


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)

**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY UP 79.5% TO HK\$2.1
BILLION IN THE FIRST HALF OF 2014
CONSOLIDATED GROSS MARGIN GREW 8.8 PPT TO 31.9%
INTERIM DIVIDEND OF HK\$0.07 PER SHARE**

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FIXED ASSET INVESTMENTS STABILIZE CEMENT CONSUMPTION
ENERGY SAVING AND EMISSION REDUCTION PROMOTE SUSTAINABLE DEVELOPMENT OF
CEMENT INDUSTRY

Financial Highlights

	For the six months ended 30 June		
	2014	2013	Change
Turnover (HK\$ million)	15,161.0	12,858.2	+17.9%
Gross Margin	31.9%	23.1%	+8.8 ppt
Profit Attributable to Owners of the Company (HK\$ million)	2,056.0	1,145.6	+79.5 %
Net Margin	13.4%	8.9%	+ 4.5 ppt
Basic Earnings per Share (HK\$)	0.315	0.176	
Interim Dividend per Share (HK\$)	0.07	0.035	

(Hong Kong, 10 August 2014) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), one of the leading cement and concrete producers in Southern China, announced its interim results for the six months ended 30 June 2014.

The Company’s consolidated turnover rose to HK\$15.16 billion for the six months of 2014, representing an increase of 17.9% over the corresponding period of 2013. Profit attributable to owners of the Company achieved a growth of 79.5% to HK\$2.1 billion. Consolidated gross margin grew 8.8 ppt from 23.1% to 31.9%. Basic earnings per share reached HK\$0.315. The Board has resolved to declare the payment of interim dividend of HK\$0.07 per share for the six months ended 30 June 2014 (30 June 2013: HK\$0.035 per share).

Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement, said, “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. FAI and consumption are the key drivers of economic growth. During this period, the Chinese government has increased the annual target of FAI in railways three times, from RMB600 billion to RMB800 billion. A total of over 7,000 km of new railways is expected to be put into operation by end of the year. The FAI in highways and waterways reached RMB656.3 billion, representing an increase of 9.4% over the corresponding period last year. The construction of 5.3 million units of urban social housing has newly commenced and 2.8 million units have been completed, with a total investment of RMB720.0 billion. In the first half of the

year, there was a downward adjustment trend in the real estate market in China. Whilst the adjustment of the real estate market will bring pressure to the economy in short term, it will help restrain 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.

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 GDP reached RMB26.9 trillion, representing an increase of 7.4% over the corresponding period last year. FAI, consumption and net export contributed 3.6, 4.0 and -0.2 percentage points respectively to the GDP growth. The total cement production increased by 3.6% to 1.14 billion tons. According to the statistics of Digital Cement, nationwide clinker production capacity increased by 31.1 million tons, representing a decrease of 20.0% over the corresponding period last year. Of which 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.

In addition, China continued the elimination of obsolete capacity. On 18 July 2014, the Ministry of Industry and Information Technology announced a list of enterprises of various industries including the cement industry with obsolete 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 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 to realize a low carbon development, which fully demonstrated the government's commitment to environmental protection and is conducive to the continuing healthy development of the industry.

In first half of the year, the Group continued to adopt the "full-scaled production and sale" marketing strategy and expanded the sale channel so as to further consolidate our leading position in the region. During the period, our external sale volume of cement, clinker and concrete increased by 0.878 million tons, decreased by 1.4 million tons and increased by 0.474 million m³, representing an increase of 2.9%, a decrease of 28.6% and an increase of 6.9% respectively over the corresponding period of last year. Guangdong and Guangxi remain to be our major market, and cement sales from these two provinces account for 40.9% and 28.3% of our group. During the period, the average selling prices of cement, clinker and concrete were HK\$355.7 per ton, HK\$279.1 per ton and HK\$418.0 per m³, representing increases of 18.4%, 18.7% and 11.0% 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.

Reasonable Adjustment of Procurement Channels and Strengthen Logistic Cost Control

In the first half of 2014, China's coal market continued its downward trend. 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 the year, coal procurement price showed a 1.3% decrease to HK\$695 over 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. Our unit coal consumption of clinker production per ton decreased by 2.8% to 156.0 kilograms, meanwhile, we managed to improve our electricity consumption to 78.5 kwh per ton of cement for the period. In the first half of 2014, the total volume of coal procured 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, neighboring areas of our plants, Vietnam and other countries. 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.

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, 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. In the first half of the year, 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.

Strategic Cooperation to Reinforce Our Leading Position in the Industry

On 23 June 2014, 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. 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 m³ respectively.

Commitment to Social Responsibility and Green Development

As the Co-chairman of Cement Sustainability Initiative in China, the Group is committed to honor 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 matter. 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 the 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.

Mr. Zhou concluded, "In 2014, the government has set the GDP growth target of 7.5% and FAI growth target of 17.5%. 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 economic growth. In long term, urbanization will still be the key driver for the cement demand. Looking forward, we will persevere with the "3+2" development strategy. Through the control, conversion and distribution of resources, we will endeavor 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."

~End~

Appendix:

About China Resources Cement Holdings Limited

China Resources Cement Holdings Limited is one of the leading cement and concrete producers in Southern China. The Company is the largest NSP clinker and cement producer by production capacity and the largest concrete producer by sales volume in Southern China. As of 31 July 2014, it had 90 cement grinding lines and 41 clinker production lines in operation, with an annual production capacity of 80.5 million tons of cement and 54.1 million tons of clinker respectively. It also operated 64 concrete batching plants with an annual production capacity of 37.8 million cubic metres of concrete. The Company has been listed on The Stock Exchange of Hong Kong Limited since October 2009 (SEHK stock code: 1313).

Overview of Annual Production Capacity of the Company's Facilities in Operation

Province/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of lines	million m ³
Guangdong	21	19.9	7	9.4	24	14.7
Guangxi	35	31.1	17	25.0	18	10.6
Fujian	14	10.9	6	6.8	9	5.4
Hainan	5	4.6	3	3.3	5	3.0
Shanxi	6	6.0	3	4.2	1	0.6
Yunnan	7	6.0	4	3.8	1	0.6
Guizhou	2	2.0	1	1.6	1	0.3
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	90	80.5	41	54.1	64	37.8

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**.

For further information, please contact:
Wonderful Sky Financial Group Limited

Ms. Alice Wang / Ms. Queenie Hung
Contact Number: (852) 3970 2136 / (852) 3970 2135
Fax: (852) 2598 1588
Email: alicewang@wsfg.hk / queeniehung@wsfg.hk