international environment and the adverse impacts from the multiple and frequent outbreaks of domestic COVID-19 epidemic, the Chinese government boosted efforts on macro policy adjustments, effectively implemented a package of policies and measures to support the economy and controlled the epidemic rebound in the second quarter such that the economy has been stabilized and recovered, and the overall social situation has remained stable. In the first half of 2022, the GDP of China grew by 2.5% year-on-year to RMB56.3 trillion and the national FAI (excluding rural households) increased by 6.1% year-on-year to RMB27.1 trillion. During the Period, the total cement production in China amounted to approximately 980 million tons, representing a year-on-year decrease of 15.0%. In January 2022, the State Council of China issued the “Comprehensive Work Plan for Energy Conservation and Emission Reduction for the ‘Fourteenth Five-Year’ Plan”,

which targeted that by 2025, the national energy consumption per unit of GDP would decrease by 13.5% compared with 2020, total energy consumption would be reasonably controlled, and the total emission of nitrogen oxides would decrease by 10% or above. The National Development and Reform Commission and the National Energy Administration of China issued the “Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low-Carbon Energy Transition”, which aimed to basically establish an institutional framework for propelling the green and low-carbon development of energy during the “Fourteenth Five-Year” Period, and encourage qualified enterprises to take the lead in forming a low-carbon and zero-carbon energy consumption model.

Continuous promotion of lean management to enhance operational quality and efficiency

In the first half of 2022, the Group centred operational management on “steady growth” and “cost reduction”, continued to improve the management system for energy saving and carbon reduction and benchmarked against world-class enterprises and industry benchmarks to improve the level of operational management. During the Period, the Group separated and implemented the indicators and targets of the action plan for energy saving and carbon reduction to production plants. Taking the indicator assessment system as the initial point and starting from the two key technical routes of technical transformation and upgrade of the physical system and chemical replacement of raw fuels, the Group promoted energy saving and carbon reduction projects at production plants and actively exchanged the experiences of benchmark production plants to create a strong culture of “energy saving and carbon reduction” to promote the improvement of the energy efficiency levels of the Company.

In the first half of 2022, the overall pricing of the coal market remained high. During the Period, the Group purchased a total of approximately 4.3 million tons of coal (approximately 5.4 million tons in the first half of 2021), among which, approximately 91%, 9% and 0% were sourced from northern China, neighbouring areas of our production plants and overseas respectively (78%, 21% and 1% in the first half of 2021). The proportion of direct procurement from coal producers was approximately 91% (81% in the first half of 2021). In the future, the Group will continuously strengthen the strategic cooperation with large-scale domestic coal suppliers, broaden selection of coal types, optimize ship scheduling and adjust the procurement strategy of coal import in a timely manner in accordance with national coal import policy and market trends to ensure a stable supply of high-quality coal. In addition, based on market research and judgement, the Group will rationally control coal inventory and optimize the mix of coal types to reduce comprehensive procurement costs.

In the first half of 2022, the Group optimized capacity allocation and the annual shipping capacity along the Xijiang River increased by 2.7 million tons compared to the corresponding period last year to approximately 39.5 million tons, which secured stable and continuous logistics capabilities for the Group’s business development. The Group continuously optimized the layout of its silo terminals and controlled the operations of 38 silo terminals with total annual capacity of approximately 35.1 million tons, which are mainly located in the Pearl River Delta Region of Guangdong. This consolidates the Group’s leading market position in Guangdong.

Proactive promotion of digital transformation for innovation-driven development

Innovation is an important momentum to stimulate corporate vitality and motivate long-term corporate development. In the first half of 2022, the Group established the “Southeast University-China Resources Cement Joint Research and Development Centre” with Southeast University, and established the “Green, Low-Carbon and Environmentally Friendly Building Materials Innovation Consortium” with China Resources Chemical and China Resources Land. Our Technology Research and Development Company actively promoted research and development and application of new products, new equipment, new technologies and new processes.

In terms of intelligent factories, in the first half of the year, the Group deepened the application of whole-process intelligent factories at the cement production plant located in Tianyang District of Guangxi and achieved full coverage of intelligent video surveillance in the factory through 5G technology to ensure production safety. We deepened application of the smart shipping system in digital mines to optimize mining and transportation resources and improve production efficiency. We connected the online monitoring system of equipment to the remote diagnosis system platform to provide 7*24-hour oversight to achieve early warning and fault prediction. In addition, the Group's cement production plant in Fengkai County of Guangdong is constructing a whole-process intelligent factory based on the international standards of “lighthouse factory”.

Fulfil corporate social responsibility to assist green transformation of the industry

The Group continued to promote the application and promotion of ultra-low pollutant emissions technologies. In the first half of the year, the Group completed the technological upgrade of selective catalytic reduction denitration (SCR) systems at the cement production plant in Changzhi City of Shanxi and the nitrogen oxide emission concentration had stabilized at a level of 50 mg/m³ or below. At the cement production plant in Fengkai County of

Guangdong, we established a technology research team for highly effective selective non-catalytic reduction denitration (heSNCR) systems and completed the technological upgrade of three production lines and the nitrogen oxide emission concentration had been controlled at below the level of 100 mg/m³.

In terms of clean energy, the Group actively promoted the construction of projects for distributed photovoltaic power generation. The Group's projects for distributed photovoltaic power generation located at the cement production plants in Fuchuan City of Guangxi and Luoding City of Guangdong commenced construction in March and May respectively. The planned total installed capacity will be 4.9 megawatts and 11.6 megawatts respectively with annual power generation capacity of approximately 4.3 million kilowatts and 12.0 million kilowatts respectively, both of which are expected to be completed and connected to the grid by the end of this year.

In terms of low-carbon products, the Group's Technology Research and Development Company actively promotes progress in research and development of low-carbon products and develops and formulates cement technology to reduce the clinker coefficient. As of the end of June 2022, various cement and clinker products from 14 cement production plants had passed the low-carbon product certification. In addition, the Group actively launched relevant research on carbon emission reduction, carbon capture and carbon utilization. In the first half of the year, the construction of a research and development platform for carbon utilization was launched at the cement production plant in Fengkai County of Guangdong. At the same time, in accordance with relevant national regulations and policies, and in light of our actual circumstances, the Group formulated and released the "China Resources Cement Guidelines for the Management of Carbon Emission Data", which will help to strengthen the management of carbon emission data and improve the quality of carbon emission data.

On the other hand, in reliance on the Group's own technological advantages, we comprehensively promote co-processing projects in the three scopes of municipal solid waste, urban sludge and hazardous industrial waste. In the first half of 2022, the Group's co-processing projects in Yuebao of Guangzhou and Yanshi of Fujian officially commenced operation. As of the end of June 2022, the Group had 10 co-processing projects in total, with annual processing capacity of approximately 1.71 million tons.

Actively seize development opportunities to promote new businesses development

China Resources Cement actively seizes development opportunities of new businesses to fully leverage on the synergetic advantages of cement, concrete, aggregates, new materials and prefabricated construction businesses for promoting industrial integrative development.

In terms of the aggregates business, since 2022, the Group has continued to actively acquire high-quality aggregates mine resources and accelerated the construction and commissioning of aggregates projects. In January, the aggregates project in Nanping, Fujian, controlled by an associate was completed and commenced trial operation. In May, the Group acquired 51% equity interests in Guangxi Tianyang Jiang'an Stone Co., Ltd. In June, the Group commenced capacity expansion of an aggregates project based on the mine of the cement production plant in Guigang City, Guangxi. In the same month, the aggregates project in Wuping, Fujian, controlled by the Group through its subsidiary commenced production. Also, the Group won the bid for the mining rights of a limestone and dolostone quarry for flux in Shadun Mining Concession, Chongyang County, Xianning City, Hubei, for RMB120 million. In July, the Group acquired 44% equity interests of Zhaoqing Runsheng Quarry Co., Ltd, and has achieved 100% control of the aggregates project of Guangdong Deqing. In August, the Group won the bid for the mining rights of a basalt quarry for construction in Shiniuling, Muzi Town, Guigang City, Guangxi, for RMB1.2 billion. In the same month, the Group acquired 65% equity interests of Chongqing Wushan County Zhongsheng Mining Co., Ltd. and Wushan Zhongrun Desheng Building Materials Co., Ltd. As of the end of June 2022, in addition to the newly obtained aggregates projects, upon completion of construction of all projects, the annual production capacity of aggregates controlled by the Group through its subsidiaries is expected to reach 114.2 million tons and the annual production capacity of aggregates attributable to the Group according to our equity interests of associates and joint ventures will reach approximately 13.7 million tons.

With regards to the prefabricated construction business, the Group promoted the prefabricated construction business in an orderly manner according to government policies and market conditions. The first phase of the Group's production lines for the autoclaved aerated lightweight concrete blocks and panels project in Fengkai, Guangdong, has commenced construction in April 2022 and is expected to commence trial production in the first half of 2023. In May, the Group won the bid for a plot of land with an area of approximately 130,000 m² in Xinzhu Town, Ding'an County, Hainan for prefabricated construction. As of the end of June 2022, the Group had a total of 7 projects of precast concrete components. Following the completion of construction, the design annual production capacity of precast concrete components is expected to reach approximately 1.6 million m³.

In terms of the functional building materials business, in the first half of 2022, the Group accelerated the development of the engineered stone business and achieved outstanding results. In March, the Group acquired 75% equity interests of Guangdong Borrego New Material Technology Co., Ltd. In July, the Group acquired 67% equity of each of Shandong Runhe New Material Co., Ltd., Runhe (Lanling) New Material Co., Ltd., and Runhe (Feixian) New Material Co., Ltd. After all projects under construction commence operation, the Group's annual production capacity of engineered stone will reach 26.1 million m². On the other hand, the Group actively grasped upstream resources for engineered stone to form a synergistic effect with the existing engineered stone business. In June, the Group acquired 85% equity interests of Hezhou Xubao Mining Investments Co., Ltd. This transaction has helped the Group to take control of stone resources and laid a foundation for the Group's future development in the calcium carbonate industry.

Mr. Ji Youhong, Chairman of China Resources Cement said, “Looking ahead, to achieve the strategic goals of the “Fourteenth Five-Year” period, the Group will grasp the new development stage, thoroughly implement the new development philosophy and build a new development paradigm. We will continue to reinforce the three core strengths of “leading market position in the region, innovation-driven development, lowest total costs”. We will strengthen, optimize and expand the basic building materials and functional building materials businesses, steadily develop the structural building materials business, and incubate and cultivate the new materials business. The Group will focus on the three key themes of “promoting development, grasping innovation, stabilizing operation”, continue to optimize the industrial chain layout, expand strategic regions, benchmark against international first-class standards, accelerate digital and intelligent transformation, and increase investment in innovation, research and development to inject lasting momentum into the high-quality corporate development. We will continuously improve operational efficiency and quality, enhance management standards of environmental protection, safety and health, and actively promote carbon emissions peaking and carbon neutrality. In order to consolidate market competitiveness, we will deepen brand marketing and the construction of sales channels. In addition, the Group will proactively seize the regional development opportunities in China including the Greater Bay Area, accelerate the pace of transformation and innovation, and fulfil corporate social responsibility to advance the green and sustainable development of the cement industry in China.”

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Appendix:

Locations of the Company's production facilities in operation and the respective production capacities

Province/AR/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	24	22.5	10	14.4	22	14.1
Guangxi	37	33.2	18	26.5	29	17.3
Fujian	14	10.1	6	7.0	-	-
Hainan	5	4.4	3	3.3	5	2.7
Yunnan	7	5.1	4	3.9	1	0.6
Guizhou	4	4.0	2	3.0	-	-
Shanxi	2	2.0	1	1.5	1	0.6
Hunan	2	2.0	2	1.5	-	-
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	95	83.3	46	61.1	63	37.9

About China Resources Cement Holdings Limited

China Resources Cement Holdings Limited is a large-scale and competitive cement, clinker and concrete producer in Southern China. As at 30 June 2022, it had 95 cement grinding lines and 46 clinker production lines in operation, with annual production capacity of 83.3 million tons of cement and 61.1 million tons of clinker respectively. It also owned 63 concrete batching plants with annual production capacity of 37.9 million m³ of concrete. In addition, through our equity interests in certain associates and joint ventures, the respective annual production capacities attributable to the Company were 22.7 million tons of cement, 12.3 million tons of clinker and 4.6 million m³ of concrete.

For more information, please visit www.crcement.com.

*This press release is distributed by Wonderful Sky Financial Group Limited on behalf of China Resources Cement Holdings Limited.

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