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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)

2010 INTERIM RESULTS ANNOUNCEMENT

	For the six months ended 30 June		
	2010	2009	**Increase**
Turnover (HK$ million)	**5,094.9**	2,738.7	86.0%
Profit attributable to owners of the Company (HK$ million)	**607.2**	365.7	66.1%
	At 30/6/2010	At 31/12/2009	**Increase**
Total assets (HK$ million)	**27,519.8**	24,233.9	13.6%
Equity attributable to owners of the Company (HK$ million)	**12,989.4**	12,257.6	6.0%
Net borrowings (HK$ million) *(note 1)*	**7,150.2**	3,225.2	121.7%
Net gearing ratio *(note 2)*	**55.0%**	26.3%	
Net assets per share – book (HK$) *(note 3)*	**1.99**	1.88	

notes:

1. Net borrowings equal total indebtedness 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 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 results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**For the six months ended 30 June** **2010** ***HK$'000*** **(unaudited)**	2009 *HK$'000* (audited)
Turnover	*3*	**5,094,863**	2,738,739
Cost of sales		**(3,678,736)**	(2,005,232)
Gross profit		**1,416,127**	733,507
Other income		**84,425**	40,785
Selling and distribution expenses		**(408,326)**	(147,289)
General and administrative expenses		**(343,813)**	(173,441)
Gain on disposal of a subsidiary		**–**	22,399
Change in fair value of investment properties		**–**	(1,000)
Finance costs	*4*	**(86,756)**	(85,369)
Share of results of associates		**341**	–
Profit before taxation	*5*	**661,998**	389,592
Taxation	*6*	**(17,369)**	(19,986)
Profit for the period		**644,629**	369,606
Attributable to:			
Owners of the Company		**607,226**	365,663
Non-controlling interests		**37,403**	3,943
		644,629	369,606
Basic earnings per share – HK$	*7*	**0.093**	0.468
Dividend per share – HK$		**Nil**	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30/6/2010**	At 31/12/2009
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Fixed assets	*8*	**18,186,189**	14,264,055
Prepaid lease payments	*8*	**1,071,871**	443,284
Investment properties		**34,000**	34,000
Intangible assets	*8*	**413,175**	347,612
Interests in associates		**20,203**	8,511
Deposits for acquisition of fixed assets		**501,785**	645,755
Deferred tax assets		**59,225**	22,421
Long term receivables		**289,040**	264,842
		20,575,488	16,030,480
Current assets			
Inventories		**914,864**	602,380
Trade receivables	*9*	**1,097,197**	802,833
Other receivables		**1,087,382**	624,799
Taxation recoverable		**21,804**	20,991
Pledged bank deposits		**14,266**	429,348
Cash and bank balances		**3,808,821**	5,723,061
		6,944,334	8,203,412
Current liabilities			
Trade payables	*10*	**1,255,530**	950,590
Other payables		**1,749,984**	1,140,828
Provisions		**3,962**	3,915
Taxation payable		**16,743**	6,556
Bank loans – amount due within one year		**4,930,673**	3,099,222
Loan from a minority shareholder		**197,104**	–
		8,153,996	5,201,111
Net current (liabilities) assets		**(1,209,662)**	3,002,301
Total assets less current liabilities		**19,365,826**	19,032,781

	At 30/6/2010	At 31/12/2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current liabilities		
Bank loans – amount due after one year	**5,845,480**	6,278,373
Provisions	**41,078**	42,695
Long term payable	**28,128**	27,011
Deferred tax liabilities	**53,898**	54,048
	5,968,584	6,402,127
	13,397,242	12,630,654
Capital and reserves		
Share capital	**651,926**	651,926
Reserves	**12,337,448**	11,605,699
Equity attributable to owners of the Company	**12,989,374**	12,257,625
Non-controlling interests	**407,868**	373,029
Total equity	**13,397,242**	12,630,654

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. It allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests). In the current period, in accounting for acquisition of subsidiaries that took place in the current period, the Group has elected to measure the non-controlling interests at the proportionate share of the acquiree's net identifiable assets at the acquisition date. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for the Group's changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

The application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

As part of the improvements to Hong Kong Financial Reporting Standards ("HKFRSs") issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present the prepayment as leasehold land in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement that leasehold land must be classified as operating leases. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. After reassessment, the Directors concluded that no reclassification was necessary.

The application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRSs, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*

[2] *Effective for annual periods beginning on or after 1 February 2010.*

[3] *Effective for annual periods beginning on or after 1 July 2010.*

[4] *Effective for annual periods beginning on or after 1 January 2011.*

[5] *Effective for annual periods beginning on or after 1 January 2013.*

The Directors anticipate that the application of the other new or revised HKFRSs will have no material impact on the condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

The Group's reportable segments are: cement and concrete. Segment results represent the profit earned by each segment without allocation of interest income, central administration costs, finance costs, share of results of associates and taxation.

The information of segment results are as follows:

For the six months ended 30 June 2010 (unaudited)

	Cement *HK$'000*	**Concrete** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
TURNOVER				
External sales	**3,815,926**	**1,278,937**	**–**	**5,094,863**
Inter-segment sales	**240,437**	**121**	**(240,558)**	**–**
	4,056,363	**1,279,058**	**(240,558)**	**5,094,863**

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segment results	**747,138**	**70,323**	**–**	**817,461**
Interest income				**22,387**
Unallocated corporate expenses				**(91,435)**
Finance costs				**(86,756)**
Share of results of associates				**341**
Profit before taxation				**661,998**

For the six months ended 30 June 2009 (audited)

	Cement *HK$'000*	Concrete *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
TURNOVER				
External sales	2,005,149	733,590	–	2,738,739
Inter-segment sales	165,456	–	(165,456)	–
	2,170,605	733,590	(165,456)	2,738,739

Inter-segment sales are charged at prevailing market prices.

	Cement *HK$'000*	Concrete *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
RESULTS				
Segment results	382,119	108,466	–	490,585
Interest income				1,474
Unallocated corporate expenses				(17,098)
Finance costs				(85,369)
Profit before taxation				389,592

4. FINANCE COSTS

	1.1.2010 to 30.6.2010 ***HK$'000*** **(unaudited)**	1.1.2009 to 30.6.2009 *HK$'000* (audited)
Interests on		
Bank loans wholly repayable within five years	**144,034**	155,881
Bank loans wholly repayable after five years	**5,128**	–
Long term payable	**943**	–
	150,105	155,881
Less: Amount capitalised in fixed assets	**(63,349)**	(70,512)
	86,756	85,369

5. PROFIT BEFORE TAXATION

	1.1.2010 to 30.6.2010 *HK$'000* (unaudited)	1.1.2009 to 30.6.2009 *HK$'000* (audited)
Profit before taxation has been arrived at after charging (crediting):		
Total staff costs (including Directors' emoluments)	**370,632**	234,045
Amortisation of mining rights (included in general and administrative expenses)	**3,038**	1,365
Depreciation of fixed assets	**318,840**	185,203
Operating lease payment in respect of		
– rented premises	**10,377**	12,172
– motor vehicles	**26,721**	7,308
Release of prepaid lease payments	**9,786**	3,777
Reversal of allowance for doubtful debts	**(2,533)**	(17,769)
Exchange (gain) loss	**(12,021)**	402
Interest income	**(22,387)**	(1,474)

6. TAXATION

	1.1.2010 to 30.6.2010 *HK$'000* (unaudited)	1.1.2009 to 30.6.2009 *HK$'000* (audited)
Current taxation		
Hong Kong Profits Tax	**8,073**	6,378
Chinese Mainland Enterprise Income Tax	**25,653**	9,886
Underprovision in prior years	**–**	1,954
	33,726	18,218
Deferred taxation		
Hong Kong	**168**	2,054
Chinese Mainland	**(16,525)**	(286)
	(16,357)	1,768
	17,369	19,986

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

Chinese Mainland Enterprise Income Tax represents the income tax in the Chinese Mainland which is calculated at the prevailing tax rate on the taxable income of the group entities in the Chinese Mainland.

According to the Chinese Mainland tax laws and regulations, certain subsidiaries, which are established in the Chinese Mainland, are exempted from Chinese Mainland Foreign Enterprise Income Tax ("FEIT") for the first two years starting from their first profit-making year after offsetting the accumulated losses brought forward from previous five years, followed by a 50% reduction on the FEIT for the next three years ("Tax Holiday").

Under the Law of the Chinese Mainland on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Chinese Mainland is 25% from 1 January 2008 onwards. Certain subsidiaries that previously enjoyed a preferential tax rate prior to 1 January 2008 will be gradually transited to the new tax rate over five years from 1 January 2008 and certain subsidiaries that previously enjoyed the Tax Holiday will continue to enjoy such preferential tax treatment until the expiry of such prescribed period.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	1.1.2010 to 30.6.2010	1.1.2009 to 30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	**607,226**	365,663

	1.1.2010 to 30.6.2010	1.1.2009 to 30.6.2009
	(unaudited)	(audited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**6,519,255,462**	781,787,462

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

8. FIXED ASSETS/PREPAID LEASE PAYMENTS/MINING RIGHTS

During the six months ended 30 June 2010, the Group had additions to fixed assets of HK$2,829,656,000 (six months ended 30 June 2009: HK$2,617,317,000).

During the six months ended 30 June 2010, the Group had additions to prepaid lease payments of HK$588,838,000 (six months ended 30 June 2009: HK$38,448,000).

During the six months ended 30 June 2010, the Group had additions to mining rights of HK$32,289,000 included in intangible assets (six months ended 30 June 2009: HK$157,000).

9. TRADE RECEIVABLES

	At 30.6.2010	At 31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from third parties	**1,089,752**	799,999
Trade receivables from fellow subsidiaries	**7,445**	2,834
	1,097,197	802,833

The Group has a policy of allowing an average credit period to its customers ranging from 0 to 60 days from the date of issuance of invoices.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of each reporting period.

	At 30.6.2010	At 31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**980,579**	727,022
91 to 180 days	**62,720**	44,138
181 to 365 days	**41,446**	31,673
Over 365 days	**12,452**	–
	1,097,197	802,833

10. TRADE PAYABLES

	At 30.6.2010	At 31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables to third parties	**1,248,132**	950,509
Trade payables to fellow subsidiaries	**7,398**	81
	1,255,530	950,590

The Group normally receives credit period of 30 days to 90 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	At 30.6.2010	At 31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**1,175,336**	882,766
91 to 180 days	**42,129**	30,291
181 to 365 days	**8,485**	13,636
Over 365 days	**29,580**	23,897
	1,255,530	950,590

11. REVIEW OF INTERIM RESULTS

The interim results have been reviewed by the audit committee of the Company.

DIVIDENDS

The Board does not recommend the payment of a dividend for the Period.

THE BUSINESS ENVIRONMENT

In the first half of 2010, the economic stimulus policies announced by the Chinese Government in 2009 continued to have a positive impact on the healthy and sustainable economic development of China at the national and domestic levels and the overall national economy remained in good shape. According to the National Bureau of Statistics of the PRC, the Chinese national Gross Domestic Products ("GDP") reached RMB17.3 trillion for the first half of 2010, representing an increase of 11.1% over that for the corresponding period in 2009 and was 3.7 percentage points higher than that for the corresponding period in 2009. The Fixed Asset Investments ("FAI") of China reached RMB11.4 trillion for the first half of 2010, representing an increase of 25.0% over the corresponding period in 2009. As at 30 June 2010, the total amount of outstanding bank loans in China was RMB44.6 trillion and the increase in the total amount of bank lending during the Period was RMB4.6 trillion.

In the provinces that we operate including Guangdong, Guangxi, Fujian, Hainan and Shanxi, their respective GDP for the first half of 2010, according to the respective provincial Bureau of Statistics, were approximately RMB1,995.8 billion, RMB383.3 billion, RMB576.2 billion, RMB101.8 billion and RMB414.3 billion, representing increases of 12.7%, 13.6%, 15.5%, 19.4% and 17.5% respectively over the corresponding period in 2009 and the respective FAI in these provinces were approximately RMB644.9 billion, RMB340.6 billion, RMB340.5 billion, RMB55.9 billion and RMB195.4 billion, representing increases of 22.8%, 35.7%, 25.9%, 43.3% and 26.3% respectively over the corresponding period in 2009.

The various long term development plans approved by the Chinese Central Government have commenced their first or second year of construction period in 2010. These development plans include the Pearl River Delta Region Development Plan in Guangdong with estimated total investment of RMB20.0 trillion, the North Bay Economic Zone Development Plan in Guangxi with estimated total investment of RMB2.5 trillion, the West Coast of Taiwan Straits Economic Zone Development Plan in Fujian with estimated total investment of RMB14.0 trillion, and the International Tourism Island Plan in Hainan with estimated total investment of RMB3.5 trillion. We expect that these long term national development projects will continue to play a significant role in the market that we operate and will provide solid support to our business growth and create a strong demand for cement products in the foreseeable future.

With the objective to control the overly heated high end property prices and to accelerate the urbanization of the second and third tier cities, the Chinese Central Government increased the supply of land and announced plans for the construction of 3 million affordable houses in 2010. According to the Ministry of Land and Resources of China, the residential land supply will reach 185,000 hectares in year 2010, representing an increase of 140% over year 2009. According to the China Index Academy, the total residential land released in 103 cities by the government in the first half of 2010 reached 203.4 million square meters, representing an increase of 100% over the same period last year. We expect the large-scale land supply and construction of affordable houses will continue to drive up demand for the cement products in the foreseeable future.

THE INDUSTRY

According to the Development Research Centre of the State Council of the PRC, demand for cement products remained strong in the first half of 2010 with total cement production reaching 848.5 million tons, representing an increase of 17.5% over the corresponding period last year. The total cement production in Guangdong, Guangxi, Fujian, Hainan and Shanxi reached 50.8 million tons, 33.6 million tons, 26.1 million tons, 6.4 million tons and 12.8 million tons, representing increases of approximately 14.6%, 16.0%, 6.3%, 57.8%, and 25.6% respectively.

In April 2010, the Chinese Government announced its intention to close the small vertical kilns with outdated technology within three years. In a meeting on 27 May 2010, the Ministry of Industry and Information Technology released targets on the closure of 91.6 million tons of inefficient cement production capacity in the Chinese Mainland by the end of third quarter 2010. Since then, the various levels of government have established targets for closure of vertical kilns. On 8 August 2010, the Ministry of Industry and Information Technology issued a formal notice on the closure of a list of 107.3 million tons of cement facilities with outdated technology by the end of third quarter 2010, of which 5.4 million tons, 4.5 million tons, 3.4 million tons, 1.7 million tons and 8.4 million tons are located in Guangdong, Guangxi, Fujian, Hainan and Shanxi respectively. The closure of these cement facilities and the gradual closure of the remaining inefficient vertical kilns will benefit the long term development of cement industry, especially in the regions where the ratio of NSP cement capacity is relatively low, and will create more opportunities for the future expansion of the Company.

With the planned closure of the inefficient vertical kilns with outdated technology and taking into account of the new capacity that may be released in the next twelve months due to the policy of the Chinese Central Government regarding the suspension of construction of clinker production lines that was effective from 30 September 2009, we expect that there will be a tighter supply of cement from 2011 which will have a positive impact on the cement prices in the Chinese Mainland.

SOCIAL RESPONSIBILITY

In February 2010, the Company was formally admitted as a member of the Cement Sustainability Initiative ("CSI") by the World Business Council for Sustainable Development. As part of the membership in the CSI, the Company is committed to the sustainable development in climate protection, emission reduction, responsible use of fuels and raw materials, as well as employee health and safety. On 9 June 2010, the Company was appointed the co-chairman of CSI in China. Through its local knowledge and proximity to the new members, the Company will support the CSI by serving as a local communication channel with the new CSI member companies in China, providing rapid feedback and helping to resolve organizational concerns.

We will set up research and development centres and integrate scientific research on cement and concrete technology as a direction of our future business development. The Company will continue to fulfill its role as a responsible corporate citizen in China and is committed to its social responsibility to the world.

OPERATIONAL PERFORMANCE REVIEW

Acquisitions

On 15 April 2010, the Company approved the acquisitions of a cement production plant together with all the assets and liabilities associated with its operations in Fujian and 100% equity interest of San Teh (Quanzhou) Building Materials Co. Ltd. held by San Teh Ltd. and its subsidiary, which are independent third parties of the Company, at the total consideration of RMB830 million (equivalent to HK$953.2 million). Please refer to the Company's announcement dated 15 April 2010 for details of the acquisitions. The shareholders of San Teh Ltd. approved the transactions on 22 June 2010. Handover of the assets and liabilities is in process and the acquisitions have not yet been completed as at 30 June 2010. As at 30 June 2010, deposits of RMB83.0 million (equivalent to HK$95.3 million) have been paid.

On 1 June 2010, the Company approved the acquisition of 72% issued share capital of Guardwise Investments Limited held by an independent third party at the total consideration of US$72.0 and signed a shareholders' agreement which provides, from time to time, shareholders' loans pro-rata to the respective shareholding in Guardwise Investments Limited to Guardwise Investments Limited and/or its wholly owned subsidiary, Shanxi Fulong Cement Limited, with a total amount of not exceeding RMB2,110.0 million. The maximum amount of the shareholder's loan to be provided by the Group is RMB1,519.2 million (equivalent to approximately HK$1,744.6 million). The funds are intended for the construction of two clinker production lines with annual clinker capacity of 1.2 million tons and 1.5 million tons, and four cement grinding lines with total annual capacity of approximately 4.0 million tons in Liulin County, Shanxi, the PRC. Please refer to the announcement of the Company dated 1 June 2010 for details of the acquisition. The acquisition was completed on 2 June 2010.

On 21 June 2010, the Company entered into a framework agreement for the acquisitions of the entire equity interest in six subsidiaries of Universal Cement Corporation, an independent third party of the Company, from three subsidiaries of Universal Cement Corporation for a total consideration of HK$820.0 million, subject to among others, satisfactory results of due diligence review. The six companies collectively engage in the production of clinker, cement and concrete and own a clinker production line with annual clinker production capacity of approximately 1.0 million tons, 3 cement grinding lines with total annual production capacity of approximately 3.5 million tons and 2 concrete batching plants with total annual production capacity of 1.2 million m^3 in Huizhou City, Guangdong; and 2 concrete batching plants with total annual production capacity of 1.1 million m^3 in Ningbo, Zhejiang Province. Please refer to the announcement of the Company dated 21 June 2010 for details of the proposed acquisitions. As at 30 June 2010, due diligence review has not yet been completed.

New production plants

During the Period, construction of three clinker production lines namely, Shangsi 1st line, Fengkai 2nd line and Fuchuan 1st line were completed and put into operation, increasing our total annual clinker production capacity by 4.7 million tons. There were also eight cement grinding lines and nine concrete batching plants completed and commenced operation during the Period, increasing our total annual cement production capacity and annual concrete production capacity by 7.8 million tons and 5.4 million m^3 respectively. As at 30 June 2010, our annual production capacities for clinker, cement and concrete amounted to 25.2 million tons, 36.3 million tons and 20.2 million m^3 respectively. During the Period, we managed to maintain the utilisation rates of our cement, clinker and concrete production lines at 80.0%, 110.1% and 45.9% respectively as compared with 84.9%, 120.1% and 40.6% for the corresponding period last year.

Turnover

The consolidated turnover for the six months ended 30 June 2010 amounted to HK$5,094.9 million, representing an increase of 86.0% over HK$2,738.7 million for the corresponding period last year. An analysis of segmental turnover by product is as follows:

	For the six months ended 30 June					
	2010			2009		
	Volume	**Average selling price**	**Turnover**	Volume	Average selling price	Turnover
	'000 tons/m³	***HK$***	***HK$'000***	*'000 tons/m³*	*HK$*	*HK$'000*
Cement	**11,031**	**306.6**	**3,382,158**	6,898	258.7	1,784,777
Clinker	**1,717**	**252.6**	**433,768**	1,078	204.4	220,372
Concrete	**4,283**	**298.6**	**1,278,937**	2,457	298.6	733,590
Total			**5,094,863**			2,738,739

The increase in volume sold during the Period reflected the stronger demand for our products. Our new production capacities from self-constructed production lines since 2009 and from the acquisition of Hainan Cement in 2009 enabled us to improve our production scale. During the Period, approximately 82.3% of the cement sales were generated from 42.5 or higher grades (79.8% for the corresponding period in 2009) and approximately 32.9% of the volume of our cement products were sold in bags (30.0% for the corresponding period in 2009). Internal sale volume of cement for our concrete production was 784,000 tons, representing 6.6% of the total volume of cement sold. The intra-group transactions of HK$240,558,000 were eliminated from the consolidated turnover for the Period.

Our cement sales by geographical areas for the Period were as follows:

	For the six months ended 30 June					
	2010			2009		
	Volume	**Average selling price**	**Turnover**	Volume	Average selling price	Turnover
	'000 tons	***HK$***	***HK$'000***	*'000 tons*	*HK$*	*HK$'000*
Guangdong	**3,744**	**342.4**	**1,282,212**	3,655	251.5	919,270
Guangxi	**5,688**	**273.1**	**1,553,324**	3,173	266.6	846,075
Fujian	**16**	**270.9**	**4,302**	70	277.6	19,432
Hainan	**1,583**	**342.6**	**542,320**	–	–	–
Total	**11,031**	**306.6**	**3,382,158**	6,898	258.7	1,784,777

The average selling prices of cement and clinker for the Period were HK$306.6 per ton and HK$252.6 per ton, representing increases of 18.5% and 23.6% respectively over the corresponding period last year. The average selling price of concrete was HK$298.6 per m^3 which remained unchanged for the Period compared with that for the corresponding period last year. The increases in average selling prices of cement and clinker for the Period primarily reflected:

(1) Increased coal price for the Period: As mentioned in the section on major production costs, average coal price increased by 21.1% over that of the corresponding period last year. We adjusted our selling prices to reflect the increase in coal cost.

(2) Increased freight cost arising from the exceptionally low water level in the Xijiang River that were passed on to our customers since the last quarter of 2009: The exceptionally low water level in the Xijiang River continued to affect our cement sales to Guangdong until the end of April 2010. Since then, the water level of Xijiang River has resumed to over the normal level and delivery of our cement products downstream to Guangdong have returned to normal.

(3) Increase in selling price resulted from change of payment terms for certain customers: During the Period, certain customers requested change of payment terms from an ex-factory basis to a cost-plus-freight basis.

Major production costs

The average price of coal we purchased for the Period was around HK$700 per ton, representing an increase of 21.1% from the average price of HK$578 per ton for the corresponding period last year, while the quality of coal was lowered with average thermal value decreased by 7% to 4,565 KCal per Kg. Coal prices went up during the extremely cold winter which stimulated the demand of coal for electricity generation and also created chaos in coal supply due to frozen Bohai port. Since the beginning of the Period, coal price has stayed at high level and has gone up gradually since April 2010 due to reduced supply as the result of several serious coal mine accidents. During the Period, we managed to improve our production technology and lower our unit standard coal consumption in the clinker production process to 108.4 Kg per ton of clinker for the Period from the average of 109.3 Kg per ton of clinker for the same period last year, representing an improvement of approximately 0.8%. Due to the increase in coal price, our average coal cost of production for the Period increased by 24.0% to HK$114.7 per ton of clinker produced. Coal cost represented approximately 43.4% of the cost of sales for cement for the Period (42.6% in the corresponding period of 2009) and approximately 34.8% of the Group's total cost of sales for the Period (34.4% in the corresponding period of 2009).

Our average electricity cost increased by 11.1% to HK$42.2 per ton of cement due to general increase in electricity tariffs from November 2009 and more production activities were being carried out in Guangdong and Hainan which tariffs are higher than that in Guangxi. We managed to improve our electricity consumption to 91.8 KWh per ton of cement for the Period (96.5 KWh per ton of cement for the corresponding period of 2009) during the production process, representing a cost savings of approximately HK$36.5 million. Our residual heat recovery generators performed satisfactorily and generated 314.2 million KWh of electricity for the Period, representing an increase of 48.3% over 211.9 million KWh of electricity generated in the corresponding period last year. We achieved a cost saving of approximately HK$174.9 million for the Period from the use of residual heat recovery generators. Electricity cost represented approximately 15.5% of the Group's total cost of sales for the Period (16.4% for the corresponding period last year).

Gross profit and gross margin

The consolidated gross profit for the Period was HK$1,416.1 million, representing an increase of 93.1% over HK$733.5 million for the corresponding period last year and the consolidated gross margin was 27.8%, representing an increase of 1.0 percentage points over 26.8% for the corresponding period last year. The increase in consolidated gross profit for the Period was mainly attributable to the increase in sales volume. The gross margins of cement, clinker and concrete for the Period were 30.9%, 15.9% and 23.7%, as compared with 28.7%, 17.6% and 24.8% respectively for the corresponding period last year.

Other income

Other income for the Period was HK$84.4 million, representing an increase of 107.0% over HK$40.8 million for the corresponding period last year, mainly due to increased interest income of HK$20.9 million earned on bank deposits from the unused funds from the IPO and an exchange gain of HK$12.0 million during the Period derived from bank loans less bank balances denominated in Hong Kong dollar. During the Period, Renminbi appreciated slightly against Hong Kong dollar.

Selling and distribution expenses

Selling and distribution expenses for the Period was HK$408.3 million, which was 177.2% over HK$147.3 million for the corresponding period last year. As a percentage to consolidated turnover, selling and distribution expenses increased to 8.0% for the Period from 5.4% for the same period last year. This was mainly attributable to the (1) additional direct freight cost of approximately HK$52.7 million due to the exceptionally low water level in the Xijiang River incurred in the first four months of 2010; and (2) absorption of freight charges as the result of change of payment terms from an ex-factory basis to a cost-plus-freight basis for certain customers. During the Period, the Group incurred freight charges of approximately HK$88.0 million for approximately 2.5 million tons of cement products sold under the new terms of payment.

General and Administrative Expenses

General and administrative expenses for the Period was HK$343.8 million, representing an increase of 98.2% over the same period last year. As a percentage to consolidated turnover, general and administrative expenses increased to 6.7% for the Period from 6.3% for the corresponding period last year. This was attributable to the increase in staff costs as the result of increased number of employees in line with our expanded operations, the increase in expenses incurred in connection with our acquisition activities and the write off of pre-operating expenses on the new projects.

Taxation

The effective tax rate of the Group for the Period was 2.6%, representing a decrease of 2.5 percentage points from 5.1% of the corresponding period last year. This was because a higher portion of the profit was generated from subsidiaries engaged in the cement business which were still entitled to the income tax exemption and less profit was generated from the concrete business, which are subject to full tax rates.

Net margin

Net margin of the Group for the Period was 12.7%, which was 0.8 percentage points lower than that of 13.5% for the corresponding period last year. A gain of HK$22,399,000 was realised on disposal of a subsidiary in the corresponding period last year. Excluding such gain, the net margin for the corresponding period last year would be 12.7%.

Liquidity and Financial Resources

As at 30 June 2010, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	At 30 June 2010	At 31 December 2009
	'000	*'000*
HK$	**2,082,746**	4,835,930
RMB	**1,300,983**	1,143,546
US$	**31,617**	2,276

As at 30 June 2010, the Group's banking facilities amounted to US$30.0 million, HK$3,570.0 million and RMB9,927.3 million, of which RMB3,829.4 million is unutilised and remained available for draw down. Under the terms of certain agreements for the total banking facility of HK$3,353.6 million equivalent, China Resources Holdings, the Company's holding company is required to hold not less than 51% of the voting share capital in the Company. Under the terms of certain agreements for the total banking facility of HK$3,183.6 million equivalent, the net gearing ratio of the Company (as may be adjusted to exclude certain non-tangible assets) shall not exceed 180%. The net gearing ratio of the Company as at 30 June 2010, calculated by dividing net borrowings by equity attributable to owners of the Company, was 55.0% (26.3% as at 31 December 2009).

As at 30 June 2010, the total bank loans of the Group amounted to HK$10,776.2 million (HK$9,377.6 million as at 31 December 2009) equivalent and they comprised loans in the following currencies:

	At 30 June 2010	At 31 December 2009
	'000	*'000*
US$	**30,000**	18,060
HK$	**3,570,000**	2,192,000
RMB	**6,071,500**	6,203,500

Among these bank loans denominated in RMB, total amount of HK$522.5 million equivalent (HK$936.8 million as at 31 December 2009) was secured by bank deposits and fixed assets of the Group and HK$10,253.7 million equivalent (HK$8,440.8 million as at 31 December 2009) was unsecured.

Bank loans which carried interests at fixed and variable rates amounted to HK$574.2 million and HK$10,202.0 million respectively as compared to HK$681.4 million and HK$8,696.2 million as at 31 December 2009.

The Group's business transactions were mainly carried out in Hong Kong dollars and Renminbi. The Group's exposure to currency risk was attributable to the bank balances and bank loans which were denominated in currencies other than the functional currency of the entity to which these bank balances and bank loans were related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise. As at 30 June 2010, the Group did not engage in any hedging transactions.

The Group has net current liabilities of HK$1,209.7 million as at 30 June 2010. Taking into account the cash and bank balances, the unutilised banking facilities, the expected future internally generated funds and the new banking facilities to be obtained, the Company is confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. The Company will obtain more bank loan facilities with longer maturity dates in order to strengthen the liquidity position.

Charges on Assets

As at 30 June 2010, certain assets of subsidiaries of the Company with an aggregate carrying value of HK$411.7 million (HK$844.6 million as at 31 December 2009) were pledged with banks for banking facilities used by these subsidiaries.

Contingent Liabilities

As at 30 June 2010, the Group did not have any significant contingent liabilities.

Use of proceeds

As stated in the prospectus of the Company dated 21 September 2009, the Group had plans to use the proceeds obtained from the IPO and the residual amount to be used as at 30 June 2010 were as follows:

Expansion Plan	Residual balance to be used as at 31/12/2009	Used during the Period	Residual balance to be used as at 30/6/2010
	HK$ million	*HK$ million*	*HK$ million*
Construction of production lines in Fengkai, Guangdong with a total capacity of 4.0 million tons of cement and 6.2 million tons of clinker	2,039.5	1,042.0	997.5
Construction of production lines in Fuchuan, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	227.9	227.9	–
Construction of production lines in Shangsi, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	153.5	153.5	–
Construction of production lines in Tianyang, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	685.3	239.6	445.7
Construction of production lines in Wuxuan, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	721.3	203.5	517.8
Construction of production lines in Shantou, Guangdong with a total capacity of 1.8 million tons of cement	27.1	16.5	10.6
Repayment of bank loans	420.0	420.0	–
	4,274.6	2,303.0	1,971.6

Unused balance was kept as cash at bank.

Future plan and capital expenditure

During the Period, the Company approved the construction of one clinker production line with annual capacity of 1.6 million tons and two cement grinding lines with total annual capacity of 1.9 million tons in Longyan, Fujian. It is expected that the cost for the construction of these production lines will amount to approximately HK$1,270.3 million.

As at 30 June 2010, the Group has outstanding capital expenditure for projects under construction in the amount of HK$7,918.5 million of which approximately HK$5,072.1 million is expected to be expended in the second half of 2010. Details of these projects are as below:

Projects	**Total capital expenditure for the project** *HK$ million*	**Expended as at 31/12/2009** *HK$ million*	**Expended during 1/1/2010 to 30/6/2010** *HK$ million*	**Outstanding capital expenditure at 30/6/2010** *HK$ million*
Construction of production lines in Fengkai, Guangdong with a total capacity of 4.0 million tons of cement and 6.2 million tons of clinker	5,824.4	2,954.3	1,042.0	1,828.1
Construction of production lines in Fuchuan, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,088.9	641.8	235.8	211.3
Construction of production lines in Shangsi, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,397.4	890.6	237.6	269.2
Construction of production lines in Tianyang, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,004.7	157.3	239.6	607.8
Construction of production lines in Wuxuan, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	965.8	98.2	203.4	664.2
Construction of production lines in Shantou, Guangdong with a total capacity of 1.8 million tons of cement	237.9	191.0	16.5	30.4
Construction of production lines in Luchuan, Guangxi with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	973.0	75.3	133.8	763.9
Construction of production lines in Yongding, Fujian, with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,179.1	83.6	120.1	975.4

Projects	Total capital expenditure for the project	Expended as at 31/12/2009	Expended during 1/1/2010 to 30/6/2010	Outstanding capital expenditure at 30/6/2010
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Construction of production lines in Yangchun, Guangdong with a total capacity of 1.0 million tons of cement and 0.8 million tons of clinker	323.3	2.7	140.4	180.2
Construction of production lines in Longyan, Fujian, with a total capacity of 1.9 million tons of cement and 1.6 million tons of clinker	1,270.3	–	166.6	1,103.7
Construction of production lines in Liulin, Shanxi, with a total capacity of 4.0 million tons of cement and 2.7 million tons of clinker	2,423.9	–	1,549.1	874.8
Construction of 7 concrete batching plants with a total capacity of 4.2 million m^3 of concrete	246.9	38.7	19.7	188.5
Technological upgrade projects and other purchases of fixed assets	221.0	–	–	221.0
	17,156.6	5,133.5	4,104.6	7,918.5

As mentioned above in the section on "Acquisitions", during the Period, the Company has committed to acquire a cement production plant together with all the assets and liabilities associated with its operations in Fujian and 100% equity interest of San Teh (Quanzhou) Building Materials Co. Ltd. held by San Teh Ltd. and its subsidiary at the consideration of RMB830 million (equivalent to HK$953.2 million). Deposits of RMB83.0 million (equivalent to HK$95.3 million) have been paid as at 30 June 2010. The Company has also approved the acquisitions of the entire equity interest in six subsidiaries of Universal Cement Corporation from three subsidiaries of Universal Cement Corporation for a total consideration of HK$820.0 million, subject to among others, satisfactory results of due diligence review. No payment has been made as at 30 June 2010.

Apart from the foregoings, the Group had no other significant planned capital expenditure or commitment as at 30 June 2010. The above planned and intended capital expenditures and commitments will be financed by the IPO proceeds of HK$1,971.6 million as stated in the section on "Use of Proceeds" above and the remaining balance will be financed by bank loans and internally generated funds.

Share Award Scheme

The Company adopted a share award scheme (the "Scheme") on 2 September 2009. The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The purpose of the Scheme is to recognize the contributions of officers and employees of our Group, excluding any Director, towards the development of our Group in the past or as incentives to selected grantees to achieve higher than target profits for our Group and to align the interests of the selected grantees with sustainable growth and development of our Group.

The aggregate number of shares of the Company (the "Shares") purchased under the Scheme shall not exceed 2.5% of all issued Shares. The aggregate number of Shares which may be awarded to a selected grantee under the Scheme shall not exceed 0.1% of the issued share capital of the Company. A trust has been set up and BOCI-Prudential Trustee Limited has been appointed as the trustee. Pursuant to the Scheme, the trustee may purchase Shares from the public market out of cash contributed by the Company from time to time. Shares purchased under the Scheme will be held in trust for the eligible employees until such Shares are vested in accordance with the provisions of the rules relating to the Scheme. The Scheme will be effective for a term of 10 years until 2 September 2019 unless terminated at the discretion of the Board at an earlier date.

Throughout the Period, the trustee has been holding 160,000,000 Shares on trust for the Scheme and as at 30 June 2010, none of these Shares has been granted to any eligible employee.

Employees

As at 30 June 2010, our Group employed a total of 13,556 full time employees of whom 160 were based in Hong Kong and the remaining 13,396 were based in the Chinese Mainland. A breakdown of our employees by functions is stated as follows:

Management	194
Finance and administration	2,292
Production and technical	9,499
Quality Control	1,261
Sales and marketing	310
Total	13,556

Among our 194 senior and middle managerial staff, 61% possess university degrees, 31% have received post-secondary education and their average age is about 40. We offer our employees remuneration packages mainly on the basis of individual performance and experience and also having regard to industrial practice, which include basic wages, production unit allowance, performance related bonuses and other staff benefits. The Company has established a share award scheme whereby eligible employees of the Group may be granted Shares acquired by the trustee under the share award scheme.

STRATEGIC OBJECTIVES AND PROSPECTS

As at 30 June 2010, our annual production capacities for clinker, cement and concrete in operations amounted to 25.2 million tons, 36.3 million tons and 20.2 million m^3 respectively. Including the 2.7 million tons of clinker capacity and 4.0 million tons of cement capacity under construction in Shanxi that we acquired during the Period, there are 6 clinker production lines, 10 cement grinding lines and 7 concrete batching plants under active construction which are expected to be completed and put into operation by the end of 2010. We expect that, by the end of 2010, our annual production capacities for clinker, cement and concrete will increase to 35.7 million tons, 52.6 million tons and 26.7 million m^3 respectively. There are also 4 clinker production lines with annual capacity of 6.2 million tons and 7 cement grinding lines with annual capacity of 6.6 million tons under active construction which are expected to be completed and put into operation by July 2011. We target to expand our annual production capacity further to over 55 million tons of clinker, 70 million tons of cement and 42 million m^3 of concrete by the end of 2012.

Our Company will strive to be one of the most influential cement and concrete producers in China and we have plans to strengthen our leading position in Southern China by extending our geographical coverage to embrace the coastal areas. We have already entered the Shanxi market through the acquisition of Guardwise Investments Limited in June 2010. We will continue to increase our production capacity and improve our market share there. Other than Shanxi, we are also aiming at a leading role in other parts of China principally through merger and acquisition opportunities if the targets fit into our "Lowest Total Cost" expansion strategy through the control of resources, conversion of resources and distribution of resources.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the Period, the Company meets with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except that all non-executive Directors were not appointed for a specific term. Since all Directors are subject to re-election by shareholders at annual general meetings and at least about once every three years on a rotation basis in accordance with the Articles of Association of the Company, there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Code on Corporate Governance Practices.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders for their continuing support and to pay tribute to the management and all the employees for their contribution and dedication to their work.

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

Hong Kong, 20 August 2010

As at the date of this announcement, the executive directors of the Company are Madam ZHOU Junqing, Mr. ZHOU Longshan and Mr. LAU Chung Kwok Robert; the non-executive directors of the Company are Mr. DU Wenmin and Mr. WEI Bin; and the independent non-executive directors of the Company are Mr. IP Shu Kwan, Stephen, Mr. XU Yongmo, Madam ZENG Xuemin and Mr. LAM Chi Yuen.