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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)

UNAUDITED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2019

	For the three months ended 31 March		Decrease
	2019 (unaudited)	2018 (unaudited)	
Turnover (HK\$ million)	7,508.5	8,046.7	(6.7)%
Profit attributable to owners of the Company (HK\$ million)	1,488.9	1,791.7	(16.9)%
Basic earnings per share	HK\$0.213	HK\$0.274	
Interim dividend per share	Nil	Nil	
	As at 31/3/2019 (unaudited)	As at 31/12/2018 (audited)	Increase
Total assets (HK\$ million)	60,585.6	60,506.4	0.1%
Equity attributable to owners of the Company (HK\$ million)	39,955.7	37,691.3	6.0%
Net borrowings (HK\$ million) (note 1)	2,132.0	130.9	1,528.7%
Net gearing ratio (note 2)	5.3%	0.3%	
Net assets per share – book (note 3)	HK\$5.72	HK\$5.40	5.9%

notes:

1. Net borrowings equal to total bank borrowings and unsecured medium term notes 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”) is pleased to announce the unaudited consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2019 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the three months ended 31 March	
		2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Turnover		7,508,465	8,046,683
Cost of sales		(4,661,767)	(5,112,283)
Gross profit		2,846,698	2,934,400
Other income		103,561	200,231
Selling and distribution expenses		(382,642)	(414,558)
General and administrative expenses		(421,343)	(373,813)
Exchange gain		5,873	95,128
Finance costs		(107,714)	(170,069)
Share of results of associates		(3,245)	8,363
Share of results of joint ventures		59,907	68,259
Profit before taxation		2,101,095	2,347,941
Taxation	2	(621,746)	(576,427)
Profit for the period		1,479,349	1,771,514
Attributable to:			
Owners of the Company		1,488,892	1,791,690
Non-controlling interests		(9,543)	(20,176)
		1,479,349	1,771,514
Basic earnings per share (<i>HK\$</i>)	3	0.213	0.274

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/3/2019 <i>HK\$'000</i> (unaudited)	As at 31/12/2018 <i>HK\$'000</i> (audited)
Non-current assets		
Fixed assets	28,834,077	28,489,788
Prepaid lease payments	2,914,253	2,846,024
Right-of-use assets	148,445	-
Investment properties	138,034	137,761
Intangible assets	2,208,320	2,197,455
Interests in associates	5,558,484	5,463,446
Interests in joint ventures	1,419,116	1,409,378
Deposits for acquisition of assets	941,258	497,157
Deferred tax assets	216,585	208,358
Long term receivables	343,538	354,740
Pledged bank deposits	138,580	80,089
	42,860,690	41,684,196
Current assets		
Inventories	2,479,802	1,970,629
Trade receivables	3,716,407	2,367,299
Other receivables	909,057	841,005
Loan to an intermediate holding company	816,497	801,316
Amounts due from associates	527,591	514,404
Amounts due from joint ventures	3,435	2,631
Taxation recoverable	21,725	23,401
Cash and bank balances	9,250,424	12,301,501
	17,724,938	18,822,186
Current liabilities		
Trade payables	2,949,117	3,460,355
Other payables	4,299,087	5,007,969
Taxation payable	1,093,816	1,272,802
Bank loans - amount due within one year	2,613,796	4,531,678
	10,955,816	14,272,804
Net current assets	6,769,122	4,549,382
Total assets less current liabilities	49,629,812	46,233,578

	As at 31/3/2019 <i>HK\$'000</i> (unaudited)	As at 31/12/2018 <i>HK\$'000</i> (audited)
Non-current liabilities		
Bank loans - amount due after one year	5,409,854	4,556,946
Unsecured medium term notes	3,497,370	3,423,870
Other long term payables	141,572	8,297
Deferred tax liabilities	427,289	349,303
	<u>9,476,085</u>	<u>8,338,416</u>
	<u>40,153,727</u>	<u>37,895,162</u>
Capital and reserves		
Share capital	698,294	698,294
Reserves	39,257,377	36,992,984
	<u>39,955,671</u>	<u>37,691,278</u>
Equity attributable to owners of the Company	198,056	203,884
Non-controlling interests	<u>40,153,727</u>	<u>37,895,162</u>
Total equity	<u>40,153,727</u>	<u>37,895,162</u>

Notes:

1. BASIS OF PREPARATION

The accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants below, which are effective for the financial year beginning on or after 1 January 2019.

Amendments to HKFRS 9	Prepayment features with negative compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
HK(IFRIC)-Int 23	Uncertainty over income tax treatments
Annual improvements 2015-2017 cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The Group has adopted the transitional provision in HKFRS 16 from 1 January 2019 to recognize the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and did not restate the comparatives. The Group used the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. At 1 January 2019, the Group recognized right-of-use assets of HK\$156,396,000 and lease liabilities of HK\$183,818,000 with a corresponding adjustment to the opening balance of retained earnings.

The application of other new and revised HKFRSs and Interpretations in the Period do not have material impact on the condensed consolidated financial statements of the Group.

2. TAXATION

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

Chinese Mainland Enterprise Income Tax includes the income tax which is calculated at 25% on the taxable income of the group entities in the Chinese Mainland, and the withholding tax in the Chinese Mainland for dividends and the deferred tax on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong, which are calculated at 10%, for both periods.

3. 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 three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	<u>1,488,892</u>	<u>1,791,690</u>
	For the three months ended 31 March	
	2019	2018
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	<u>6,982,937,817</u>	<u>6,532,937,817</u>

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

4. REVIEW OF FINANCIAL INFORMATION

The financial information for the Period has been reviewed by the Audit Committee of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the Period (Three months ended 31 March 2018: Nil).

OPERATIONAL PERFORMANCE REVIEW

Turnover

The consolidated turnover for the Period amounted to HK\$7,508.5 million, representing a decrease of 6.7% from HK\$8,046.7 million for the corresponding period last year. An analysis of segmental turnover by product is as follows:

	For the three months ended 31 March					
	2019			2018		
	Sales volume '000 tons/m ³	Average selling price HK\$ per ton/m ³	Turnover HK\$'000	Sales volume '000 tons/m ³	Average selling price HK\$ per ton/m ³	Turnover HK\$'000
Cement	15,243	382.6	5,831,849	16,516	387.2	6,394,523
Clinker	1,155	337.7	390,238	1,178	329.3	387,921
Concrete	2,576	499.4	1,286,378	3,029	417.4	1,264,239
Total			7,508,465			8,046,683

Our cement sales by geographical area were as follows:

Province/ Autonomous Region	For the three months ended 31 March					
	2019			2018		
	Sales volume '000 tons	Average selling price HK\$ per ton	Turnover HK\$'000	Sales volume '000 tons	Average selling price HK\$ per ton	Turnover HK\$'000
Guangdong	5,793	436.6	2,529,096	6,406	426.0	2,729,201
Guangxi	5,107	349.3	1,783,828	5,412	344.4	1,863,772
Fujian	1,980	335.4	664,081	1,936	390.9	756,836
Hainan	869	421.9	366,646	987	439.8	434,119
Yunnan	839	356.2	298,816	1,184	354.4	419,656
Guizhou	336	281.6	94,604	410	336.0	137,771
Shanxi	319	297.1	94,778	181	293.7	53,168
Total	15,243	382.6	5,831,849	16,516	387.2	6,394,523

Gross profit and gross margin

The consolidated gross profit for the Period was HK\$2,846.7 million, representing a decrease of 3.0% from HK\$2,934.4 million for the corresponding period last year. The consolidated gross margin for the Period was 37.9%, representing an increase of 1.4 percentage points from 36.5% for the corresponding period last year. The decrease in consolidated gross profit for the Period was mainly attributable to the decreased sales volume of our products compared to the corresponding period last year. The gross margins of cement, clinker and concrete for the Period were 41.4%, 40.7% and 21.3%, as compared with 38.8%, 34.7% and 25.0% respectively for the corresponding period last year.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK\$1,488.9 million, representing a decrease of 16.9% from HK\$1,791.7 million for the corresponding period last year.

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

Hong Kong, 26 April 2019

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan, Mr. JI Youhong, and Mr. LAU Chung Kwok Robert; the non-executive Directors are Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.