

For Immediate Release


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)

TURNOVER OF THE COMPANY INCREASED BY 19.5% TO HK\$20.2 BILLION IN 1H21
PROFIT ATTRIBUTABLE TO OWNERS REACHED HK\$3.6 BILLION
INTERIM DIVIDEND PER SHARE OF HK\$0.240 DIVIDEND PAYOUT RATIO 46.1%

Financial Highlights

	For the six months ended 30 June		
	2021	2020	Change
Turnover (HK\$ million)	20,179.6	16,884.3	+19.5%
Profit Attributable to Owners of the Company (HK\$ million)	3,633.5	4,191.3	-13.3%
Basic Earnings per Share (HK\$)	0.520	0.600	-13.3%
Net Assets per Share (HK\$)	7.37	6.15	+19.8%

(Hong Kong, 13 August 2021) – **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 2021 (the “Period”).

During the Period, the Company’s consolidated turnover increased by 19.5% over the corresponding period last year to approximately HK\$20.2 billion. Profit attributable to owners of the Company decreased by 13.3% over the corresponding period last year to HK\$3.6 billion. Basic earnings per share was HK\$0.520. The interim dividend was HK\$0.240, with a dividend payout ratio of 46.1%. As at 30 June 2021, the total assets of the Company amounted to HK\$69.6 billion, the gearing ratio was 13.4% and the net assets per share was HK\$7.37.

During the Period, the Company’s total external sales volume of cement, clinker and concrete were approximately 41.6 million tons, 2.0 million tons and 7.0 million m³ respectively. The utilization rates of cement, clinker and concrete production lines during the Period were 97.2%, 108.2% and 39.1%. The blended average selling price of cement and clinker increased by 0.8% over the corresponding period last year to HK\$381 per ton, whereas the average selling price of concrete increased by 2.6% over the corresponding period last year to HK\$505 per m³. The consolidated gross margin of the Company was 31.1% and the net margin was 18.0%.

The continuous recovery of the Chinese economy offered steady increase in cement demand

In the first half of 2021, in the face of the complex and variable domestic and international environment, the Chinese economy continued to steadily recover, and the economic development shows a reinforcing and better trend whilst ensuring stability. In the first half of the year, China’s gross domestic products grew by 12.7% year-on-year to RMB53.2 trillion, and national fixed asset investments (excluding rural households) increased by 12.6% year-on-year to RMB25.6 trillion. During the Period, the total cement production in China amounted to approximately 1.2 billion tons, representing a year-on-year increase of 14.1%. The stable development of infrastructure construction and the real estate market, as well as the steady progress of rural revitalization, will be conducive to supporting the demand of the cement industry.

The Chinese government resolutely wins and fights well in the battles for prevention and treatment of pollution, further tightens relevant requirements on capacity replacement and off-peak production, enhances the quality of cement products and regulates the order in the cement market. The government attaches great importance to production safety and occupational health, and actively promotes energy saving and carbon reduction to foster the high-quality and sustainable development of the cement industry. In July 2021, the Ministry of Industry and Information Technology of China issued a notice that the revised “Measures for Implementing Capacity Replacement in the Cement and Glass Industries” will come into effect on 1 August 2021, which increased the capacity replacement ratio of cement projects and tightened the recognition in capacity indicators. In addition, the Chinese government has been steadily promoting the construction of the carbon market, and has further regulated the registration, trading and settlement activities of national carbon emission rights to protect the legal rights and interests of all participants in the national carbon emission rights trading market.

Continuous promotion of lean management to enhance operational quality and efficiency

In the first half of 2021, by centring on the enhancement of operational quality and efficiency and with the main focus on the construction of excellent operational systems, the Group continued to launch in-depth work on lean management and benchmarking to strive to raise the standards of operation and management. The Group hence strengthened technological upgrade, technological measures, as well as the application of new technology and new equipment to enhance production efficiency and reduce energy consumption. Furthermore, the Group also promoted the application of grinding aid of raw materials in some cement production plants in order to raise the production efficiency and to reduce power consumption, coal consumption and pollutant emissions.

In the first half of the year, the overall supply of the coal market remained tight. During the Period, the Group purchased a total of approximately 5.4 million tons of coal, among which, approximately 78%, 21% and 1% were sourced from northern China, neighbouring areas of our production plants and overseas respectively. The proportion of direct procurement from coal producers was approximately 81%. In the future, the Group will continuously strengthen the cooperation with large-scale domestic coal suppliers, broaden the options of coal types, optimize vessel scheduling and make timely adjustment on the proportion of imported coal according to the national policy on coal import in order to secure a stable supply of coal of excellent quality. In addition, in combination with market research and insight, the Group will also reasonably regulate and control the inventory of coal to reduce the consolidated procurement costs.

As affected by the load limits along the Xijiang River in dry season and the higher oil prices, logistics costs in the first half of 2021 were on an overall upward trend. During the Period, based on the market characteristics of each operating region, the Group actively carried out tendering and joint shipment by railway in order to reduce logistics costs. The annual shipping capacity of the Group along Xijiang River was approximately 36.8 million tons, and it controlled the operations of 38 silo terminals with annual capacity of approximately 28.7 million tons, which are mainly located in the Pearl River Delta Region. These secured stable and continuous logistics capabilities for the Group’s business operation and consolidated 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. The Group continued to promote the construction of digitalization and intelligentization. The Group incorporated Shenzhen Runfeng Intelligent Technology Co., Ltd. to assist the Company in achieving the goal of digital transformation and enhancing the industry influence.

In terms of intelligent factories, the Group cooperated with Siemens Ltd., China in the intelligent manufacturing pilot project at the production plant in Tianyang. On the one hand, Phase 1 of the project in operation such as digitalization of production and operation, intelligentization of production control and automation of professional management was continuously optimized and improved. On the other hand, the implementation of Phase 2 of the project such as digital mines, intelligent laboratories, intelligent video monitoring and full coverage of online monitoring equipment were organized. In addition, the Group had launched the construction of intelligent manufacturing centred on aspects such as EHS, operation, production, equipment, quality, mines and logistics, to create a “lighthouse Factory” in Fengkai, which officially started operation in mid-July. For current

stage, the Group is under preparation to promote the on-site implementation of sub-projects including kiln grinding expert system and online electric monitoring.

The Group's Technology Research and Development Centre is a laboratory accredited by the China National Accreditation Service for Conformity Assessment. In the first half of 2021, the Group's Technology Research and Development Centre provided 713 checks and tests for cement production plants, while launching system tests and offering optimization proposals for cement production plants. Moreover, it provided technical support for the development of new businesses by developing high-performance inorganic engineered stones products, tile adhesive and thermal insulation materials of wall. The Group also further improves the innovative talent training plans and proposals for innovative project promotion. In the first half of 2021, the Group organized innovation competitions and project selection in innovation conferences, expedited the advancement of innovation work in the fields of technology, management and business models, and fostered the extensive application of innovation achievements at each production plant.

Fulfil corporate social responsibility to assist green transformation of the industry

The Group proactively fulfils its social responsibility in advancing green development. It also attaches great importance to the prevention and control of the novel coronavirus epidemic, strictly implements national requirements of prevention and control, constructs a dynamic work mechanism for epidemic prevention and control, and implements regular epidemic prevention and control. As of the end of June 2021, 28 cement production plants (inclusive of grinding stations) of the Group had passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization and the limestone mines of 21 cement production plants had passed the assessments as the Second-Class Enterprise in Safety Standardization. In addition, the average emission concentrations of nitrogen oxides, sulphur dioxide and particulate matters of each cement and clinker production plant are lower than the national standard limits of pollutant emissions. As of the end of June 2021, 10 mines at 9 plants had passed the selection of national-level green mines, whereas 6 cement production plants of the Group located in Tianyang, Nanning, Pingnan, Wuxuan and Guigang of Guangxi, and Heqing of Yunnan respectively had been included as green factories in the register of national-level Green Manufacturing.

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. The Group and environmental protection companies cooperated in the development of co-processing projects in Shangsi of Guangxi and Yanshi of Fujian, which have commenced trial production in January and May 2021 respectively. As of the end of June 2021, the Group had 10 co-processing projects in total and the annual processing capacity had reached approximately 1.5 million tons.

The Group proactively responded to national policies on energy saving and emission reduction, and actively participated in symposiums on peaking carbon dioxide emissions and carbon neutrality in the building materials industry organized by industry associations to discuss action plans and roadmaps for peaking carbon dioxide emissions in the cement industry. The Group participated in the Carbon Neutrality Research Institute organized by China Resources Group, and planned to launch research work on subjects including key technical routes for "peaking carbon dioxide emissions and carbon neutrality", alternative fuels and clean energy utilization, as well as carbon dioxide capture technology.

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, the Group newly acquired the mining rights of two aggregates quarries located in Wuxuan County and Nanning City of Guangxi respectively in February and June 2021, with respective planned annual production capacity of 6.5 million tons and 9.8 million tons. After completion of all aggregates projects of the Company, the annual production capacity is expected to reach approximately 75 million tons.

In terms of new materials, the Company actively developed engineered stones business. In the first half of 2021, the Group increased its equity interests of Universal Classical and became its controlling shareholder. Universal

Classical owned one inorganic engineered stone production line with planned annual production capacity of 600,000 m² in Dongguan City, Guangdong, and is expanding one production line of inorganic engineered stones with planned annual production capacity of approximately 1.5 million m². In addition, the Group had been building two inorganic engineered stone production lines in Laibin City, Guangxi, with total planned annual production capacities of approximately 3.0 million m². Following the completion of construction, the planned annual production capacity of all inorganic engineered stone production lines is expected to reach approximately 5.1 million m² in total. On the other hand, the Group had been building two production lines for tile adhesive in Fengkai County, Guangdong, with planned annual production capacity of approximately 400,000 tons in total. Its products can be sold to the Pearl River Delta and Guangxi regions through waterways.

With regards to prefabricated construction business, the Group's Zhanjiang Runyang project had commenced trial production in March 2021. In addition, following the business layout plans in Guangdong and Guangxi, in August, the Company had acquired a prefabricated construction project in Dingan County, Hainan, with design annual production capacity of precast concrete components of approximately 300,000 m³. Currently, the Group has planned for 7 prefabricated construction projects in total. Following the completion of construction, the design annual production capacity of precast concrete components of the Group is expected to reach approximately 1.6 million m³ in total.

Mr. Ji Youhong, Chief Executive Officer of China Resources Cement said, "During the "Fourteenth Five-Year" period, the Group will position in the new development stage, thoroughly implement the new development philosophy and build a new development paradigm. We will strengthen, optimize and expand each business, continue to reinforce the three core strengths of the "leading market position in the region, innovation-driven development, lowest total costs", commit to enhancing efficiency and quality of operation and improving the management standards of environmental protection, safety and health. We will deepen brand marketing and the construction of sales channels, consolidate market share, strengthen the capability in research and development of new products, new technologies and new materials, and promote construction of digitalization and intelligentization for the creation of competitive advantage by differentiation. The Group will actively fulfil corporate social responsibility, promote co-processing by the use of cement kilns and foster green development of the industry. In addition, the Group will proactively seize opportunities in the development of the Greater Bay Area, accelerate the pace of transformation and innovation, and advance the 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	
	<i>No. of lines</i>	<i>million tons</i>	<i>No. of lines</i>	<i>million tons</i>	<i>No. of plants</i>	<i>million m³</i>
Guangdong	24	22.5	10	14.4	22	13.7
Guangxi	37	33.2	18	26.5	27	16.1
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	60	36.0

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 2021, 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 60 concrete batching plants with annual production capacity of 36.0 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 21.7 million tons of cement, 12.1 million tons of clinker and 4.2 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.

Media Enquiries:

Wonderful Sky Financial Group Limited

Ms. Jelly Lin / Anna Du

Contact Number: (86) 139 189 32311 / (852) 3970 2155

Fax: (852) 2598 1588

Email: crc@wsfg.hk