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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)

2016 INTERIM RESULTS ANNOUNCEMENT

	For the six months ended 30 June		
	2016 (unaudited)	2015 (unaudited)	**Decrease**
Turnover *(HK$ million)*	**11,315.6**	13,404.2	15.6%
Profit attributable to owners of the Company *(HK$ million)*	**257.5**	1,530.2	83.2%
Basic earnings per share	**HK$0.039**	HK$0.234	
Interim dividend per share	**HK$0.015**	HK$0.06	
	As at 30/6/2016 (unaudited)	As at 31/12/2015 (audited)	**Increase (Decrease)**
Total assets *(HK$ million)*	**53,851.5**	54,216.8	(0.7)%
Equity attributable to owners of the Company *(HK$ million)*	**26,116.6**	26,556.9	(1.7)%
Net borrowings *(HK$ million) (note 1)*	**17,484.0**	16,945.3	3.2%
Net gearing ratio *(note 2)*	**66.9%**	63.8%	
Net assets per share – book *(note 3)*	**HK$4.00**	HK$4.07	

notes:

1. Net borrowings equal to total bank borrowings and unsecured bonds 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 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") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	Notes	**2016**	2015
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**11,315,608**	13,404,208
Cost of sales		**(8,618,553)**	(10,050,659)
Gross profit		**2,697,055**	3,353,549
Other income		**128,811**	177,021
Selling and distribution expenses		**(768,132)**	(800,664)
General and administrative expenses		**(879,123)**	(940,774)
Exchange (loss) gain		**(163,141)**	8,920
Finance costs	*4*	**(353,602)**	(283,959)
Share of results of associates		**(108,409)**	(144,037)
Share of results of joint ventures		**(44,652)**	17,486
Profit before taxation	*5*	**508,807**	1,387,542
Taxation	*6*	**(286,728)**	102,311
Profit for the period		**222,079**	1,489,853
Attributable to:			
Owners of the Company		**257,527**	1,530,223
Non-controlling interests		**(35,448)**	(40,370)
		222,079	1,489,853
Basic earnings per share	*7*	**HK$0.039**	HK$0.234

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30/6/2016 HK$'000 (unaudited)	As at 31/12/2015 HK$'000 (audited)
Non-current assets			
Fixed assets		**31,067,437**	31,596,192
Prepaid lease payments		**2,804,413**	2,905,451
Investment properties		**108,082**	108,346
Intangible assets		**2,334,243**	2,394,503
Interests in associates		**5,403,746**	5,620,142
Interests in joint ventures		**1,477,820**	1,542,889
Deposits for acquisition of fixed assets		**1,450,788**	1,625,731
Deferred tax assets		**401,465**	365,030
Long term receivables		**466,722**	662,115
Pledged bank deposits		**32,453**	24,729
		45,547,169	46,845,128
Current assets			
Inventories		**1,711,580**	1,564,912
Trade receivables	*8*	**2,677,863**	2,194,070
Other receivables		**1,164,600**	1,203,441
Amounts due from associates		**271,659**	273,122
Amounts due from joint ventures		**121,609**	116,148
Taxation recoverable		**64,538**	65,130
Pledged bank deposits		**15,927**	17,091
Cash and bank balances		**2,276,528**	1,937,708
		8,304,304	7,371,622
Current liabilities			
Trade payables	*9*	**2,955,174**	3,089,768
Other payables		**4,245,421**	4,855,226
Taxation payable		**257,365**	175,512
Amount due to immediate holding company		**54,956**	54,956
Bank loans – amount due within one year		**7,019,472**	5,226,642
		14,532,388	13,402,104
Net current liabilities		**(6,228,084)**	(6,030,482)
Total assets less current liabilities		**39,319,085**	40,814,646

	As at 30/6/2016 *HK$'000* (unaudited)	As at 31/12/2015 *HK$'000* (audited)
Non-current liabilities		
Bank loans – amount due after one year	**9,685,882**	10,597,782
Unsecured bonds	**3,103,512**	3,100,384
Other long term payables	**26,236**	26,650
Deferred tax liabilities	**100,337**	104,153
	12,915,967	13,828,969
	26,403,118	26,985,677
Capital and reserves		
Share capital	**653,294**	653,294
Reserves	**25,463,296**	25,903,597
Equity attributable to owners of the Company	**26,116,590**	26,556,891
Non-controlling interests	**286,528**	428,786
Total equity	**26,403,118**	26,985,677

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

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 2015.

In the Period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the Period.

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception

The application of the above amendments to HKFRSs in the Period has had no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Segment information has been identified on the basis of different products in internal management reports which are prepared in accordance with accounting policies of the Group, that are regularly reviewed by the chief executive officer in order to allocate resources to the operating segments and to assess their performance.

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

In the preparation of the financial statements for the year ended 31 December 2015, the chief executive officer reassessed the business segments and considered some of the expenses previously allocated in the cement segment for the six month period ended 30 June 2015 represented central administration costs and the related amounts have been reallocated to the unallocated net corporate expenses. The comparative figures for the prior period have been restated accordingly.

The information of the reportable segment results are as follows:

For the six months ended 30 June 2016 (unaudited)

	Cement	Concrete	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER – SEGMENT REVENUE				
External sales	**9,166,803**	**2,148,805**	**–**	**11,315,608**
Inter-segment sales	**276,958**	**2,207**	**(279,165)**	**–**
	9,443,761	**2,151,012**	**(279,165)**	**11,315,608**

Inter-segment sales are charged at prevailing market prices.

	Cement	Concrete	Elimination	Total
RESULTS				
Segment results	**1,079,775**	**248,031**	**–**	**1,327,806**
Interest income				**16,818**
Finance costs				**(353,602)**
Exchange loss				**(151,799)**
Unallocated net corporate expenses				**(177,355)**
Share of results of associates				**(108,409)**
Share of results of joint ventures				**(44,652)**
Profit before taxation				**508,807**

For the six months ended 30 June 2015 (unaudited)

	Cement	Concrete	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER – SEGMENT REVENUE				
External sales	10,907,818	2,496,390	–	13,404,208
Inter-segment sales	382,189	1,709	(383,898)	–
	11,290,007	2,498,099	(383,898)	13,404,208

Inter-segment sales are charged at prevailing market prices.

	Cement	Concrete	Elimination	Total
RESULTS				
Segment results	1,714,266	244,783	–	1,959,049
Interest income				37,356
Finance costs				(283,959)
Exchange gain				6,384
Unallocated net corporate expenses				(204,737)
Share of results of associates				(144,037)
Share of results of joint ventures				17,486
Profit before taxation				1,387,542

4. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on		
Bank loans and unsecured bonds	**353,297**	283,757
Other long term payables	**305**	202
	353,602	283,959

5. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Total staff costs (including Directors' emoluments)	**1,256,012**	1,313,275
Amortisation of mining rights (included in general and administrative expenses)	**38,956**	38,189
Depreciation of fixed assets	**899,226**	945,611
Operating lease payments in respect of		
– rented premises	**24,002**	30,338
– motor vehicles	**141,222**	127,318
Release of prepaid lease payments	**38,291**	37,584
Allowance for doubtful debts	**17,070**	19,873
Interest income	**(16,818)**	(37,356)

6. TAXATION

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current taxation		
Hong Kong Profits Tax	**15,221**	12,144
Chinese Mainland Enterprise Income Tax	**318,179**	460,480
	333,400	472,624
Over-provision of Chinese Mainland Enterprise Income Tax in prior years	**–**	(499,421)
Deferred taxation		
Hong Kong	**402**	(1,124)
Chinese Mainland	**(47,074)**	(74,390)
	(46,672)	(75,514)
	286,728	(102,311)

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 25% (2015: 25%) on the taxable income of the group entities in the Chinese Mainland.

According to Document No. 14 of 2015 issued by the State Administration of Taxation dated 10 March 2015, enterprises which no longer belong to the category of encouraged industries in the western territories shall cease to enjoy the reduced enterprise income tax rate of 15% with effect from 1 October 2014. An amount of HK$499,421,000 representing the over-provision of enterprise income tax that was previously provided at 25% for the period from 1 January 2013 to 30 September 2014 was therefore reversed and included in taxation for the period ended 30 June 2015.

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:

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	**257,527**	1,530,223

	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**6,532,937,817**	6,532,937,817

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

8. TRADE RECEIVABLES

	As at 30/6/2016	As at 31/12/2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from third parties	**2,670,850**	2,184,649
Trade receivables from related parties	**7,013**	9,421
	2,677,863	2,194,070

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

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.

	As at 30/6/2016 HK$'000 (unaudited)	As at 31/12/2015 HK$'000 (audited)
0 to 90 days	**2,283,759**	1,898,456
91 to 180 days	**200,350**	128,173
181 to 365 days	**193,754**	167,441
	2,677,863	2,194,070

9. TRADE PAYABLES

	As at 30/6/2016 HK$'000 (unaudited)	As at 31/12/2015 HK$'000 (audited)
Trade payables to third parties	**2,946,139**	3,081,323
Trade payables to related parties	**9,035**	8,445
	2,955,174	3,089,768

The Group normally receives credit period of 30 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 each reporting period.

	As at 30/6/2016 HK$'000 (unaudited)	As at 31/12/2015 HK$'000 (audited)
0 to 90 days	**2,817,233**	2,993,037
91 to 180 days	**70,005**	40,674
181 to 365 days	**49,686**	26,765
Over 365 days	**18,250**	29,292
	2,955,174	3,089,768

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.015 per share for the Period (2015: HK$0.06). The interim dividend, which amounts to approximately HK$98.0 million (2015: HK$392.0 million), will be distributed on or about Friday, 23 September 2016 to shareholders whose names appear on the register of members of the Company after the close of business on Friday, 26 August 2016. Such interim dividend will not be subject to any withholding tax in Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 August 2016 to Friday, 2 September 2016, both days inclusive, during which period no transfer of shares of the Company ("Share(s)") will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on Friday, 26 August 2016 with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

BUSINESS ENVIRONMENT

In the first half of 2016, China's economic growth remained stable in general. According to the information from the National Bureau of Statistics of China, in the first half of the year, China's gross domestic products ("GDP") grew by 6.7% over the corresponding period last year to RMB34.1 trillion. Driven by investments on infrastructure construction, national fixed asset investments (excluding rural households) ("FAI") increased by 9.0% to RMB25.8 trillion.

During the Period, the Chinese government accelerated the approval of infrastructure projects and promoted public-private-partnership in order to support the supply-side reform and economic growth. In March 2016, the People's Bank of China lowered the required reserve ratio of financial institutions by 0.5 percentage points, so as to create an appropriate monetary and financial environment for the supply-side reform.

According to the data published by the respective provincial bureaus of statistics, in the first half of 2016, the GDP of Guangdong, Guangxi, Fujian, Hainan, Shanxi, Yunnan and Guizhou, at which the Group has operations, reached RMB3.7 trillion, RMB731.2 billion, RMB1.2 trillion, RMB200.9 billion, RMB571.4 billion, RMB580.7 billion and RMB493.7 billion, representing increases of 7.4%, 7.2%, 8.3%, 8.1%, 3.4%, 6.6% and 10.5% respectively. Meanwhile, the FAI (excluding rural households) in respect of the aforementioned provinces also increased by 13.5%, 13.7%, 11.5%, 9.1%, 10.6%, 18.3% and 21.5% to RMB1,350.4 billion, RMB835.2 billion, RMB1,092.5 billion, RMB158.3 billion, RMB465.8 billion, RMB641.7 billion and RMB472.3 billion respectively.

In the first half of 2016, national infrastructure investment (excluding power supply) reached RMB4.9 trillion, representing an increase of 20.9% over the corresponding period last year, which was higher than that of the corresponding period last year by 1.8 percentage points. FAI in railway transportation industry increased by 9.0% to RMB304.0 billion. FAI in highways was RMB696.2 billion, representing an increase of 7.6% over the corresponding period last year. FAI in waterways was RMB85.2 billion, representing an increase of 18.5% over the corresponding period last year. The stable development of infrastructure construction has resulted in a positive effect on driving the demand for cement.

In the first half of the year, there were signs of recovery in the sales of real estate market in China. According to the National Bureau of Statistics of China, the floor area of commodity housing sold in China increased by 27.9% over the corresponding period last year to 640 million m^2 and the sales increased by 42.1% to RMB4.9 trillion. Investments in real estate development in China reached RMB4.7 trillion, representing an increase of 6.1% over the corresponding period last year, which was higher than that of the corresponding period last year by 1.5 percentage points. The total area of land purchased by property developers was 95.0 million m^2, representing a decrease of 3.0% from the corresponding period last year, which had narrowed by 30.8 percentage points over the corresponding period last year. The total floor area of newly commenced construction was 780 million m^2, representing an increase of 14.9%, whereas it was a decrease of 15.8% in the first half of last year. The total floor area of completed real estate projects was 400 million m^2, representing an increase of 20.0%, whereas it was a decrease of 13.8% in the first half of last year. The recovery of real estate investments will help to stabilize the demand for cement in the future.

According to the statistics of the Ministry of Housing and Urban-Rural Development, in the first half of 2016, renovation of 4.0 million units of shanty towns has been commenced and construction of 3.7 million units under social housing projects was completed, representing 67% and 98% of the respective annual targets. In the first half of the year, investments in re-development of shanty towns amounted to RMB679.4 billion. The government's active promotion of re-development of social houses and shanty towns will result in a stable demand for the cement industry.

THE INDUSTRY

According to the statistics of the National Bureau of Statistics of China, in the first half of 2016, total cement production in China was 1.11 billion tons, representing an increase of 3.2% over the corresponding period last year while it was a decline of 5.3% in the first half of last year. Among which, total cement production in Guangdong, Guangxi, Fujian, Hainan, Shanxi, Yunnan and Guizhou were 67.9 million tons, 55.7 million tons, 37.0 million tons, 9.8 million tons, 15.2 million tons, 52.0 million tons and 49.0 million tons, representing increases (decrease) of 3.6%, 10.9%, (1.1)%, 0.4%, 4.2%, 14.3% and 7.9% respectively.

According to the statistics of Geography Cement, construction of five new clinker production lines was completed in China in the first half of the year, which increased clinker production capacity by approximately 8.1 million tons, representing a decrease of 67.2% from the corresponding period last year. Among which, one production line is located in Guangdong, which has increased clinker production capacity by 1.6 million tons; two production lines are located in Guangxi, which have increased clinker production capacity by 3.4 million tons; and the other two production lines are located in Hubei Province.

In January 2016, the National Development and Reform Commission and the Ministry of Industry and Information Technology jointly issued a notice for implementation of the multi-tiered electricity tariffs policy according to the electricity consumption levels of cement producers in cement and clinker production. Electricity tariffs will increase with higher electricity consumption should the electricity consumption levels for cement and clinker production exceed the prescribed levels. The policy is conducive to promoting technological advancement, improvement of levels of energy saving and emission reduction, and resolving excessive production capacity of the cement industry.

In May 2016, the General Office of State Council issued the "Guiding Opinions on Promoting Steady Growth, Restructuring and Efficiency Improvement of Building Materials Industry" which aims to eliminate a batch of cement and clinker production capacities by 2020 such that the market share of the top ten enterprises by cement and clinker production capacities will reach approximately 60%, and the profit margin of the cement industry will be close to the average level of industries. In addition, filing and construction of cement and clinker projects for new and expanded production capacities shall be strictly prohibited until the end of 2020. Enterprises which fail to meet the pollutant emission standards shall be subject to continuous penalties on a daily basis. Enterprises which fail to meet the standards for energy consumption, product quality and safety production shall be required to remedy or even close down. Meanwhile, elimination of excessive capacities of the cement industry by joint restructuring is supported. Besides, the government requires upgrade of cement products by prohibiting the production of PC32.5 grade cement and encouraging focus on the production of products of grade 42.5 or above. The policies will help to resolve the imbalance of excessive capacities in the cement industry and promote a healthy and stable development of the cement industry.

In June 2016, the Ministry of Environmental Protection, the National Development and Reform Commission and the Ministry of Public Security jointly issued the "2016 National Inventory of Hazardous Wastes". With effect from 1 August 2016, cement enterprises which co-process hazardous waste by use of cement kilns are not required to hold the license for composite operations of hazardous waste. This will be conducive to the environmental protection transformation of cement enterprises and the green development of the industry.

BRAND PROMOTION

In June 2016, the Group organized an unveiling ceremony in Nanning, Guangxi for the upgraded brand "Runfeng Cement". The new "Runfeng Cement" brand will gradually restructure and unite with the existing brands "Runfeng", "Hongshuihe" and "Haidao" of the Group. The branding campaign will be conducive to defining the branding position, which will further strengthen the existing advantage of corporate brand and foster the Group's gain of a differentiated competitive edge in the cement industry.

GREEN DEVELOPMENT

Since the commencement of operations of the Group's urban waste co-processing project in our cement production plant at Binyang County of Guangxi in December 2015, over fifty thousand tons of untreated urban waste has been processed as of the end of June 2016. All relevant emission indicators were in compliance with the requirements of the national standards. The Group is in discussion with the relevant government departments in the regions at which the Group has operations on plans for further promotion of urban waste co-processing projects by utilizing the existing cement kilns which could help the local governments to solve their difficulties in handling urban waste. The Group is also actively studying and promoting the application of technologies in co-processing sludge and hazardous waste by use of cement kilns.

OPERATIONAL PERFORMANCE REVIEW

New production plant

During the Period, the Group completed the construction of (1) two cement grinding lines with total annual production capacity of 2.0 million tons at Lianjiang City, Guangdong; and (2) the sixth clinker production line with annual production capacity of approximately 1.6 million tons at Fengkai County, Guangdong.

Contract production facility

During the Period, the Group had processing contracts with certain cement grinding factories in Guangdong and Guangxi as a strategy to improve production efficiency and optimize clinker consumption. Total annual cement grinding production capacity of these factories amounted to approximately 4.0 million tons.

Capacity utilization

Excluding the contract production capacity and the related production volume abovementioned, the utilization rates of our cement, clinker and concrete production lines during the Period were 94.8%, 111.9% and 33.8% as compared with 91.2%, 110.3% and 34.3% respectively for the corresponding period last year.

Procurement management

In the first half of 2016, coal price decreased compared to the corresponding period last year. According to the statistics of China Coal Transportation & Sale Society, the average value of Bohai-rim Steam-Coal Price Index for the first half of the year was approximately RMB387 per ton, representing a decrease of approximately 16.4% from the corresponding period last year. During the Period, coal supply in China has been getting less stable. In order to secure safe and stable coal supply, the Group has engaged large-scale domestic coal suppliers as the main procurement sources, coupled with procurement of imported coal of excellent quality.

In the first half of the year, the Group purchased a total of 4.66 million tons of coal (4.43 million tons in the first half of 2015), representing an increase of 5.2% over the corresponding period last year; of which, approximately 73%, 20% and 7% (68%, 20% and 12% in the first half of 2015) were sourced from northern China, neighbouring areas of our production plants and Australia respectively. The proportion of direct coal procurement from coal producers increased to approximately 75% (66% in the first half of 2015).

In the future, the Group will focus on exploring sources of coal procurement in Australia, increase the quantity of imported coal procurement when it thinks fit by taking advantage of the price of overseas coal, consolidate the cooperation relationship with domestic and international strategic suppliers, and take advantage of centralized procurement for effective reduction of procurement costs.

Logistics management

In the first half of the year, the Group orderly implemented the construction of logistics information systems. The truck transportation scheduling management system has been fully launched in Guangdong, Fujian and Yunnan, which enhanced the efficiencies of vehicle scheduling, surveillance and turnover for guaranteeing supply of goods to customers and improving the standard of customer services. In addition, the information collection system has been operating in all the regions where the Group has operations for providing the Group with the information of logistics suppliers and logistics channels, which will enhance logistics management and operational efficiency. On the other hand, the pilot project of "Smart Card" system has officially commenced operations at Dongguan cement production plant since June 2016, and is scheduled to commence operations in Fengkai and Luoding cement production plants at the end of October. The "Smart Card" system has optimized the delivery process, increased the efficiency of delivery, helped to improve users' experience and enhanced the brand image. The system will be introduced to other production plants of the Group in the future.

During the Period, the Group's shipping capacity on the Xijiang River has been lifted due to the capacity expansion projects of Xijiang River, with annual shipping capacity reaching 34.5 million tons, representing an increase of 2 million tons over the corresponding period last year. Besides, the Group has controlled fifty one silo terminals (mainly located in the Pearl River Delta region of Guangdong) with annual capacity of 38.3 million tons, which consolidates the Group's leading position in the Guangdong market.

Sustainable development

In response to the national policies of energy saving and emission reduction and the promotion of green development of the cement industry, the Group has equipped all our clinker production lines with denitration systems which are all functioning properly. The emission levels of nitrogen oxides are better than the national standards. As regards to dust emission, the emission standards for cement industry are expected to be further raised in the future. The Group has been replacing the original static electricity dust collection systems with the more stable and more efficient bag filter systems. As of the end of June 2016, forty clinker production lines of the Group have been equipped with bag filter systems. It is expected that upgrade of the remaining three production lines will be completed by the end of 2016. Currently, the emission levels of particulate matters of all our production lines are in compliance with the latest national standards, which is at a leading position in the industry.

With respect to production safety, the Group focuses on setting and improving its standards, division of implementation responsibilities, safety assessments and promotion of the construction of EHS (Environment, Health and Safety) model plants. The Group promoted the construction of corporate production safety standardization and improved the corporate safety management level through various measures including strengthening safety training, actively launching safety activities and innovative management.

As of the end of June 2016, nineteen cement production plants of the Group have passed the assessments as the First-Class Enterprise in Production Safety Standardization, and eighteen quarries have passed the assessments as the Second-Class Enterprise in Production Safety Standardization. In June 2016, Fengkai cement production plant has passed the on-site acceptance inspection as the model unit of First-Class Enterprise in Production Safety Standardization organized by the State Administration of Work Safety. Besides, the Group performed safety assessment checks on twenty-six cement production plants, nine grinding plants and fifty one concrete batching plants. The Group has also provided safety inspections, specific assessments, research and guidance on the cement production plants, quarries, transportation and hazardous chemicals in the regions at which the Group has operations.

In addition, the Group has been dedicated to creating a stable working environment and positive working atmosphere for our employees in order to raise their job satisfaction and dedication. During the first half of 2016, our employees and the Group donated a total amount of RMB1.2 million to the "China Resources Cement Thanksgiving Fund", which aims at caring for and helping the employees in need. Fifteen employees have been subsidized with a total amount of RMB390,000.

Turnover

The consolidated turnover for the Period amounted to HK$11,315.6 million, representing a decrease of 15.6% from HK$13,404.2 million for the corresponding period last year. An analysis of segmental turnover by product is as follows:

	For the six months ended 30 June					
	2016			2015		
	Sales volume	**Average selling price**	**Turnover**	Sales volume	Average selling price	Turnover
	'000 tons/m³	***HK$ per ton/m³***	***HK$'000***	*'000 tons/m³*	*HK$ per ton/m³*	*HK$'000*
Cement	**37,095**	**237.9**	**8,824,670**	34,750	296.4	10,300,429
Clinker	**1,975**	**173.2**	**342,133**	2,720	223.3	607,389
Concrete	**5,740**	**374.4**	**2,148,805**	5,734	435.4	2,496,390
Total			**11,315,608**			13,404,208

During the Period, our external sales volume of cement, clinker and concrete increased by 2.3 million tons, decreased by 745,000 tons and increased by 6,000 m^3, representing an increase of 6.7%, a decrease of 27.4% and an increase of 0.1% respectively from the corresponding period last year. During the Period, approximately 65.9% of the cement products we sold were 42.5 or higher grades (66.1% for the corresponding period in 2015) and approximately 51.2% were sold in bags (52.8% for the corresponding period in 2015). Internal sales volume of cement for our concrete production was 1.2 million tons (1.2 million tons for the corresponding period in 2015), representing 3.1% of the total volume of cement sold (3.4% for the corresponding period in 2015).

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

	For the six months ended 30 June					
	2016			2015		
Province/Autonomous Region	**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	**13,821**	**247.1**	**3,414,707**	14,253	319.5	4,553,445
Guangxi	**11,337**	**242.2**	**2,745,404**	9,762	302.4	2,951,670
Fujian	**4,320**	**204.4**	**883,056**	3,838	268.7	1,031,211
Hainan	**2,202**	**299.3**	**659,148**	2,249	322.6	725,596
Shanxi	**1,448**	**151.5**	**219,403**	1,426	177.9	253,741
Yunnan	**2,887**	**244.3**	**705,402**	2,407	252.7	608,136
Guizhou	**1,080**	**182.9**	**197,550**	815	216.7	176,630
Total	**37,095**	**237.9**	**8,824,670**	34,750	296.4	10,300,429

The average selling prices of cement, clinker and concrete for the Period were HK$237.9 per ton, HK$173.2 per ton and HK$374.4 per m^3, representing decreases of 19.7%, 22.4% and 14.0% respectively from the corresponding period last year. The average selling prices of cement and clinker continued to slide in the first quarter and have rebounded since April 2016 when demand for cement recovered despite the rainy season in the second quarter. The average selling price of concrete dropped due to the sluggish property construction market.

Major production costs

The average price of coal we purchased for the Period was around HK$471 per ton, representing a decrease of 22.1% from the average price of HK$605 per ton for the corresponding period last year, while the quality of coal improved with average thermal value increased by 1.1% to 5,331 kcal per kg. During the Period, our unit coal consumption decreased to 146.5 kg per ton of clinker produced, representing a decrease of 1.7% from the average of 149.1 kg for the corresponding period in 2015. Our standard coal consumption decreased to 107.7 kg per ton of clinker for the Period from the average of 108.1 kg for the corresponding period last year. As a result of the reduction in coal price and coal consumption, our average coal cost of production for the Period decreased by 23.4% to HK$69.0 per ton of clinker produced from HK$90.1 for the corresponding period of 2015. Coal cost represented approximately 29.8% of the cost of sales of cement for the Period (33.3% for the corresponding period in 2015) and approximately 25.5% of the Group's total cost of sales for the Period (28.6% for the corresponding period in 2015).

Our average electricity cost decreased by 14.5% from HK$40.7 per ton of cement to HK$34.8. During the Period, we enjoyed the benefits of lower electricity tariff for a total of 472.4 million kwh consumed and saved HK$23.2 million under direct power supply agreements and price bidding arrangements. We managed to improve our electricity consumption to 75.9 kwh per ton of cement for the Period (76.5 kwh for the corresponding period of 2015), representing a cost saving of approximately HK$14.8 million (HK$51.8 million for the corresponding period of 2015). Our residual heat recovery generators generated 955.7 million kwh of electricity for the Period, representing an increase of 4.9% over 911.3 million kwh in the corresponding period last year. The electricity generated during the Period accounted for approximately 31.7% of our required electricity consumption (31.1% for the corresponding period of 2015) and we achieved a cost saving of approximately HK$520.4 million for the Period (HK$563.3 million for the corresponding period of 2015). Electricity cost represented approximately 19.0% of the cost of sales of cement for the Period (18.3% for the corresponding period in 2015) and approximately 16.3% of the Group's total cost of sales for the Period (15.7% for the corresponding period in 2015).

Gross profit and gross margin

The consolidated gross profit for the Period was HK$2,697.1 million, representing a decrease of 19.6% from HK$3,353.5 million for the corresponding period last year and the consolidated gross margin was 23.8%, representing a decrease of 1.2 percentage points from 25.0% for the corresponding period last year. The decreases in consolidated gross profit and gross margin for the Period were mainly attributable to the lower selling prices of our products compared to the corresponding period last year. The gross margins of cement, clinker and concrete for the Period were 23.0%, 4.7% and 30.4%, as compared with 25.1%, 13.5% and 27.5% respectively for the corresponding period last year.

Other income

Other income for the Period was HK$128.8 million, representing a decrease of 27.2% from HK$177.0 million for the corresponding period last year. This was partly due to decrease in interest income of HK$20.5 million as a result of lower bank balance during the Period and reduction in value-added tax rebate of HK$35.3 million from government as a result of new rules on value-added tax rebate regarding use of industrial waste in the production of cement.

Selling and distribution expenses

Selling and distribution expenses for the Period were HK$768.1 million, representing a decrease of 4.1% from HK$800.7 million for the corresponding period last year. As a percentage to consolidated turnover, selling and distribution expenses increased to 6.8% for the Period from 6.0% for the corresponding period last year mainly due to lower average selling price of our cement products.

General and administrative expenses

General and administrative expenses for the Period were HK$879.1 million, representing a decrease of 6.6% from HK$940.8 million for the corresponding period last year, as the result of implementation of cost control measures. As a percentage to consolidated turnover, general and administrative expenses increased to 7.8% for the Period from 7.0% for the corresponding period last year.

Exchange (loss) gain

The exchange loss of HK$163.1 million was mainly generated from non-RMB net borrowings due to the depreciation of RMB against other currencies during the Period (HK$8.9 million exchange gain due to appreciation of RMB for the corresponding period of 2015).

Share of results of associates

The associates of the Group contributed a combined loss of HK$108.4 million for the Period (HK$144.0 million for the corresponding period of 2015) of which losses of HK$39.8 million, HK$31.4 million and HK$35.1 million (HK$126.9 million, HK$16.5 million and nil for the corresponding period in 2015) were attributable to the Group's associates operating in Inner Mongolia, Fujian and Yunnan respectively. The associates operating in Yunnan were acquired from October to December 2015.

Share of results of joint ventures

Our joint ventures principally operating in Guangzhou area contributed a loss of HK$44.7 million to the Group for the Period (profit of HK$17.5 million in 2015).

Taxation

The effective tax rate of the Group for the Period was 56.4%, as compared with -7.4% for the corresponding period last year. According to Document No. 14 of 2015 issued by the State Administration of Taxation dated 10 March 2015, enterprises which no longer belong to the category of encouraged industries in the western territories shall cease to enjoy the reduced enterprise income tax rate of 15% with effect from 1 October 2014. An amount of HK$499.4 million representing the over-provision of enterprise income tax that was previously provided at 25% for the period from 1 January 2013 to 30 September 2014 was therefore reversed and included in taxation in the corresponding period last year. Had the effect of this tax over-provision, the results of associates and joint ventures as well as the exchange (loss) gain been excluded, the effective tax rate of the Group for the Period would be 34.8% (26.4% for the corresponding period of 2015).

Net margin

Net margin of the Group for the Period was 2.0%, which was 9.1 percentage points lower than that of 11.1% for the corresponding period last year.

Liquidity and Financial Resources

As at 30 June 2016, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 30 June 2016 ***'000***	As at 31 December 2015 *'000*
HK$	**332,482**	458,077
RMB	**1,660,949**	1,273,768
US$	**6,315**	128

As at 30 June 2016, the Group's banking facilities amounted to HK$6,700.0 million, RMB13,900.0 million and US$180.0 million, of which HK$900.0 million, RMB5,110.0 million and US$100.0 million were unutilized and remained available for drawdown and the total bank loans of the Group amounting to HK$16,705.4 million equivalent (HK$15,824.4 million equivalent as at 31 December 2015) comprised loans in the following currencies:

	As at 30 June 2016	As at 31 December 2015
	'000	*'000*
HK$	**5,800,000**	7,500,000
RMB	**8,790,000**	6,000,000
US$	**80,000**	150,000

The bank loans are repayable as follows:

	As at 30 June 2016	As at 31 December 2015
	HK$'000	*HK$'000*
Within one year	**7,019,000**	5,226,000
After one year but within two years	**2,472,000**	4,158,000
After two years but within three years	**7,214,000**	6,440,000

The bank loans of the Group as at 30 June 2016 and 31 December 2015 were unsecured.

As at 30 June 2016, bank loans of the Group which carried interests at fixed and variable rates amounted to HK$7,020.2 million and HK$9,685.2 million respectively (HK$5,848.8 million and HK$9,975.6 million as at 31 December 2015).

As at 30 June 2016, the Company had outstanding bonds in the amount of US$400.0 million due in October 2017. The bonds are unsecured and payments of principal and interest in respect of the bonds are supported by an irrevocable standby letter of credit issued by DBS Bank Ltd., Hong Kong Branch.

Under the terms of certain agreements for the total banking facilities of HK$5,827.7 million equivalent which will expire from October 2016 to May 2018, China Resources (Holdings) Company Limited ("CR Holdings") is required to hold not less than 51% of the voting share capital in the Company. Under the terms of the aforesaid outstanding bonds and certain agreements for total banking facilities of HK$7,214.2 million equivalent with expiry dates from August 2018 to May 2019, CR Holdings is required to hold not less than 35% of the issued share capital in the Company. Under the terms of certain agreements for the total banking facilities of HK$12,153.9 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 Group as at 30 June 2016, calculated by dividing net borrowings by equity attributable to owners of the Company, was 66.9% (63.8% as at 31 December 2015).

The Group's business transactions were mainly carried out in HK$ and RMB. 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 regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations. These will include hedging significant currency exposure and/or increasing the proportion of RMB denominated borrowings of the Group should the higher interest costs be considered justifiable against the risk of exchange losses. The Group was not engaged in any hedging contract as at 30 June 2016 and 31 December 2015. As at 30 June 2016, non-RMB denominated debts accounted for 48.1% of the total debts of the Group (62.2% as at 31 December 2015).

The Group had net current liabilities of HK$6,228.1 million as at 30 June 2016. Taking into account the cash and bank balances, the unutilized banking facilities, the expected future internally generated funds, the new banking facilities and other sources of financing to be obtained, the Board is confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. The Company will shift to use more debts with longer maturity dates in order to strengthen the liquidity position.

Charges on Assets

As at 30 June 2016, there was no charge on assets by the Group (Nil as at 31 December 2015).

Contingent Liabilities

As at 30 June 2016, the Group had issued guarantees to banks in respect of banking facilities in the amount of RMB1,272.4 million (RMB546.5 million as at 31 December 2015) granted to associates, of which RMB1,234.6 million (RMB530.5 million as at 31 December 2015) had been utilized.

Employees

As at 30 June 2016, the Group employed a total of 22,741 full time employees (23,663 as at 31 December 2015), of whom 151 were based in Hong Kong (166 as at 31 December 2015) and the remaining 22,590 were based in the Chinese Mainland (23,497 as at 31 December 2015). A breakdown of our employees by function is set out as follows:

	As at 30 June 2016	As at 31 December 2015
Management	**408**	393
Finance and administration	**2,935**	3,069
Procurement, production and technical	**16,713**	17,416
Quality control	**1,985**	2,073
Sales and marketing	**700**	712
Total	**22,741**	23,663

Among our 408 senior and middle managerial staff (393 as at 31 December 2015), 89% are male (89% as at 31 December 2015) and 11% are female (11% as at 31 December 2015), 66% possess university degrees (65% as at 31 December 2015), 27% have received post-secondary education (27% as at 31 December 2015) and their average age is about 45 (44 as at 31 December 2015). We offer our employees remuneration packages mainly on the basis of individual performance and experience and also having regard to common practice in the industry, including basic wages, production allowance, performance related bonuses and other staff benefits. The Company has established a long term award scheme whereby eligible employees of the Group may be granted cash benefits calculated and paid according to the Shares acquired by the trustee under the scheme.

Long Term Award Scheme

The Company adopted a share award scheme on 2 September 2009. The share award 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 share award scheme is to recognize the contributions of officers and employees of the Group, excluding any Director, towards the development of the Group in the past or as incentives to selected grantees to achieve higher than target profits for the Group and to align the interests of the selected grantees with sustainable growth and development of the Group. The share award scheme is effective for a term of ten years until 2 September 2019 unless terminated at the discretion of the Board at an earlier date.

Pursuant to the share award scheme, a trust has been set up and BOCI-Prudential Trustee Limited has been appointed as the trustee. The trustee may purchase Shares from the public market out of cash contributed by the Company from time to time. The aggregate number of Shares purchased under the share award 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 share award scheme shall not exceed 0.1% of the issued share capital of the Company. Shares purchased under the share award 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 share award scheme. There were 160,000,000 Shares acquired under the share award scheme at the cost of HK$3.9 per share, which was funded by the Company, in October 2009.

On 17 November 2010, the Company amended the terms of the share award scheme to include Directors as eligible grantees ("Scheme") and such that payments under the Scheme will be made in form of cash rather than Shares. According to the Scheme, the Company can utilize the proceeds generated from the disposal of the Shares purchased and held by the trustee for awards to be made under the Scheme. Grantees do not have any right to the Shares.

No grant was made and no Shares were disposed of during the Period. As at 30 June 2016, the trustee held 90,492,000 Shares (90,492,000 Shares as at 31 December 2015), representing approximately 1.385% of the issued Shares (1.385% as at 31 December 2015), and cash of HK$64,989,000 (HK$63,294,000 as at 31 December 2015) on trust under the Scheme.

Future Plan and Capital Expenditure

Adjustments to construction plan

During the Period, the Company made the following adjustments to construction plan:

(1) Construction of one set of 300 ton per day urban waste co-processing equipment at our cement production plant in Midu County, Yunnan;

(2) Construction of one set of 500 ton per day urban waste co-processing equipment at our cement production plant in Tianyang County, Guangxi; and

(3) Construction of six concrete batching plants with total annual capacity of 3.6 million m^3, with the cost of construction amounting to approximately HK$291.3 million.

Capital expenditure

As at 30 June 2016, the Group had outstanding capital expenditure for production plants under construction in the amount of HK$4,168.1 million. Details of these production plants are as follows:

Projects	**Total capital expenditure for the project**	**Expended as at 31/12/2015**	**Expended during the Period**	**Outstanding capital expenditure as at 30/6/2016**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Construction of production lines in Fengkai County, Guangdong, with a total capacity of 3.1 million tons of clinker	2,882.4	1,745.1	121.2	1,016.1
Construction of production lines in Anshun City, Guizhou, with a total capacity of 2.0 million tons of cement and 1.4 million tons of clinker	1,469.4	312.3	9.0	1,148.1
Construction of production lines in Hepu County, Guangxi, with a total capacity of 2.0 million tons of cement and 1.6 million tons of clinker	1,243.2	363.9	213.3	666.0
Construction of production lines in Lianjiang City, Guangdong, with a total capacity of 3.0 million tons of cement and 1.9 million tons of clinker	1,789.0	908.8	116.4	763.8
Construction of one set of 300 ton per day urban waste co-processing equipment at our cement production plant in Binyang County, Guangxi	132.1	78.7	30.9	22.5
Construction of one set of 300 ton per day urban waste co-processing equipment at our cement production plant in Midu County, Yunnan	139.3	–	–	139.3
Construction of one set of 500 ton per day urban waste co-processing equipment at our cement production plant in Tianyang County, Guangxi	149.3	–	–	149.3
Construction of six concrete batching plants with a total capacity of 3.6 million m^3 of concrete	291.3	28.2	0.1	263.0
Total	8,096.0	3,437.0	490.9	4,168.1

Payment of capital expenditure

In addition to the capital expenditure on the production plants under construction, the Group had outstanding payment for the construction of production plants completed in the previous years, which have already been included under other payables in the condensed consolidated statement of financial position as at 30 June 2016. Total payments for capital expenditure of the Group are expected to be approximately HK$1,332.9 million in the second half of 2016 and HK$3,215.2 million in the year ending 31 December 2017, which will be financed by borrowings and internally generated funds.

STRATEGIES AND PROSPECTS

Year 2016 is the opening year for the "Thirteenth Five-Year" Plan. China has entered a new norm whereby its economic growth is shifting from high speed to medium-to-high speed. According to the report on the work of the Chinese government, the targeted GDP growth of the year will be 6.5% to 7.0%, and the targeted FAI growth will be approximately 10.5%. In the future, the Chinese government will rely on a stable growth of investments for promoting the national policies of new-type urbanization construction and the "One Belt One Road" Initiative, striking a balance between stable growth and structural reform, strengthening the supply-side structural reform and accelerating the development of new momentum for economic growth.

As the main constituent of FAI, infrastructure construction lays a solid foundation for stable economic growth. According to the report on the work of the Chinese government, a batch of major projects under the "Thirteenth Five-Year" Plan will be launched this year, including railway investments of over RMB800 billion and road investments of RMB1.65 trillion, as well as construction of major projects such as urban rail transit.

According to the "Medium and Long-Term Railway Network Plan", the FAI of railways will be no less than RMB2.8 trillion for construction of 29,000 km of new lines during the "Thirteenth Five-Year" period. According to the "Chinese Thirteenth Five-Year Plan on National Economic Development", it is targeted that by 2020, the operational length of high-speed railways will reach 30,000 km, covering over 80% of major cities. The operational length of newly constructed and expanded national expressways will reach approximately 30,000 km. Coastal high-speed railways, coastal expressways and high-speed railways along rivers will be inter-connected. Construction of expressways and railways along national borders will be accelerated. Over fifty new civil airports will be built, and the operational length of urban rail transit will be increased by approximately 3,000 km.

In May 2016, the National Development and Reform Commission and the Ministry of Transportation jointly issued the "Three-Year Action Plan for the Construction of Major Projects of Transportation Infrastructure", whereby the total investments on the transportation projects covering railways, highways, waterways, airports, and urban rail transit from 2016 to 2018 will amount to approximately RMB4.7 trillion, of which, RMB1.6 trillion will be invested on urban rail transit projects, exceeding the total investments of RMB1.1 trillion during the "Twelfth Five-Year" period. The stable development of transportation infrastructure investment will provide support for cement demand in the future.

In addition, China has actively promoted the construction of underground utility tunnels. According to the report on the work of the Chinese government, the targeted length of newly commenced underground utility tunnels will be over 2,000 km this year. In June, the Ministry of Housing and Urban-Rural Development issued the "Thirteenth Five-Year Plan of Urban Underground Space Development and Utilization", which plans for an initial establishment of a relatively comprehensive management system for planning and construction of urban underground space by 2020.

In February 2016, the State Council published the "Opinions on Deep Promotion of Construction of New-Type Urbanization" for promoting orderly development of new-type urbanization construction. According to the "National New-type Urbanization Plan (2014-2020)" of China, the targeted urbanization rate will reach 60% by 2020. By further encouraging rural population to relocate to urban areas and expanding the scale of urban clusters, new-type urbanization will stimulate the demand for investments in infrastructure construction and public services in the future, which will result in sustainable and steady demand for the cement industry.

The Group believes that under the macroeconomic policy of "Thirteenth Five-Year" Plan, cement demand in the medium and long term will be strongly supported by continuous steady growth of infrastructure investment such as promotion of construction of urban rail transit, underground utility tunnels and new-type urbanization. On the other hand, the drive for supply-side reform, strict control on new capacity expansion, implementation of policies to eliminate obsolete capacity, acceleration of the exit of "zombie enterprises" from the market, as well as energy saving, emission reduction, co-processing and product upgrade will all be conducive to the healthy and sustainable development of the cement industry.

As at 30 June 2016, the aggregate annual production capacities of cement, clinker and concrete of the Group controlled by its subsidiaries together with the respective production capacities held by associates and joint ventures that are attributable to the Group according to the Group's share of equity interests amounted to 100.5 million tons, 71.3 million tons and 37.9 million m^3 respectively.

In the future, the "3+2" development strategy will still be the important principle of the Group's development. Through control, conversion and distribution of resources, the Group will continue to attain the lowest total cost and a leading market position in the region. Meanwhile, the Group will strengthen the research and development of technology and products, actively take part in the green development of the industry, and use innovation to drive further development. In addition, the Group will reinforce co-operation and collaboration with leading cement producers in China and overseas for experience sharing and advancement of production, technology and operational management. At the same time, the Group will create more value for customers by upgrading products, services and brands. The Group will strive to establish long-term win-win co-operation with partners and customers in order to promote the healthy development of the cement industry in China.

CORPORATE GOVERNANCE

During the Period, the Company has complied with the code provisions set out in the Corporate Governance Code 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 Corporate Governance Code.

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.

REVIEW OF INTERIM REPORT

This interim report encompassing the condensed consolidated financial statements for the Period has been reviewed by the Audit Committee of the Company.

APPRECIATION

On behalf of the Board, I would like to thank the Directors, the management team and all employees of the Group for their continued loyalty, hard work, professionalism and contribution to the Group and our stakeholders for their continuing trust and support especially in this extremely challenging business environment.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the Period will be published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the official website for corporate communication of the Company (www.irasia.com/listco/hk/crcement/index.htm) in due course.

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

Hong Kong, 5 August 2016

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan, Mr. PAN Yonghong and Mr. LAU Chung Kwok Robert; the non-executive Directors are Mr. DU Wenmin, Mr. WEI Bin, Mr. CHEN Ying and Mr. WANG Yan; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Mr. XU Yongmo, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.