


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

(於開曼群島註冊成立之有限公司)  
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1313)

**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY INCREASED BY 11.3%  
TO A HISTORICAL HIGH OF HK\$4.19 BILLION IN 1H20  
INTERIM DIVIDEND PER SHARE OF HK\$0.275      DIVIDEND PAYOUT RATIO 45.8%**

**Financial Highlights**

|   | For the six months ended 30 June |          |          |
|---|----------------------------------|----------|----------|
|   | 2020                             | 2019     | Change   |
| Turnover (HK\$ million)                                     | 16,884.3                         | 17,409.5 | -3.0%    |
| Gross margin (%)  | 40.7                             | 38.9     | +1.8 ppt |
| Profit Attributable to Owners of the Company (HK\$ million) | 4,191.3                          | 3,766.0  | +11.3%   |
| Net Margin (%)  | 25.0                             | 21.9     | +3.1 ppt |
| Basic Earnings per Share (HK\$)                             | 0.600                            | 0.539    | +11.3%   |
| Interim Dividend per Share (HK\$)                           | 0.275                            | 0.260    | +5.8%    |

(Hong Kong, 23 August 2020) – 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 interim results for the six months ended 30 June 2020 (the “Period”).

During the Period, the Company’s consolidated turnover decreased by 3.0% over the corresponding period last year to approximately HK\$16.88 billion. Profit attributable to owners of the Company increased by 11.3% over the corresponding period last year to HK\$4.19 billion. Basic earnings per share was HK\$0.600. As at 30 June 2020, the total assets of the Company amounted to HK\$62.52 billion, the gearing ratio was 16.4% and the net assets per share was HK\$6.15.

During the Period, the Company’s total external sales volume of cement, clinker and concrete were approximately 35.95 million tons, 1.62 million tons and 5.43 million m<sup>3</sup> respectively. The utilization rates of cement, clinker and concrete production lines during the Period were 86.6%, 100.4% and 30.4%. The blended average selling price of cement and clinker increased by 1.8% over the corresponding period last year to HK\$378 per ton, whereas the average selling price of concrete decreased by 0.3% over the corresponding period last year to HK\$492 per m<sup>3</sup>. The consolidated gross margin of the Company was 40.7%. The net margin was 25.0%, which was 3.1 percentage points higher over the corresponding period last year.

**The steady recovery of the Chinese economy drove pick up in cement demand**

In the first half of 2020, in the face of the severe challenges posed by the novel coronavirus epidemic, the Chinese government introduced a series of measures and policies to launch epidemic prevention and control and promote the orderly resumption of operation, production, business and markets. As the effects of macro policies are continuously materializing, there is a clear trend of steady recovery of the overall economy. According to the statistics published by the National Bureau of Statistics of China, in the first half of 2020, China’s gross domestic product decreased by 1.6% year-on-year to RMB45.7 trillion. Comparing between quarters, it decreased by 6.8%

year-on-year in the first quarter, and increased by 3.2% year-on-year in the second quarter. In the first half of the year, national fixed asset investments (excluding rural households) decreased by 3.1% year-on-year to RMB28.2 trillion, and the decline had been narrowed by 13.0 percentage points on a quarterly basis. In the first half of the year, the total cement production in China amounted to approximately 1.0 billion tons, representing a year-on-year decrease of 4.8%, and the decline had been narrowed by 19.1 percentage points on a quarterly basis. The gradual stabilization of infrastructure construction and the real estate market, as well as the steady progress of urbanization and rural construction, will be conducive to the stable development of the cement industry.

The Chinese government is resolute in winning and fighting well in the battles for prevention and treatment of pollution, requires the full implementation of the missions of "Six Securities" in ecological and environmental protection work subject to regular epidemic prevention and control, and specifically proposes the regions with relatively large production capacities in the building materials industry to research on the launch of ultra-low emission upgrade in industries such as cement and ceramics based on local conditions. In January 2020, the Ministry of Industry and Information Technology of China issued the requirements for further regulating capacity replacement in the cement and glass industries. The Chinese government further tightened the capacity replacement policies, enhanced standards and regulations, and continuously advanced prevention and treatment of pollution, production safety and occupational health for promoting the high-quality and sustainable development of the cement industry.

#### **Construction of excellent operational systems to enhance core competitiveness**

The Group conscientiously implements the management theme of "reform and innovation for quality development" with the construction of excellent operational system as the cardinal line, and continues to launch in-depth work on lean management. In the first half of the year, the Group continued to optimize production and operation management. By setting target values for major operational indicators, the Group fostered the continuous improvement of operational indicators such as coal consumption and energy consumption at each cement production plant. We persistently promoted the application of innovation achievements at each production plant, coordinated projects for technological upgrade and transformation, enhanced the mechanism for technological assistance, and strived to drive for raising the operational standards of each production plant.

In the first half of 2020, the Group purchased a total of approximately 4.24 million tons of coal, among which, approximately 76%, 22% and 2% were sourced from northern China, neighbouring areas of our production plants and Australia respectively. The proportion of direct procurement from coal producers was approximately 80%. In the future, the Group will continuously strengthen the cooperation with large-scale domestic coal suppliers and modify the strategies of imported coal according to the national policy on coal import in order to secure a stable supply of coal of excellent quality.

Logistics management is one of the Group's key measures in maintaining its market competitiveness. In the first half of the year, the annual shipping capacity of the Group along the Xijiang River was approximately 34.9 million tons, which secured stable and continuous logistics capabilities for the Group's business operation. As of the end of June 2020, the Group controlled the operations of 36 silo terminals with annual capacity of approximately 26.6 million tons, which are mainly located in the Pearl River Delta Region. This consolidates the Group's leading market position in Guangdong.

#### **"Runfeng Cement", building corporate brand value**

Implementation of effective corporate brand strategies and reinforcement of management and maintenance on the brand are important measures for the Group to enhance its core competitiveness and embrace market opportunities and challenges. The Group continues to deepen the brand building of "Runfeng Cement", launched various innovative brand promotion schemes in the past four years and creates special theme activities of "6.28 Runfeng Brand Anniversary Celebration". In March 2020, the Group engaged the "World Brand Lab" to evaluate the brand value of "Runfeng Cement". The final report showed that the brand value of "Runfeng Cement" in 2020 was RMB51,958 million.

In the first half of 2020, the Group continued to intensively work on the construction and management of brand image, optimized the management of franchise stores and expanded brand influence. The Group created the first brand flagship store of Runfeng Cement in Yunnan and was officially opened in June 2020. In the first half of

the year, the Group continued to promote products such as "Wang Pai Gong Jiang" renovation cement, masonry cement and cement for nuclear power stations. Sales of Portland cement for roads was newly added in Fujian. In cooperation with universities, the Group optimized product indicators to produce cement products that are more suitable for airport runway projects.

#### **Promote digital transformation for innovation-driven development**

The Group continues to enhance its R&D capabilities. In April 2020, the laboratory of China Resources Cement Technology Research and Development Limited became a laboratory accredited by the China National Accreditation Service for Conformity Assessment. In the first half of the year, the Group's Technology Research and Development Centre provided 849 checks and tests for cement production plants. Through the diagnosis and improvement of the kiln grinding system as well as the optimization of technical quality, consumption of coal and energy was further reduced to optimize production costs. On the other hand, the Technology Research and Development Centre provides support for the development of new businesses by actively developing countertop products, highly malleable cement-based engineered stone and early-strength nucleating agent products for rapid demolding of precast concrete components.

Digital transformation is one of the important strategic development directions for the transformation and innovation of the Group. The Group continued to promote the "Smart Card" intelligent delivery system. In the first half of the year, the upgraded automation functions had been put into operation at the cement production plants in Fengkai County, Huizhou City, Luoding City and Dongguan City, Guangdong and had been operating at 12 cement production plants as of the end of June 2020, which helped to enhance delivery efficiency and quality of loading service, and to reduce logistical costs. In addition, a pilot platform for sharing auxiliary materials and spare parts developed by the Group was launched in Fujian in April, and will be promoted to other operating regions of the Group in the future.

After nearly two years of exploration and practice, the first phase of the Group's intelligent manufacturing pilot project at the production plant in Tianyang, being the first cooperation with Siemens Ltd., China, officially commenced operation in July 2020, which would help to raise the efficiency of production and operation, reduce production costs, enhance safety and environmental protection, and ensure product quality. On the other hand, on 28 July, the Group, CITIC Holdings Co., Ltd., subsidiary of Foxconn Industrial Internet Co., Ltd. and other entities jointly set up the joint venture company Shenzhen CRF Digital Technology Co., Ltd., which is dedicated to creating intelligent manufacturing solutions and digital platforms for the industries of automobile parts and building materials including cement, facilitate transformation and upgrade of the industry, and achieve high-quality development.

#### **Production safety, energy saving and emission reduction to fulfil corporate social responsibility**

In the face of novel coronavirus epidemic, the Group set up a leading group and a working group for epidemic prevention and control work in January, with the Chief Executive Officer as the group leader to coordinate epidemic prevention and control work, which formed public health contingency plans, relevant systems and regulations for epidemic prevention and control, and organized the launch of safety inspections for epidemic prevention and control as well as resumption of operation and production. Regarding safety management, the Group launched a three-year implementation plan for production safety rectification to raise the overall standards of safety management. Meanwhile, the construction of production safety standardization is continuously promoted. As of the end of June 2020, 28 cement production plants of the Group (inclusive of grinding stations) had passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization and the limestone mines of 17 cement production plants have passed the assessments as the Second-Class Enterprise in Safety Standardization.

The Group places strong emphasis on corporate social responsibility, and responds to the Chinese government's policies on energy saving and emission reduction. The average emission concentrations of nitrogen oxides, sulphur dioxide and particulate matters are all lower than the national standard limits of pollutant emissions. The Group proactively researched and advanced pilot projects on ultra-low emissions to enhance technological standards and management standards of environmental protection. In addition, in reliance on independent innovation, the Group promotes co-processing projects in the three scopes of municipal solid waste, urban

sludge and hazardous industrial waste to achieve sustainable corporate development. As of the end of June 2020, the Group had 8 co-processing projects in total with annual processing capacity of 1.25 million tons.

**Transformation and innovation to promote strategy of industrial chain extension**

Through its positioning in Southern China, the Group promotes transformation and innovation, and actively seizes the opportunities for extension along the industry chain. In February 2020, the Group completed the construction of one clinker production line with annual production capacity of approximately 1.4 million tons and two cement grinding lines with total annual production capacity of approximately 2.0 million tons in Anshun, Guizhou. In the first half of the year, the Group established the New Business Office to coordinate the development and planning of new business projects, and set up new business departments in Guangdong and Guangxi to promote regional market research, project acquisition and construction work. During the Period, breakthroughs had been achieved in the new businesses of aggregates, engineered stones and prefabricated construction.

In terms of the aggregates business, the Group acquired the mining rights of aggregate quarries in Shangsi County and Tianyang District, Guangxi in March and June 2020 respectively, with planned annual production capacity of approximately 10.0 million tons in total, which have further enriched the Group's reserves of aggregates resources. Regarding engineered stones, in the first half of the year, the Group launched strategic cooperation with real estate developers and entered into agreements for numerous construction projects in order to expand the engineered stone market. With regard to the prefabricated construction business, since 2020, the Group had acquired land for prefabricated construction projects located in Jiangmen City, Guangdong, Laibin City and Baise City, Guangxi, with design annual production capacity of precast concrete components of approximately 450,000 m<sup>3</sup> in total.

In terms of green development, the Group cooperated with leading domestic environmental protection technology companies in exploring new technologies for co-processing fly ash and hazardous industrial waste generated after incineration of municipal waste by use of cement kilns to enhance processing efficiency and the standards of safety and environmental protection. In addition, in April 2020, the Group obtained a franchise license for the resourceful utilization of construction waste in Changjiang, Hainan. It is planned to build a construction waste disposal plant project with design annual disposal capacity of approximately 250,000 tons of construction waste, equipped with annual production capacities of approximately 300,000 m<sup>3</sup> of concrete and approximately 850,000 tons of manufactured sand. The project is consistent with the Company's strategy of industrial integrative development and, upon completion of construction, will help to improve the local urban environment, foster energy saving and emission reduction, reduce the consumption of natural resources, and promote the green development of the industry.

**Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement said,** "Under the national supply-side structural reforms and strict environmental protection policies, the cement industry will usher in new opportunities and challenges. The Group will persistently develop the three core strengths of the "lowest total costs, leading market position in the region, innovation-driven development". The Group is dedicated to enhancing efficiency and quality of operation and further improving the management standards of environmental protection, safety and health. The Group will deepen brand marketing and the construction of sales channels, strengthen the capability in research and development of new products, new technologies and new materials for the creation of competitive advantage by differentiation. The Group will fulfil corporate social responsibility and foster green development of the industry. In addition, the Group will seize the opportunities in the development of the Greater Bay Area, accelerate the pace of transformation and innovation, and promote the development strategy for extension along the industry chain. The Group will also continue to seek opportunities for strategic cooperation with domestic and overseas leading enterprises for the joint promotion of sustainable development of the cement industry in China."

-End-

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 <sup>3</sup> |
| Guangdong       | 24           | 22.5         | 10           | 14.4         | 22            | 13.7                   |
| Guangxi         | 37           | 33.2         | 18           | 26.5         | 26            | 15.8                   |
| Fujian          | 14           | 10.1         | 6            | 7.0          | -             | -                      |
| Hainan          | 5            | 4.4          | 3            | 3.3          | 4             | 2.4                    |
| Yunnan          | 7            | 5.1          | 4            | 3.9          | 1             | 0.6                    |
| Guizhou         | 4            | 4.0          | 2            | 3.0          | -             | -                      |
| Shanxi          | 6            | 6.0          | 3            | 4.6          | 1             | 0.6                    |
| Zhejiang        | -            | -            | -            | -            | 2             | 1.1                    |
| Hong Kong       | -            | -            | -            | -            | 3             | 1.5                    |
| Total           | 97           | 85.3         | 46           | 62.7         | 59            | 35.7                   |

**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 2020, it had 97 cement grinding lines and 46 clinker production lines in operation, with annual production capacity of 85.3 million tons of cement and 62.7 million tons of clinker respectively. It also owned 59 concrete batching plants with annual production capacity of 35.7 million m<sup>3</sup> of concrete. In addition, through our equity interests in certain associates and joint ventures, the respective annual production capacities attributable to the Company were 20.4 million tons of cement, 11.0 million tons of clinker and 4.1 million m<sup>3</sup> of concrete.

For more information, please visit [www.crcement.com](http://www.crcement.com).

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

**Media Enquiries:**

Wonderful Sky Financial Group Limited  
Ms. Jessica Huang  
Contact Number: (852) 3970 2177  
Fax: (852) 2598 1588  
Email: [crc@wsfg.hk](mailto:crc@wsfg.hk)