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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 NINE MONTHS ENDED 30 SEPTEMBER 2020**

	For the nine months ended 30 September		Increase
	2020 (unaudited)	2019 (unaudited)	
Turnover (<i>HK\$ million</i>)	27,201.1	26,716.0	1.8%
Profit attributable to owners of the Company (<i>HK\$ million</i>)	7,392.5	5,791.9	27.6%
Basic earnings per share	HK\$1.059	HK\$0.829	
	As at 30/9/2020 (unaudited)	As at 31/12/2019 (audited)	Increase
Total assets (<i>HK\$ million</i>)	66,313.9	61,170.9	8.4%
Equity attributable to owners of the Company (<i>HK\$ million</i>)	47,914.9	41,979.7	14.1%
Gearing ratio (<i>note 1</i>)	16.5%	18.9%	
Net assets per share – book (<i>note 2</i>)	HK\$6.86	HK\$6.01	14.1%
<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 nine months ended 30 September 2020 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the three months ended 30 September		For the nine months ended 30 September	
		2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Turnover		10,316,753	9,306,442	27,201,081	26,715,951
Cost of sales		(6,211,792)	(5,654,932)	(16,232,639)	(16,290,390)
Gross profit		4,104,961	3,651,510	10,968,442	10,425,561
Other income		208,261	164,502	538,925	452,184
Selling and distribution expenses		(474,329)	(503,677)	(1,185,233)	(1,371,575)
General and administrative expenses		(470,290)	(448,914)	(1,272,045)	(1,265,884)
Exchange gain (loss)		39,780	(22,539)	40,197	(25,323)
Finance costs		(58,289)	(112,909)	(203,261)	(335,165)
Share of results of associates		190,902	60,722	397,784	118,992
Share of results of joint ventures		80,392	38,261	191,475	132,851
Profit before taxation		3,621,388	2,826,956	9,476,284	8,131,641
Taxation	2	(380,256)	(755,059)	(2,021,186)	(2,253,747)
Profit for the period		<u>3,241,132</u>	<u>2,071,897</u>	<u>7,455,098</u>	<u>5,877,894</u>
Attributable to:					
Owners of the Company		3,201,233	2,025,825	7,392,522	5,791,866
Non-controlling interests		39,899	46,072	62,576	86,028
		<u>3,241,132</u>	<u>2,071,897</u>	<u>7,455,098</u>	<u>5,877,894</u>
Basic earnings per share (<i>HK\$</i>)	3	<u>0.459</u>	<u>0.290</u>	<u>1.059</u>	<u>0.829</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/9/2020 <i>HK\$'000</i> (unaudited)	As at 31/12/2019 <i>HK\$'000</i> (audited)
Non-current assets		
Fixed assets	27,043,949	27,080,617
Right-of-use assets	3,205,009	2,922,031
Investment property	130,000	130,000
Other investment	67,476	97,197
Intangible assets	2,583,438	2,461,792
Interests in associates	6,906,642	6,580,670
Interests in joint ventures	1,613,428	1,426,602
Deposits for acquisition of assets	1,007,290	1,031,817
Deferred tax assets	301,737	219,766
Long term receivables	281,526	260,553
Pledged bank deposits	252,554	216,985
	43,393,049	42,428,030
Current assets		
Inventories	2,147,288	1,509,704
Trade receivables	5,204,332	2,386,126
Other receivables	783,000	726,366
Loan to an intermediate holding company	844,146	805,240
Amounts due from associates	279,667	397,535
Amounts due from joint ventures	64,123	5,818
Taxation recoverable	8,738	64,203
Cash and bank balances	13,589,534	12,847,838
	22,920,828	18,742,830
Current liabilities		
Trade payables	3,052,941	3,174,237
Other payables	4,935,987	5,080,770
Taxation payable	1,337,155	1,770,521
Unsecured medium term notes	3,414,060	-
Bank loans - amount due within one year	2,200,000	1,297,954
	14,940,143	11,323,482
Net current assets	7,980,685	7,419,348
Total assets less current liabilities	51,373,734	49,847,378

	As at 30/9/2020 HK\$'000 (unaudited)	As at 31/12/2019 HK\$'000 (audited)
Non-current liabilities		
Bank loans - amount due after one year	2,300,000	3,279,151
Unsecured medium term notes	-	3,349,050
Other long term payables	502,876	448,828
Deferred tax liabilities	298,772	504,171
	<u>3,101,648</u>	<u>7,581,200</u>
	<u>48,272,086</u>	<u>42,266,178</u>
Capital and reserves		
Share capital	698,294	698,294
Reserves	47,216,556	41,281,378
	<u>47,914,850</u>	<u>41,979,672</u>
Non-controlling interests	357,236	286,506
	<u>48,272,086</u>	<u>42,266,178</u>
	<u>48,272,086</u>	<u>42,266,178</u>

Notes:

1. BASIS OF PREPARATION

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of certain amendments to 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 2020 and the amendment to HKFRS 16. The application of these amendments to 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% (Nine months ended 30 September 2019: 10%) on dividends in the Chinese Mainland, and the deferred tax calculated at 5% (Nine months ended 30 September 2019: 10%) on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong. Such changes in tax rates contributed to a decrease of approximately HK\$474.2 million in taxation during the Period.

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 nine months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	7,392,522	5,791,866

	For the nine months ended 30 September	
	2020	2019
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	6,982,937,817	6,982,937,817

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

An interim dividend of HK\$0.275 per share for the six months ended 30 June 2020 (HK\$0.26 per share for the six months ended 30 June 2019) was declared by the Board on 21 August 2020 and paid to shareholders on 9 October 2020. The Board does not recommend the payment of any dividend for the three months ended 30 September 2020 (Three months ended 30 September 2019: Nil).

OPERATIONAL PERFORMANCE REVIEW

The functional currency of the Group is RMB while the financial figures are all denominated in HK\$. Comparing with corresponding period last year, RMB had depreciated against HK\$ by approximately 3.0%.

Turnover

The consolidated turnover for the Period amounted to HK\$27,201.1 million, representing an increase of 1.8% from HK\$26,716.0 million for the corresponding period last year. An analysis of segmental turnover by product is as follows:

	For the nine months ended 30 September					
	2020			2019		
	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	59,599 <i>(note)</i>	368.4	21,959,125	57,189	361.8	20,690,880
Clinker	2,657	292.6	777,330	3,510	323.8	1,136,394
Concrete	9,161	487.4	4,464,626	10,030	487.4	4,888,677
Total			27,201,081			26,715,951

note: Inclusive of sales volume of 2.7 million tons of cement from related parties (Nil for the corresponding period in 2019).

Our cement sales by geographical area were as follows:

Province/ Autonomous Region	For the nine months ended 30 September					
	2020			2019		
	Sales volume	Average selling price HK\$ per ton	Turnover HK\$'000	Sales volume	Average selling price HK\$ per ton	Turnover HK\$'000
	'000 tons			'000 tons		
Guangdong	22,788	420.4	9,580,076	20,662	409.6	8,463,441
Guangxi	18,288	347.1	6,347,122	18,206	337.3	6,140,831
Fujian	6,934	318.5	2,208,490	7,637	309.0	2,360,093
Hainan	2,732	382.8	1,045,925	3,097	397.2	1,230,036
Yunnan	3,842	377.2	1,449,054	3,022	378.1	1,142,735
Guizhou	2,077	229.1	475,744	1,533	269.6	413,314
Shanxi	2,938	290.2	852,714	3,032	310.2	940,430
Total	59,599	368.4	21,959,125	57,189	361.8	20,690,880

Gross Profit and Gross Margin

The consolidated gross profit for the Period was HK\$10,968.4 million, representing an increase of 5.2% from HK\$10,425.6 million for the corresponding period last year. The consolidated gross margin for the Period was 40.3%, representing an increase of 1.3 percentage points from 39.0% for the corresponding period last year. The increases in consolidated gross profit and consolidated gross margin for the Period were mainly attributable to the higher selling price of cement compared to the corresponding period last year. The gross margins of cement, clinker and concrete for the Period were 43.4%, 38.7% and 25.5%, as compared with 42.4%, 40.8% and 24.4% respectively for the corresponding period last year.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company for the Period was HK\$7,392.5 million, representing an increase of 27.6% from HK\$5,791.9 million for the corresponding period last year.

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

Hong Kong, 23 October 2020

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan and Mr. JI Youhong; the non-executive Directors are Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing; 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.