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華潤水泥控股有限公司

China Resources Cement Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1313)

UNAUDITED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2021

	For the three months ended 31 March		Increase
	2021 (unaudited)	2020 (unaudited)	
Turnover (<i>HK\$ million</i>)	8,511.2	5,594.1	52.1%
Profit attributable to owners of the Company (<i>HK\$ million</i>)	1,289.8	1,113.7	15.8%
Basic earnings per share	HK\$0.185	HK\$0.159	
Interim dividend per share	Nil	Nil	
	As at 31/3/2021 (unaudited)	As at 31/12/2020 (audited)	(Decrease) / Increase
Total assets (<i>HK\$ million</i>)	67,803.8	68,532.5	(1.1)%
Equity attributable to owners of the Company (<i>HK\$ million</i>)	50,715.8	49,626.8	2.2%
Gearing ratio (<i>note 1</i>)	13.5%	13.8%	
Net assets per share – book (<i>note 2</i>)	HK\$7.26	HK\$7.11	2.1%
<i>notes:</i>			
1. Gearing ratio is calculated by dividing the total bank borrowings and unsecured medium term notes by equity attributable to owners of the Company.			
2. Net assets per share – book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the relevant reporting period.			

The board (the “Board”) of directors (the “Directors”) of China Resources Cement Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2021 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the three months ended 31 March	
		2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Turnover		8,511,234	5,594,136
Cost of sales		<u>(6,095,740)</u>	<u>(3,400,953)</u>
Gross profit		2,415,494	2,193,183
Other income		182,191	107,055
Selling and distribution expenses		(401,310)	(249,337)
General and administrative expenses		(473,711)	(396,342)
Exchange (loss) gain		(3,124)	1,190
Finance costs		(47,367)	(79,054)
Share of results of associates		20,692	(30,270)
Share of results of joint ventures		<u>58,715</u>	<u>36,041</u>
Profit before taxation		1,751,580	1,582,466
Taxation	2	<u>(478,821)</u>	<u>(478,273)</u>
Profit for the period		<u>1,272,759</u>	<u>1,104,193</u>
Attributable to:			
Owners of the Company		1,289,761	1,113,731
Non-controlling interests		<u>(17,002)</u>	<u>(9,538)</u>
		<u>1,272,759</u>	<u>1,104,193</u>
Basic earnings per share (<i>HK\$</i>)	3	<u>0.185</u>	<u>0.159</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/3/2021 <i>HK\$'000</i> (unaudited)	As at 31/12/2020 <i>HK\$'000</i> (audited)
Non-current assets		
Fixed assets	28,472,092	28,485,137
Right-of-use assets	3,493,732	3,410,139
Investment property	120,000	120,000
Other investment	73,098	72,295
Intangible assets	2,693,240	2,702,986
Interests in associates	6,644,870	6,635,957
Interests in joint ventures	1,623,901	1,563,639
Deposits for acquisition of assets	5,251,517	4,028,926
Deferred tax assets	393,954	375,578
Long term receivables	277,041	288,511
Pledged bank deposits	288,266	273,573
	49,331,711	47,956,741
Current assets		
Inventories	2,434,866	1,853,151
Trade receivables	4,639,648	2,991,597
Other receivables	1,021,541	1,065,768
Loan to a fellow subsidiary	480,687	477,957
Loan to an intermediate holding company	836,307	832,139
Taxation recoverable	13,034	9,362
Pledged bank deposits	25,659	118,816
Cash and bank balances	9,020,387	13,226,924
	18,472,129	20,575,714
Current liabilities		
Trade payables	3,317,315	3,723,079
Other payables	4,552,269	5,604,670
Taxation payable	767,594	1,349,896
Unsecured medium term notes	3,549,540	3,564,480
Bank loans - amount due within one year	800,000	-
	12,986,718	14,242,125
Net current assets	5,485,411	6,333,589
Total assets less current liabilities	54,817,122	54,290,330

	As at 31/3/2021 <i>HK\$'000</i> (unaudited)	As at 31/12/2020 <i>HK\$'000</i> (audited)
Non-current liabilities		
Bank loans - amount due after one year	2,500,000	3,300,000
Other long term payables	550,605	543,508
Deferred tax liabilities	<u>481,304</u>	<u>422,989</u>
	<u>3,531,909</u>	<u>4,266,497</u>
	<u>51,285,213</u>	<u>50,023,833</u>
Capital and reserves		
Share capital	698,294	698,294
Reserves	<u>50,017,542</u>	<u>48,928,528</u>
Equity attributable to owners of the Company	50,715,836	49,626,822
Non-controlling interests	<u>569,377</u>	<u>397,011</u>
Total equity	<u>51,285,213</u>	<u>50,023,833</u>

Notes:

1. BASIS OF PREPARATION

The accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020 except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the financial year beginning on or after 1 January 2021. The application of these new and revised HKFRSs in the Period has had no material impact on the condensed consolidated financial statements of the Group.

2. TAXATION

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

Chinese Mainland Enterprise Income Tax includes the income tax calculated at 25% on the taxable income of the group entities in the Chinese Mainland for both periods, the withholding tax calculated at 5% (10% for the corresponding period in 2020) on dividends in the Chinese Mainland, and the deferred tax calculated at 5% (10% for the corresponding period in 2020) on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong.

3. EARNINGS PER SHARE

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

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	<u>1,289,761</u>	<u>1,113,731</u>

	For the three months ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	<u>6,982,937,817</u>	<u>6,982,937,817</u>

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

4. REVIEW OF FINANCIAL INFORMATION

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

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the Period (Three months ended 31 March 2020: Nil).

OPERATIONAL PERFORMANCE REVIEW

The functional currency of the Group is RMB while the financial figures are all denominated in HK\$. Comparing with the corresponding period in 2020, RMB had appreciated against HK\$ by approximately 7.4%.

Turnover

The consolidated turnover for the Period amounted to HK\$8,511.2 million, representing an increase of 52.1% from HK\$5,594.1 million for the corresponding period in 2020. An analysis of segmental turnover by product is as follows:

	For the three months ended 31 March					
	2021			2020		
	Sales volume '000 tons/m ³	Average selling price HK\$ per ton/m ³	Turnover HK\$'000	Sales volume '000 tons/m ³	Average selling price HK\$ per ton/m ³	Turnover HK\$'000
Cement	18,427 <i>(note)</i>	366.0	6,744,706	11,181	408.1	4,562,629
Clinker	1,115	299.4	333,910	662	324.6	214,855
Concrete	2,865	500.0	1,432,618	1,590	513.5	816,652
Total			8,511,234			5,594,136

note: Inclusive of sales volume of 0.9 million tons of cement from related parties (Nil for the corresponding period in 2020).

Our cement sales by geographical area were as follows:

Province/ Autonomous Region	For the three months ended 31 March					
	2021			2020		
	Sales volume '000 tons	Average selling price HK\$ per ton	Turnover HK\$'000	Sales volume '000 tons	Average selling price HK\$ per ton	Turnover HK\$'000
Guangdong	7,119	420.0	2,990,260	4,401	461.7	2,031,926
Guangxi	6,028	335.4	2,021,872	3,542	375.2	1,329,119
Fujian	2,166	317.2	686,982	1,377	410.6	565,440
Hainan	811	445.4	361,250	449	413.6	185,718
Yunnan	1,228	337.4	414,275	722	378.0	272,951
Guizhou	678	217.5	147,441	439	226.1	99,241
Shanxi	397	308.9	122,626	251	311.7	78,234
Total	18,427	366.0	6,744,706	11,181	408.1	4,562,629

Gross profit and gross margin

The consolidated gross profit for the Period was HK\$2,415.5 million, representing an increase of 10.1% from HK\$2,193.2 million for the corresponding period in 2020. The consolidated gross margin for the Period was 28.4%, representing a decrease of 10.8 percentage points from 39.2% for the corresponding period in 2020. The increase in consolidated gross profit for the Period was mainly attributable to the increased sales volume of our products compared to the corresponding period in 2020. The decrease in consolidated gross margin was mainly attributable to the lower selling prices and the higher cost of sales of cement products compared to the corresponding period in 2020. The gross margins of cement, clinker and concrete for the Period were 29.8%, 26.7% and 21.9%, as compared with 42.9%, 39.0% and 18.4% respectively for the corresponding period in 2020.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK\$1,289.8 million, representing an increase of 15.8% from HK\$1,113.7 million for the corresponding period in 2020.

By order of the Board
China Resources Cement Holdings Limited
JI Youhong
Chief Executive Officer

Hong Kong, 23 April 2021

As at the date of this announcement, the non-executive Directors are Mr. LI Fuli (Chairman), Mr. ZHOU Longshan, Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing; the executive Director is Mr. JI Youhong (Chief Executive Officer); and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.