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)

2021 ANNUAL RESULTS ANNOUNCEMENT

	2021	2020	**Increase/ (Decrease)**
Turnover *(HK$ million)*	**43,962.7**	40,086.9	9.7%
Profit attributable to owners of the Company *(HK$ million)*	**7,767.4**	8,959.9	(13.3)%
Basic earnings per share	**HK$1.112**	HK$1.283	
Proposed final dividend per share	**HK$0.28**	HK$0.34	
	As at 31/12/2021	As at 31/12/2020	**Increase**
Total assets *(HK$ million)*	**79,149.2**	68,532.5	15.5%
Equity attributable to owners of the Company *(HK$ million)*	**54,856.0**	49,626.8	10.5%
Gearing ratio *(note 1)*	**19.0%**	13.8%	
Net assets per share – book *(note 2)*	**HK$7.86**	HK$7.11	10.5%

notes:

1. Gearing ratio is calculated by dividing the total bank borrowings, loans from related parties 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 year.

The board (the "Board") of directors (the "Directors") of China Resources Cement Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Turnover	*3*	**43,962,708**	40,086,867
Cost of sales		**(29,839,942)**	(24,450,839)
Gross profit		**14,122,766**	15,636,028
Other income	*4*	**734,920**	730,567
Change in fair value of an investment property		**10,000**	(10,000)
Selling and distribution expenses		**(2,064,191)**	(1,796,146)
General and administrative expenses		**(2,988,870)**	(3,193,357)
Exchange gain		**19,015**	103,629
Finance costs	*5*	**(231,693)**	(273,906)
Share of results of associates		**371,523**	425,529
Share of results of joint ventures		**317,627**	270,919
Profit before taxation	*6*	**10,291,097**	11,893,263
Taxation	*7*	**(2,566,452)**	(2,863,667)
Profit for the year		**7,724,645**	9,029,596
Other comprehensive income (expense):			
Items that will not be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**1,560,645**	3,015,479
Change in fair value of other investment		**(20,885)**	(24,902)
Item that will be subsequently reclassified to profit or loss:			
Share of other comprehensive expense of associates		**(5,216)**	(20,209)
Other comprehensive income for the year		**1,534,544**	2,970,368
Total comprehensive income for the year		**9,259,189**	11,999,964

	Note	2021 HK$'000	2020 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**7,767,357**	8,959,865
Non-controlling interests		**(42,712)**	69,731
		7,724,645	9,029,596
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**9,276,673**	11,906,742
Non-controlling interests		**(17,484)**	93,222
		9,259,189	11,999,964
Basic earnings per share	*8*	**HK$1.112**	HK$1.283

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Fixed assets		**29,556,092**	28,485,137
Right-of-use assets		**4,325,329**	3,410,139
Investment property		**130,000**	120,000
Other investment		**51,410**	72,295
Intangible assets		**12,298,717**	2,702,986
Interests in associates		**6,754,993**	6,635,957
Interests in joint ventures		**2,793,146**	1,563,639
Deposits for acquisition of assets		**4,448,461**	4,028,926
Deferred tax assets		**535,391**	375,578
Loans to joint ventures		**1,115,457**	–
Long term receivables		**299,086**	288,511
Pledged bank deposits		**318,456**	273,573
		62,626,538	47,956,741
Current assets			
Inventories		**2,941,190**	1,853,151
Trade receivables	*10*	**4,793,437**	2,991,597
Other receivables		**1,601,479**	1,065,768
Loan to a fellow subsidiary		**–**	477,957
Loan to an intermediate holding company		**–**	832,139
Taxation recoverable		**21,368**	9,362
Pledged bank deposits		**97,847**	118,816
Cash and bank balances		**7,067,381**	13,226,924
		16,522,702	20,575,714
Current liabilities			
Trade payables	*11*	**3,786,280**	3,723,079
Other payables		**7,265,261**	5,604,670
Taxation payable		**909,656**	1,349,896
Loans from an intermediate holding company		**1,672,700**	–
Loans from non-controlling shareholders		**42,366**	–
Unsecured medium term notes		**–**	3,564,480
Bank loans – amount due within one year		**7,336,197**	–
		21,012,460	14,242,125
Net current (liabilities) assets		**(4,489,758)**	6,333,589
Total assets less current liabilities		**58,136,780**	54,290,330

	2021	2020
	HK$'000	*HK$'000*
Non-current liabilities		
Bank loans – amount due after one year	**1,223,090**	3,300,000
Loans from non-controlling shareholders	**139,288**	–
Other long term payables	**708,973**	543,508
Deferred tax liabilities	**424,082**	422,989
	2,495,433	4,266,497
	55,641,347	50,023,833
Capital and reserves		
Share capital	**698,294**	698,294
Reserves	**54,157,719**	48,928,528
Equity attributable to owners of the Company	**54,856,013**	49,626,822
Non-controlling interests	**785,334**	397,011
Total equity	**55,641,347**	50,023,833

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment property, equity investment designated at fair value through other comprehensive income and certain trade receivables, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has adopted the following revised HKFRSs for the first time in the current year:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021 (early adopted)

The application of the revised standards has had no material impact on the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 3	Reference to the conceptual framework[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture[5]
HKFRS 17 and amendments to HKFRS 17	Insurance contracts[3]
Amendments to HKAS 1	Classification of liabilities as current or non-current[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies[2]
Amendments to HKAS 8	Definition of accounting estimates[2]
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction[2]
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use[1]
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, illustrative examples accompanying HKFRS 16, and HKAS 41[1]

[1] *Effective for annual periods beginning on or after 1 January 2022.*

[2] *Effective for annual periods beginning on or after 1 January 2023.*

[3] *Effective for annual periods beginning on or after 1 January 2023 and as a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023.*

[4] *Effective for annual periods beginning on or after 1 January 2023 and as a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause was revised in October 2020 to align the corresponding wording with no change in conclusion.*

[5] *Effective for annual periods beginning on or after a date to be determined.*

The Directors do not anticipate that the application of new and revised HKFRSs and Interpretations will have material impact on the consolidated financial statements of the Group.

3. TURNOVER AND 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 conformed with HKFRSs, 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 as follows:

Cement – manufacture and sale of cement and related products

Concrete – manufacture and sale of concrete and related products

Turnover represents the amounts received and receivable for goods sold to outside customers.

Segment results represent the profits 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 exchange differences.

All of the revenue in cement segment and concrete segment are from sale of goods, which are recognized when the goods are transferred at a point in time. The performance obligation is satisfied upon delivery of goods.

The information of the segment results is as follows:

For the year ended 31 December 2021

	Cement	**Concrete**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
TURNOVER – SEGMENT REVENUE				
External sales	**36,137,083**	**7,825,625**	**–**	**43,962,708**
Inter-segment sales	**1,315,837**	**1,465**	**(1,317,302)**	**–**
	37,452,920	**7,827,090**	**(1,317,302)**	**43,962,708**

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segmental results	**9,695,323**	**442,746**	**–**	**10,138,069**
Interest income				**166,659**
Exchange gain				**19,015**
Finance costs				**(231,693)**
Unallocated net corporate expenses				**(490,103)**
Share of results of associates				**371,523**
Share of results of joint ventures				**317,627**
Profit before taxation				**10,291,097**

For the year ended 31 December 2020

	Cement	Concrete	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER – SEGMENT REVENUE				
External sales	33,530,575	6,556,292	–	40,086,867
Inter-segment sales	1,055,962	1,616	(1,057,578)	–
	34,586,537	6,557,908	(1,057,578)	40,086,867

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segmental results	11,627,746	455,033	–	12,082,779
Interest income				199,591
Exchange gain				103,629
Finance costs				(273,906)
Unallocated net corporate expenses				(915,278)
Share of results of associates				425,529
Share of results of joint ventures				270,919
Profit before taxation				11,893,263

4. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Government incentives	**86,506**	133,172
Interest income	**166,659**	199,591
Sales of other materials and scrap	**219,304**	153,225
Rental income	**58,787**	55,253
Compensation received from insurance	**6,959**	6,412
Compensation received from suppliers and customers	**37,346**	24,235
Gain on disposal of right-of-use assets	**27,307**	5,942
Gain on disposal of mining rights	**17,033**	–
Gain on disposal of subsidiaries	**–**	46,236
Others	**115,019**	106,501
	734,920	730,567

5. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interests on:		
Bank loans and unsecured medium term notes	**193,084**	250,250
Loans from an intermediate holding company	**4,208**	–
Loans from non-controlling shareholders	**1,737**	–
Provision for environmental restoration	**20,902**	16,201
Lease liabilities	**11,762**	7,455
	231,693	273,906

6. PROFIT BEFORE TAXATION

	2021	2020
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	**14,580**	10,566
Pension costs and mandatory provident fund contributions for staff, excluding Directors	**327,427**	97,702
Other staff costs	**3,912,737**	3,541,318
Total staff costs	**4,254,744**	3,649,586
Allowance for doubtful debts	**134,329**	55,213
(Reversal of allowance) allowance for doubtful debts of other receivables	**(226)**	111,594
Amortization of mining rights (included in general and administrative expenses)	**378,519**	126,215
Auditor's remuneration	**5,580**	5,026
Depreciation of fixed assets	**1,987,530**	1,882,889
Depreciation of right-of-use assets	**167,784**	126,659
Impairment of fixed assets	**–**	206,705
(Reversal of impairment) impairment of inventories	**(2,428)**	19,057
Impairment of mining rights	**–**	15,950
Impairment of interest in an associate	**–**	537,958
Loss on disposal of fixed assets	**18,309**	36,315
Gain on disposal of right-of-use assets	**(27,307)**	(5,942)
Gain on disposal of mining rights	**(17,033)**	–
Loss (gain) on disposal of subsidiaries	**6,688**	(46,236)
Short term lease payments	**20,974**	14,402
Variable lease payments – motor vehicles	**680,362**	545,055

7. TAXATION

	2021	2020
	HK$'000	*HK$'000*
Current taxation		
Hong Kong Profits Tax	**21,592**	11,328
Chinese Mainland Enterprise Income Tax	**2,834,116**	3,080,714
	2,855,708	3,092,042
(Overprovision) underprovision in prior years		
Hong Kong Profits Tax	**(97)**	(154)
Chinese Mainland Enterprise Income Tax	**(104,267)**	13,453
	(104,364)	13,299
Deferred taxation		
Hong Kong	**5,179**	396
Chinese Mainland	**(190,071)**	(242,070)
	(184,892)	(241,674)
	2,566,452	2,863,667

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

Chinese Mainland Enterprise Income Tax includes the income tax calculated at 25% on the taxable income of the group entities in the People's Republic of China ("China" or "PRC") but excluding Hong Kong and Macao (the "Chinese Mainland"), the withholding tax calculated at 5% on dividends in the Chinese Mainland, and the deferred tax calculated at 5% on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong, for both years.

8. EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the owners of the Company for the purpose of basic earnings per share	**7,767,357**	8,959,865

	2021	2020
Number of share(s) of HK$0.10 each in the share capital of the Company ("Share(s)")		
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.

9. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Dividends recognized as distribution during the year:		
2021 Interim – HK$0.24 per share (2020: HK$0.275 per share)	**1,675,905**	1,920,308
2020 Final – HK$0.34 per share (2019: HK$0.335 per share)	**2,374,199**	2,339,284
	4,050,104	4,259,592

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2021 of HK$0.28 per share (HK$0.34 per share in respect of the year ended 31 December 2020) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The total amount of HK$1,955,223,000 (2020: HK$2,374,199,000) of the proposed final dividend, calculated based on the Company's number of shares issued at the date of this announcement, is not recognized as a liability in the consolidated statement of financial position.

10. TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	HK$'000	*HK$'000*
Trade receivables from third parties	**4,713,814**	2,965,209
Trade receivables from related parties	**79,623**	26,388
	4,793,437	2,991,597

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 31 December	
	2021	2020
	HK$'000	*HK$'000*
0 to 90 days	**3,181,817**	2,340,218
91 to 180 days	**695,582**	296,002
181 to 365 days	**651,396**	246,098
Over 365 days	**264,642**	109,279
	4,793,437	2,991,597

11. TRADE PAYABLES

	As at 31 December	
	2021	2020
	HK$'000	*HK$'000*
Trade payables to third parties	**3,746,208**	3,599,367
Trade payables to related parties	**40,072**	123,712
	3,786,280	3,723,079

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 31 December	
	2021	2020
	HK$'000	*HK$'000*
0 to 90 days	**3,548,450**	3,581,856
91 to 180 days	**187,705**	112,027
181 to 365 days	**34,176**	11,283
Over 365 days	**15,949**	17,913
	3,786,280	3,723,079

BUSINESS ENVIRONMENT

In 2021, in the face of multiple challenges such as the complex and difficult international environment and domestic COVID-19 epidemic ("Epidemic"), the Chinese economy continued to recover and grow, and achieved a promising beginning to the "Fourteenth Five-Year". According to the statistics published by the National Bureau of Statistics of China, in 2021, the gross domestic product ("GDP") of China grew by 8.1% year-on-year to RMB114.4 trillion, and national fixed asset investments ("FAI") (excluding rural households) increased by 4.9% year-on-year to RMB54.5 trillion.

In 2021, affected by factors such as the Epidemic and rising commodity prices, China's infrastructure investment growth had slowed down. According to the statistics published by the National Bureau of Statistics of China, in 2021, national infrastructure investments (excluding the industries for production and supply of electricity, heat, gas and water) increased by 0.4% year-on-year.

During the year, the Chinese government persisted in maintaining the position that "residential properties are not for speculation", focused on stabilizing land prices, housing prices and expectations, and actively guarded against potential risks, which resulted in a generally stable real estate market. According to the statistics published by the National Bureau of Statistics of China, in 2021, real estate investment in China reached RMB14.8 trillion, representing a year-on-year increase of 4.4%.

The Chinese government actively implemented urban renewal and accelerated the renovation of old communities. According to the statistics published by the Ministry of Housing and Urban-Rural Development of China, in 2021, 55,600 old communities nationwide newly started renovations, which had exceeded the annual target of 53,000. In addition, the Chinese government promoted new-type urbanization. According to the statistics published by the National Bureau of Statistics of China, as of the end of 2021, China's urbanization rate of permanent residence was 64.72%, representing an increase of 0.83 percentage points over the end of 2020.

THE INDUSTRY

According to the statistics published by the National Bureau of Statistics of China, in 2021, the total cement production in China amounted to approximately 2,360.0 million tons, representing a year-on-year decrease of 1.2%. According to the statistics of the China Cement Association, during the year, cement production in Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou and Shanxi were approximately 170.0 million tons, 110.0 million tons, 100.0 million tons, 19.4 million tons, 110.0 million tons, 93.3 million tons and 55.4 million tons respectively, representing year-on-year changes of approximately –2.1%, –6.5%, 4.1%, 5.6%, –12.8%, –13.4% and 1.8% respectively.

According to the statistics of the China Cement Association, in 2021, there were 24 new clinker production lines nationwide with new annual clinker production capacity of approximately 36.0 million tons in total. Among which, in our major operating regions, there were 1 new clinker production line in Guangdong with new annual clinker production capacity of approximately 1.9 million tons and 3 new clinker production lines in Guangxi with new annual clinker production capacity of approximately 4.7 million tons.

Regarding policies for the industry, the Chinese government had issued a series of policies and measures to actively promote energy saving, carbon emissions reduction and pollution reduction, improve and tighten capacity replacement policies, promote regular off-peak production and advance the rationalization of industrial structure so as to lay a foundation for achieving the targets of carbon emissions peaking and carbon neutrality, which will propel the comprehensive green transformation of economic and social development. In addition, the Chinese government attaches great importance to production safety and occupational health and fosters the high-quality and sustainable development of the building materials industry.

TRANSFORMATION AND INNOVATION

In response to the Group's "Fourteenth Five-Year" strategic development plan, during the year, the Group reorganized the business into four business segments: basic building materials, structural building materials, functional building materials and new materials. The basic building materials business mainly includes cement and aggregates. The structural building materials business mainly includes concrete and prefabricated construction. The functional building materials business mainly includes engineered stone, tile adhesive and white cement. The new materials business currently mainly explores the development opportunities of new materials such as calcium-based, silicon-based and basalt materials.

In order to enhance management efficiency and effectively utilize resources to expand the basic building materials business, the Group consolidated its operating regions and divided them into the South China Region, Southwest China Region, Southeast China Region and West China Region. The South China Region primarily consists of Guangdong and Hainan. The Southwest China Region primarily consists of Guangxi and Guizhou. The Southeast China Region primarily consists of Fujian. The West China Region primarily consists of Yunnan. In addition, through the establishment of business divisions, the Group promoted the specialized development of structural building materials business and functional building materials business as well as the development of Hong Kong and overseas businesses.

Regarding the cement business, in 2021, the Group started construction of the second clinker production line and two cement grinding lines at the cement production plant in Wuxuan, Guangxi, with total annual production capacities of approximately 2.4 million tons of cement and approximately 1.4 million tons of clinker respectively, which will further consolidate the Group's regional market position. The Group actively grasped the opportunities of regional development strategy in China and acquired 51% equity interests of Hunan Liangtian Cement Co., Ltd. in January 2022 to enter into the market in Chenzhou, Hunan. In addition, in March 2022, the Group sold 72% equity interests and loans of Shanxi China Resources Fulong Cement Limited to Tangshan Jidong Cement Co., Ltd., which had enabled the exit of the northern market in an orderly manner.

During the year, the Group actively seized the development opportunities of new businesses, accelerated the layout of aggregates, steadily promoted the construction and market expansion of prefabricated construction projects, and made new breakthroughs in the business fields of engineered stone, tile adhesive and white cement, which had further consolidated the Group's core competitiveness and laid a solid foundation for the development of new businesses.

The Group attaches great importance to corporate social responsibility and actively responds to the energy saving and emission reduction policies of the Chinese government. During the year, integrated with its own actual circumstances and development strategy, the Group formulated the "Strategic Plan for Control of Carbon Emissions", which set targets for carbon emissions peaking and carbon neutrality, formulated corresponding measures and directions, and established a leading group for carbon emissions management to coordinate the launch of control on carbon emissions, which will be conducive to promoting the green, low-carbon and sustainable corporate development.

In addition, during the year, the Group participated in a roundtable meeting with leaders of large-scale cement enterprises in China organized by industry associations, and worked together with leaders of 20 large-scale cement enterprises nationwide to conduct in-depth analysis and discussion on carbon emissions peaking and carbon neutrality, development and application of digital and intelligent technology, and industrial policies in order to promote the green, low-carbon and high-quality development of the cement industry. At the same time, the Group actively participated in carbon emissions peaking and carbon neutrality symposiums and carbon trading market development forums organized by industry associations to discuss the action plan and roadmap for carbon emissions peaking of the cement industry.

PRODUCTION CAPACITY

Changes to Production Plants

In January 2022, the Group acquired 51% equity interests of Hunan Liangtian Cement Co., Ltd. The company has annual production capacities of approximately 1.6 million tons of clinker and approximately 2.0 million tons of cement in Chenzhou, Hunan. Currently, technological upgrade of production lines is being rolled out. Upon completion of the upgrade, the annual production capacity of clinker will remain unchanged, while the annual production capacity of cement will be approximately 2.1 million tons.

In March 2022, the Group sold 72% equity interests and loans of Shanxi China Resources Fulong Cement Limited to Tangshan Jidong Cement Co., Ltd. through tendering for a total consideration (excluding interests) of RMB1,607,251,200 (equivalent to approximately HK$1,965,813,000).

During 2021, the Group completed the construction of two concrete batching plants, leased one concrete batching plant from a third party and shut down one concrete batching plant. The total annual production capacity of concrete increased by approximately 1.3 million m^3 compared to the end of 2020.

Capacity Utilization

The utilization rates of the Group's cement, clinker and concrete production lines in 2021 were 93.6%, 100.6% and 40.9% as compared with 101.1%, 112.6% and 37.5% respectively for 2020.

COST MANAGEMENT

Operational Management

In 2021, in response to the national "dual carbon" targets and the "dual control" of energy consumption policy, the Group earnestly and thoroughly implemented the management theme of "seeking development, enhancing quality, and transforming innovation", and actively promoted the technological upgrade and low-carbon transformation of production lines, strengthened the application of equipment for energy saving and consumption reduction, promoted the digital and intelligent transformation of production plants, continued to promote excellent operational management, and maintained high-quality operational management under these new circumstances.

Procurement Management

In 2021, the overall supply of the coal market remained tight. During the year, the Group purchased a total of approximately 9.5 million tons of coal (approximately 10.2 million tons in 2020), among which, approximately 80%, 19% and 1% were sourced from northern China, neighbouring areas of our production plants and overseas respectively (76%, 23% and 1% in 2020). The proportion of direct procurement from coal producers was approximately 82% (79% in 2020).

In the future, the Group will continuously strengthen the strategic cooperation with large-scale domestic coal suppliers, expand new procurement channels, introduce strategic suppliers, and continue to pay attention to the national policy on coal import to establish procurement channels for coal imports in a timely manner. In addition, the Group will also analyze and identify market trends through multiple channels and dynamically manage inventory to widen our advantages of procurement cost.

Logistics Management

In 2021, affected by factors such as the unstable state of the Epidemic, load limits along the Xijiang River during the dry season, standardization of truck loads and higher oil prices, the overall logistics cost showed an upward trend. During the year, based on the local market characteristics and transportation methods, the Group adopted a series of measures to reduce logistics costs. In terms of shipping, the Group actively launched unified tendering for shipping along the Xijiang River to match the carrying capacity of different ship types and transportation needs to raise transportation efficiency. In terms of truck transportation, the Group promoted joint bidding for return logistics routes, expanded transportation resources outside provinces, compared prices through multiple channels, and adjusted freight costs in a timely manner according to changes in oil prices.

In 2021, the annual shipping capacity of the Group along the Xijiang River was approximately 36.9 million tons, which secured stable and continuous logistics capabilities for the Group's business operation. The Group continuously optimized the layout of its silo terminals and cooperation methods to build compliant and environmentally friendly silo terminals. During the year, the Group controlled the operations of 35 silo terminals with total annual capacity of approximately 28.3 million tons, which are mainly located in the Pearl River Delta Region. This consolidates the Group's leading market position in Southern China.

SALES AND MARKETING

In 2021, the Group continued to intensify the marketing promotion of products such as "Wang Pai Gong Jiang" renovation cement, cement for nuclear power stations and Portland cement for roads. In order to further consolidate the quality positioning of the Runfeng brand, during the year, the Group launched seminars on the quality of products and services, and conducted field research to facilitate the improvement on the quality of product and services from the market side. On 28 June, the Group held the fifth anniversary celebration for the Runfeng brand. In December, by taking the Portland cement for roads and cement for nuclear power stations as the main focuses for promotion, the Group launched a series of promotions of special cement on media platforms. In addition, the Group continued to deepen brand building for end users by opening two brand flagship stores in Yunnan and Guangdong in October and December respectively.

In terms of new brands and new products, during the year, the Group specified "Runpin" as the unified product brand for functional building materials, completed brand image development, established visual image system, and formulated product application standards. Among which, during the year, the Group's "Runpin" tile adhesive was officially launched to the market. Currently, tile adhesives have been sold to dealers and distribution stores in Guangdong and Guangxi markets, and supplied to large-scale engineering projects such as hospitals and shopping malls.

SUSTAINABLE DEVELOPMENT

Green Mines

The Group places strong emphasis on treatment and management of mines. Ecology, environmental protection, safety and intensive utilization of resources are the primary focus of our work. We confirm the work approach of scientific planning, reasonable mining, resources conservation, promotion of harmonious development between human beings and the nature as well as green, ecologically and environmentally friendly mining enterprise. Restoration of mines is included in the production, operation and long-term development plans of the Group.

As of the end of 2021, the Group had a total of 14 mines which were included as provincial-level and the Autonomous Region of China ("AR")-level green mines and 10 mines which had passed the selection of national-level green mines.

Energy Saving and Emission Reduction

The Group actively responded to national policies and formulated action plans for energy saving and carbon emissions reduction, mainly by increasing grinding aids of raw materials and coal-saving agents, implementing alternative fuels, promoting upgrade of the firing system and the application of new technologies and new equipment, in order to achieve reduction in energy consumption levels. It is targeted that by 2025, the production capacity with comprehensive energy consumption per unit product that meets the benchmark level shall exceed 30%.

During the "Fourteenth Five-Year" period, the Group plans to upgrade the "second-generation cement" technology for achieving enhancement of energy efficiency. The Group also plans to roll out research and development on the new technology of oxygen-enriched combustion to achieve energy saving and emission reduction by increasing combustion efficiency. It is aimed to reduce standard coal consumption per ton of clinker by 5%, consolidated electricity consumption per ton of clinker by 10% and electricity consumption per ton of PO42.5 cement processed by 16% respectively by 2025 as compared with 2015 (107.6 kg, 55.1 kwh and 31.2 kwh). Among which, the standard coal consumption per ton of clinker, the consolidated electricity consumption per ton of clinker and the electricity consumption per ton of PO42.5 cement in 2021 decreased by 4%, 7% and 11% respectively as compared with 2015.

The Group proactively promotes green production. Currently, the average emission concentrations of nitrogen oxides, sulphur dioxide and particulate matters of each production plant of the Group are lower than the national standard limits of pollutant emissions. Meanwhile, the Group had been continuously seeking new technology of emission reduction and enhancing technological standards and management standards of environmental protection.

In terms of emission reduction of nitrogen oxides, in 2021, the Group completed technological upgrade projects for emission reduction of nitrogen oxides at its cement production plants in Fengkai and Huizhou of Guangdong, Luchuan and Pingnan of Guangxi, as well as Jinsha of Guizhou and Changzhi of Shanxi, and launched technological upgrade at the cement production plant in Nanning of Guangxi, which is scheduled to be completed in 2022.

In terms of emission reduction of sulphur dioxide, during the year, the Group built a wet-process desulfurization system at the cement production plant in Hepu, Guangxi. As of the end of December 2021, the Group completed 4 sets of wet-process desulphurization systems and 11 sets of composite desulphurization systems. The Group plans to implement upgrade and transformation to increase the capacity of wet-process desulphurization at the cement production plant in Changjiang, Hainan, which will further reduce the emission concentration of sulphur dioxide.

In terms of emission reduction of particulate matters, the Group continuously promoted different types of technologies of bag filters in high temperature for ultra-low emissions at each production plant. As of the end of 2021, 42 out of 46 clinker production lines of the Group achieved an annual average emission concentration of particulate matters of below 10 mg/m^3, achieving ultra-low emissions of particulate matters.

As of the end of 2021, the cement production plants located in Tianyang, Nanning, Pingnan, Wuxuan, Guigang, Binyang and Fuchuan of Guangxi, Heqing of Yunnan, Jinsha of Guizhou, and Changzhi of Shanxi had been included as green factories in the register of national-level Green Manufacturing. The cement production plants located in Shangsi, Luchuan and Hepu of Guangxi, and Longyan, Yanshi, Caoxi and Yongding of Fujian had been included as green factories in the registers of provincial-level or AR-level Green Manufacturing.

The Group targets that, by 2025, the emission concentrations of nitrogen oxides, sulphur dioxide and particulate matters will strive to fall below 100 mg/m^3, 50 mg/m^3 and 10 mg/m^3 respectively from exhaust gases of kiln heads and kiln rears of all cement production plants.

Management of Carbon Emissions

The Group attached great importance to the control of carbon emissions. In 2021, the "Strategic Plan for Control of Carbon Emissions" had been formulated in light of our own actual circumstances and development strategies, which will enhance the management capabilities and standards for controlling carbon emissions, and promote the green, low-carbon and sustainable corporate development. The Group targets for peaking its total carbon dioxide emissions by 2025 and reducing carbon dioxide emissions per ton of clinker by 2% compared to 2020, and strives to achieve carbon neutrality in our industry chain by 2060.

According to the plan, the Group will optimize the management model and system of carbon emissions and strengthen the management capabilities on controlling carbon emissions. A leading group for carbon emissions management was established, with the Chief Executive Officer serving as the leader to coordinate the launch of control on carbon emissions. As the department responsible for the daily management of carbon emissions, the environment, health and safety department organizes and coordinates the management of carbon emissions of various departments from the aspects of strategy, project implementation, carbon asset management, and research and development on technology.

During the "Fourteenth Five-Year" period, the Group will mainly reduce carbon emissions through reduction of energy consumption, application of clean energy, research and development on low-carbon cement, usage of industrial waste instead of limestone, and research and pilot trial on new technologies and new techniques such as alternative clinkers, alternative fuels, carbon capture and utilization.

The Group proactively follows up and executes the national policies for carbon emissions and responds to the advocates by the building materials industry on actions for carbon emissions peaking and carbon neutrality. The Group also plans to revise and improve the "Administrative Measures for Emissions Trading", examine the carbon emissions data thoroughly, explore models for carbon asset management, and enhance capabilities of carbon asset management in preparation for the future unification of the national carbon trading market. Since 2013, the Group actively participated in the pilot trial of the carbon trading market. 8 plants in Guangdong and 5 plants in Fujian of the Group had completed carbon emissions verification and settled the carbon credit quota every year, achieving a 100% contract fulfilment rate.

Co-processing

The Group proactively fulfils its social responsibility in fostering green development to achieve sustainable corporate development. In reliance on our own technological advantages, we comprehensively promote co-processing projects in the three scopes of municipal solid waste, urban sludge and hazardous industrial waste to create complete solutions to solid waste processing.

In 2021, the Guangxi Shangsi and Fujian Yanshi co-processing projects jointly developed by the Group and environmental protection companies commenced trial operation in January and May respectively. In addition, during the year, the Clean Production Transformation Project of Yuebao Sludge Co-Processing System owned by the joint venture located in Guangzhou, Guangdong completed construction and commenced trial operation in October, with enhanced equivalent annual processing capacity of wet sludge from 300,000 tons to 560,000 tons.

In addition, in April 2020, the Group obtained a franchise license for the resourceful utilization of construction waste in Changjiang, Hainan to build a construction waste disposal plant project with design annual processing capacity of approximately 250,000 tons of construction waste, and complemented with annual production capacities of approximately 300,000 m^3 of concrete and approximately 1,150,000 tons of manufactured sand and gravel. The project had completed construction and commenced operation in late 2021.

As of the end of 2021, the Group had 10 co-processing projects in total, with annual processing capacity of approximately 1.71 million tons. Details of the projects are set out as follows:

Project	Type	Annual Processing Capacity *(tons)*	Status
Binyang, Guangxi	Municipal solid waste	110,000	In operation
Tianyang, Guangxi	Municipal solid waste	180,000	In operation
Fengqing, Yunnan *(note 1)*	Municipal solid waste	110,000	In operation
Midu, Yunnan	Municipal solid waste	110,000	In trial operation
Nanning, Guangxi	Urban sludge *(note 2)*	110,000	In operation
Zhushui, Guangzhou *(note 1)*	Urban sludge *(note 2)*	300,000	In operation
Yuebao, Guangzhou *(note 1)*	Urban sludge *(note 2)*	560,000	In trial operation
Changjiang, Hainan	Hazardous industrial waste	30,000	In operation
Shangsi, Guangxi *(note 3)*	Hazardous industrial waste	100,000	In trial operation
Yanshi, Fujian *(note 3)*	Hazardous industrial waste	80,000	In trial operation
	Urban sludge	20,000	Under construction

notes:

1. Located in the cement production plants of our associates and joint ventures.

2. The Nanning project co-processed wet sludge of 80% moisture content. The Zhushui and Yuebao projects co-processed dry sludge of below 40% moisture content. The annual processing capacity of each urban sludge co-processing project is calculated as the annual processing capacity of wet sludge.

3. Co-processing projects jointly developed by the Group and environmental protection companies.

Occupational Health and Production Safety

The Group strictly implements, monitors and continuously improves the staff occupational health and safety management system. In order to ensure that the health and safety policies of counterparties remain consistent with those of our employees, we reinforce safety management on counterparties and proactively launch supervisions and inspections. The Group's health and safety targets are zero fatality, zero serious personal injury and zero confirmed case of occupational disease.

The Group always gives the highest priority to the safety and health of its employees. In 2021, we understood and learnt the policies, systems and requirements of national and local governments for the prevention and control of Epidemic in a timely and proactive manner, and made timely adjustments to the working group for Epidemic prevention and control to actively respond to the Epidemic. We continue to strengthen the work on regular Epidemic prevention and control by actively recommending employees to receive novel coronavirus vaccines. At present, all employees eligible for receiving vaccines had basically completed vaccination, which had effectively built an immunity barrier and fulfilled the social responsibility of state-owned enterprise for contributing to the overall national anti-Epidemic work.

The Group is committed to production safety standardization and raising the overall standards of safety management through continuous improvement on fundamental management and innovative management models. As of the end of 2021, the Group's cement production plants at Nanning and Tianyang, Guangxi had passed the on-site assessments of production safety standardization and became the first batch of enterprises that had passed the on-site assessments of production safety standardization since the promulgation of amendments to the "Production Safety Law" and the "Measures for the Rating of Work Safety Standardization for Enterprises". The limestone mines of 21 cement production plants have passed the assessments as the Second-Class Enterprise in National Production Safety Standardization. Consultancy work for the construction of First-Class Mines of Production Safety Standardization commenced at the cement production plants in Tianyang, Nanning, Guigang, Shangsi and Pingnan of Guangxi, Heqing of Yunnan and Jinsha of Guizhou.

Digital Transformation

The Group continued to promote the construction of digitalization and intelligentization. The Group incorporated Shenzhen Runfeng Intelligent Technology Co., Ltd. to assist in achieving the goal of digital transformation and enhancing the industry influence.

In terms of intelligent factories, the Group cooperated with Siemens Ltd., China in the intelligent manufacturing pilot project at the production plant in Tianyang. On the one hand, we expanded the scope and application of equipment for online monitoring and implemented intelligent video projects. On the other hand, we implemented projects such as digital mines and intelligent laboratories to enhance production and operation efficiency and reduce equipment failure rates. In addition, the "lighthouse factory" project under construction by the Group in Fengkai was officially rolled out in mid-July, and has now entered the full implementation phase.

In terms of smart marketing, in 2021, the digital transformation project of China Resources Cement's marketing model has been fully launched in Guangdong and Guangxi. The Group also rolled out the promotion of e-commerce platform in other regions. As of the end of 2021, the cumulative transaction volume of the platform reached approximately 32.6 million tons, with nearly 15,000 registered users and approximately 29,000 vehicles (vessels) settled.

Research, Development and Innovation

Innovation is an important momentum to stimulate corporate vitality and motivate long-term corporate development. The Group's Technology Research and Development Centre is a laboratory accredited by the China National Accreditation Service for Conformity Assessment. As of the end of 2021, the Centre had 73 specialized employees, including 10 doctors and 36 masters. Among the research and development personnel, 3 were professorate senior engineers.

In 2021, the Group's Technology Research and Development Centre provided 1,358 systematic tests for cement production plants and provided optimization proposals, which has facilitated the advancement of energy saving, consumption reduction and ultra-low emissions, and provided support to the development of new businesses.

DEVELOPMENT OF NEW BUSINESSES

Aggregates

Since 2021, the Group has continued to actively strive for high-quality aggregates mine resources. During the year, the Group obtained control on a total of 11 new mine resources in Deqing of Guangdong, Wuxuan, Nanning, Hengzhou and Shangsi of Guangxi, Nanping of Fujian, Tunchang of Hainan, Qijiang of Chongqing, and Luonan and Tongchuan of Shaanxi through bidding, acquisitions and equity participation.

As of the end of 2021, based on its own existing cement mines, the Group's annual production capacity of aggregates through its subsidiaries was approximately 10.6 million tons, and the annual production capacity of aggregates attributable to the Group according to our equity interests of the associate located in Yunnan was approximately 1.95 million tons. In addition to the newly obtained aggregates projects, upon completion of construction of all projects, the annual production capacity of aggregates controlled by the Group through its subsidiaries is expected to reach 84.9 million tons and the annual production capacity of aggregates attributable to the Group according to our equity interests of associates and joint ventures will reach approximately 16.4 million tons.

Relevant information of the newly obtained aggregate projects is outlined below:

Project Location	Planned annual production capacity *(tons)*	Resource reserve *(tons)*	Expected date to commence operation
Production capacity controlled through subsidiaries			
Guangdong			
Fengkai	30,000,000	425,000,000	2022
Guangxi			
Shangsi	5,000,000	65,000,000	2022
Tianyang	5,000,000	61,000,000	2022
Wuxuan	6,500,000	208,000,000	2023
Nanning	9,800,000	153,800,000	2023
Shangsi Pingguang	2,000,000	42,000,000	2023
Fujian			
Wuping	2,000,000	56,000,000	2022
Hainan			
Ding'an	3,000,000	63,000,000	2022
Yunnan			
Weishan	3,000,000	100,000,000	2023
Shaanxi			
Luonan	3,000,000	122,000,000	2023
Tongchuan	5,000,000	147,000,000	2023

Project Location	Shareholding	Planned annual production capacity *(tons)*	Attributable annual production capacity *(tons)*	Resource reserve *(tons)*	Expected date to commence operation
Production capacity controlled through associates and joint ventures					
Guangdong					
Deqing	56%	6,500,000	3,640,000	169,000,000	2023
Guangxi					
Hengzhou	50%	10,000,000	5,000,000	180,000,000	2023
Fujian					
Nanping	49%	1,500,000	735,000	13,250,000	2022
Hainan					
Tunchang	34%	6,000,000	2,040,000	120,000,000	2024
Chongqing					
Qijiang Anwen	50%	3,000,000	1,500,000	70,300,000	2023
Qijiang Shihao	50%	3,000,000	1,500,000	20,700,000	2023

Prefabricated Construction

The Group promoted the prefabricated construction business in an orderly manner according to the industry policies and market conditions of prefabricated construction.

In terms of the precast concrete component business, in August 2021, the Group acquired Ding'an Runfeng Intelligent Building Co., Ltd (formerly known as Dingan New Century Construction Industry Co., Ltd.) through bidding for a consideration of RMB192,800,000 (equivalent to approximately HK$232,093,000). The company owns a prefabricated construction project in Ding'an, Hainan, covering an area of approximately 153,000 m^2 and with design annual production capacity of precast concrete components of approximately 300,000 m^3. In September, Phase 1 production line of precast concrete components of the Zhanjiang Runyang project in Guangdong officially commenced production and the Phase 1 production line of precast concrete components of the Nanning Wuhe project in Guangxi commenced trial production. In December, the Baise Runhe project in Guangxi commenced construction. The project plans for initial construction of a dry-mixed mortar production line with annual production capacity of 300,000 tons, and further construction of production line of precast concrete components according to market conditions. In addition, the Guigang Runhe project in Guangxi has completed the overall equipment construction of the production line during the trial production process.

As of the end of 2021, the Group had a total of 7 projects of precast concrete components. Following the completion of construction, the design annual production capacity of precast concrete components is expected to reach approximately 1.6 million m^3.

Relevant information of the precast concrete components projects is outlined below:

Project	Area of land *(m^2)*	Design annual production capacity *(m^3)*	Status	Particulars
Guangdong				
Dongguan Runyang *(note)*	33,000	40,000	In operation	• Products are mainly supplied to public housing and commodity housing projects in Shenzhen, Zhuhai and Guangzhou.
Zhanjiang Runyang	210,000	400,000	In operation	• Phase 1 production line of precast concrete components (design annual production capacity of 200,000 m^3) officially commenced operation in September 2021.
Jiangmen Runfeng	45,500	50,000	Under construction	• Concrete batching plant (annual production capacity of 900,000 m^3) is under construction; production line of precast concrete components is expected to commence operation in the second half of 2022.
Guangxi				
Nanning Wuhe	167,000	400,000	In trial production	• Concrete batching plant (annual production capacity of 600,000 m^3) commenced operation in December 2019; Phase 1 production line of precast concrete components (design annual production capacity of 200,000 m^3) commenced trial production in September 2021.
Guigang Runhe	130,000	200,000	In trial production	• Concrete batching plant (annual production capacity of 600,000 m^3) had commenced operation in November 2019; production line of precast concrete components commenced trial production in June 2020.
Baise Runhe	120,000	200,000	Under construction	• Dry-mixed mortar production line (annual production capacity of 300,000 tons) is under construction and is expected to commence operation by the end of 2022. Production line of precast concrete components will be constructed according to market conditions.
Hainan				
Ding'an Runfeng	153,000	300,000	In trial production	• Trial production had commenced in April 2021.

note: The Group holds 49% equity interests of the associate DongGuan RunYang United Intelligent Manufacturing Company Limited.

In addition, the Chinese government actively promotes green building materials, encourages the development of new types of wall materials such as autoclaved aerated lightweight concrete panels, and supports energy saving and consumption reduction in the construction industry and innovation in building methods. The Group actively seizes market opportunities and fully utilizes our existing resources to develop new products of the prefabricated construction business. We plan to build four production lines for autoclaved aerated lightweight concrete blocks and panels in Fengkai, Guangdong. Each production line has design annual production capacities of approximately 200,000 m^3 of panels and approximately 100,000 m^3 of blocks. Two production lines will initially be constructed in phase 1 of the Fengkai project. It is planned to commence construction in the first half of 2022, and trial production is expected to commence in the first half of 2023.

Functional Building Materials

In 2021, the Group established the Functional Building Materials Business Division, responsible for coordinating the promotion of engineered stone, natural stone, white cement, tile adhesive and other businesses. Its wholly-owned subsidiary, Shenzhen Runfeng New Materials Technology Co., Ltd., serves as the platform for investment, research, development and marketing.

In January 2021, the Group acquired approximately 58.8% equity interests of DongGuan Universal Classical Material Ltd. ("Universal Classical"), which increased our shareholding of Universal Classical to approximately 75.3%. The main products of Universal Classical are inorganic granite and quartz, and its brand recognition has a leading position in the domestic market. The products are primarily for domestic and international markets. Its major customers are large real estate, commercial and industrial developers as well as government units in charge of large-scale national public buildings (including subways, schools, and conference centres). In 2021, the Group's inorganic engineered stone products obtained the "China Green Building Materials Product Certification (Three-Star)" issued by the China Building Material Test & Certification Group Co., Ltd., and the independently developed "Key Technology for Production of High-Performance Inorganic Engineered Stone" was awarded the certification of new technology for construction engineering in Shenzhen Municipality.

Universal Classical owned one production line of inorganic engineered stones with planned annual production capacity of approximately 600,000 m^2 in Dongguan, Guangdong, and is expanding one production line of inorganic engineered stones with planned annual production capacity of approximately 1.5 million m^2. In addition, the Group is building two production lines of inorganic engineered stones in Laibin, Guangxi with total planned annual production capacities of approximately 3.0 million m^2. The above projects are expected to commence operation in mid-2022. Besides, in March 2022, the Group acquired 75% equity interests of Guangdong Borrego New Material Technology Co., Ltd. The company has four production lines of engineered stones in operation in Lianzhou, Guangdong, with total planned annual production capacities of approximately 6.0 million m^2.

In October 2021, the Group officially commenced operation of two fully-automated tile adhesive production lines with total planned annual production capacities of approximately 400,000 tons in Fengkai, Guangdong. Tile adhesive is a new type of material for modern decoration. It is mainly used in fixing of decorative materials such as tiles, vitrified bricks, marbles and engineered stones.

On the other hand, in October 2021, the Group invested in 70% equity interests of Deqing Yingqi Building Materials Co., Ltd. The company owns one production line for white cement in operation with annual production capacity of approximately 400,000 tons in Deqing, Guangdong. White cement is one of the raw materials for inorganic engineered stone and tile adhesive, which will form a synergistic effect with the Group's existing functional building materials business.

EMPLOYEES

General Information

As at 31 December 2021, the Group employed a total of 19,491 employees *(note)*, all of whom are full-time, among whom, 154 were based in Hong Kong and the remaining 19,337 were based in the Chinese Mainland (19,467, 143, 19,324 respectively as at 31 December 2020). A breakdown of our employees by function is set out as follows:

	As at 31 December	
	2021	2020
Management	**410**	391
Finance, administration and others	**2,813**	2,498
Production staff	**11,048**	11,198
Technical staff	**4,318**	4,517
Sales and marketing staff	**902**	863
Total	**19,491**	19,467

Among our 410 senior and middle-level managerial staff, 88% are male and 12% are female, 79% possess university degrees or above, 19% have received post-secondary education and the average age of managerial staff is approximately 48 (391, 89%, 11%, 78%, 19%, 47 respectively as at 31 December 2020).

The Group has established a remuneration allocation mechanism based on job value and combined with performance contribution, personal ability and talent development.

note: The scope of statistics of the number of employees changed in 2021. Relevant data does not include interns which are not replacement hires (i.e., employees who will not be employed or accounted for as headcount after the end of the internship).

REVIEW OF OPERATIONS

The functional currency of the Group is RMB while the financial figures are all denominated in HK$. Comparing with 2020, RMB had appreciated against HK$ by approximately 7.1%.

Turnover

The consolidated turnover for the year ended 31 December 2021 amounted to HK$43,962.7 million, representing an increase of 9.7% from HK$40,086.9 million for the last year. An analysis of segmental turnover by product is as follows:

	2021			2020		
	Sales volume ***'000 tons/m³***	**Average selling price** ***HK$ per ton/m³***	**Turnover** ***HK$'000***	Sales volume *'000 tons/m³*	Average selling price *HK$ per ton/m³*	Turnover *HK$'000*
Cement *(note)*	**81,349**	**431.0**	**35,065,067**	87,274	372.0	32,462,564
Clinker	**3,288**	**326.0**	**1,072,016**	3,551	300.7	1,068,011
Concrete	**14,814**	**528.3**	**7,825,625**	13,385	489.8	6,556,292
Total			**43,962,708**			40,086,867

note: Inclusive of sales volume of 4.6 million tons of cement from related parties (4.3 million tons in 2020).

In 2021, our external sales volume of cement, clinker and concrete decreased by 5.9 million tons, decreased by 263,000 tons and increased by 1.4 million m^3, representing a decrease of 6.8%, a decrease of 7.4% and an increase of 10.7% respectively over 2020. During the year, approximately 82.9% of the cement products we sold were 42.5 or higher grades (81.0% in 2020) and approximately 28.9% were sold in bags (33.2% in 2020). Internal sales volume of cement for our concrete production was 2.9 million tons (2.8 million tons in 2020), representing 3.5% of the total volume of cement sold (3.1% in 2020).

Our cement sales by geographical areas in 2021 were as follows:

	2021			2020		
Province/AR	**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	**31,515**	**490.0**	**15,442,347**	33,922	421.5	14,297,326
Guangxi	**23,451**	**410.0**	**9,615,276**	26,874	352.6	9,475,295
Fujian	**10,345**	**385.4**	**3,987,260**	10,029	320.8	3,217,659
Hainan	**3,938**	**490.0**	**1,929,594**	4,051	398.8	1,615,661
Yunnan	**4,832**	**381.5**	**1,843,311**	5,629	369.0	2,076,991
Guizhou	**3,216**	**287.3**	**923,883**	2,911	223.6	650,932
Shanxi	**4,052**	**326.6**	**1,323,396**	3,858	292.6	1,128,700
Total	**81,349**	**431.0**	**35,065,067**	87,274	372.0	32,462,564

The average selling prices of cement, clinker and concrete in 2021 were HK$431.0 per ton, HK$326.0 per ton and HK$528.3 per m^3 respectively, representing increases of 15.9%, 8.4% and 7.9% respectively from 2020. The increases in average selling prices of cement and clinker primarily reflected the tight supply within a short period due to the impact of policies in the second half of the year and the increased coal price for the year.

Costs of Sales

The consolidated cost of sales of the Group (exclusive of cement sales from related parties) comprised coal, electricity, materials and other costs, which represented 31.9%, 10.1%, 35.0% and 23.0% of the cost of sales respectively for the year (28.6%, 11.6%, 35.6% and 24.2% in 2020 respectively). As for cement products, coal, electricity, materials and other costs represented 38.6%, 12.2%, 23.9% and 25.3% of their costs respectively for the year (34.4%, 14.0%, 24.8% and 26.8% in 2020 respectively). Materials cost is the major component of the cost of sales of concrete, representing 91.1% of the cost of sales of concrete for the year (90.7% in 2020).

The average price of coal we purchased in 2021 was approximately HK$989 per ton, representing an increase of 54.3% from the average price of HK$641 per ton in 2020, while the average thermal value of coal decreased by 0.7% to 5,309 kcal per kg. During the year, our unit coal consumption increased to 141.4 kg per ton of clinker produced from the average of 141.3 kg in 2020. Our standard coal consumption decreased to 103.8 kg per ton of clinker for the year from the average of 104.4 kg in 2020. As a result of the increase in coal price, our average coal cost for the year increased by 54.3% to HK$139.8 per ton of clinker produced from HK$90.6 in 2020.

Our average electricity cost increased by 13.7% from HK$29.3 per ton of cement to HK$33.3 for the year. During the year, we consumed for a total of 3,854.5 million kwh of electricity (4,032.7 million kwh in 2020), which accounted for 64.3% of the total electricity consumption for the production of cement products (62.0% in 2020) under direct power supply agreements and price bidding arrangements. Our electricity consumption was 72.5 kwh per ton of cement for the year (72.2 kwh in 2020). Our residual heat recovery generators generated 1,883.8 million kwh of electricity for the year, representing a decrease of 9.9% over 2,090.4 million kwh in 2020. The electricity generated in 2021 accounted for approximately 31.4% of our required electricity consumption (32.2% in 2020) and we achieved a cost saving of approximately HK$984.3 million for the year (HK$1,000.9 million in 2020).

Other costs mainly comprised staff cost, depreciation, and repairs and maintenance cost. Repairs and maintenance cost included in the cost of sales of cement products for the year was HK$1,476.6 million, representing an increase of 35.2% from HK$1,092.0 million in 2020.

Gross Profit and Gross Margin

The consolidated gross profit for 2021 was HK$14,122.8 million, representing a decrease of 9.7% from HK$15,636.0 million for 2020 and the consolidated gross margin was 32.1%, representing a decrease of 6.9 percentage points from 39.0% for 2020. The decreases in consolidated gross profit and consolidated gross margin for the year were mainly attributable to the increase in cost of production of our cement products. The gross margins of cement, clinker and concrete for 2021 were 34.6%, 23.9% and 22.1%, as compared with 41.9%, 39.8% and 24.3% respectively for 2020.

Other Income

Other income for 2021 was HK$734.9 million, representing an increase of 0.6% from HK$730.6 million for 2020.

Selling and Distribution Expenses

Selling and distribution expenses for 2021 were HK$2,064.2 million, representing an increase of 14.9% from HK$1,796.1 million for 2020. As a percentage to consolidated turnover, selling and distribution expenses for the year increased to 4.7% from 4.5% for 2020.

General and Administrative Expenses

General and administrative expenses for 2021 were HK$2,988.9 million, representing a decrease of 6.4% from HK$3,193.4 million for 2020. As a percentage to consolidated turnover, general and administrative expenses decreased to 6.8% for 2021 from 8.0% for 2020.

Exchange Gain

An exchange gain of HK$19.0 million was generated from non-RMB denominated net borrowings of the Group due to the appreciation of RMB against HK$ during the year (HK$103.6 million in 2020).

Share of Results of Associates

The associates of the Group contributed a profit of HK$371.5 million for the year (HK$425.5 million in 2020) of which profits of HK$93.7 million, HK$91.6 million, HK$165.4 million and HK$19.5 million (profits of HK$23.3 million, HK$58.4 million, HK$336.6 million and HK$0.4 million in 2020) were attributable to the Group's associates operating in Inner Mongolia, Fujian, Yunnan and Guangdong respectively.

Share of Results of Joint Ventures

The joint ventures of the Group contributed a profit of HK$317.6 million for the year (HK$270.9 million in 2020) mainly attributable to the Group's joint ventures operating in Guangdong.

Taxation

The effective tax rate of the Group for 2021 was 24.9%, as compared with 24.1% for 2020. Had the effect of the results of associates and joint ventures, the exchange difference, as well as the withholding tax in the Chinese Mainland for dividends and the deferred tax on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong been excluded, the effective tax rate of the Group for 2021 would be 23.7% (27.3% in 2020).

Net Margin

Net margin of the Group for 2021 was 17.6%, which was 4.9 percentage points lower than that of 22.5% for 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of funding mainly included cash on hand, bank loans, loans from related parties, unsecured medium-term notes, issue of equity securities and cash flows generated from operations.

As at 31 December 2021, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 31 December	
	2021	2020
	'000	*'000*
HK$	**253,423**	411,544
RMB	**5,910,554**	11,115,196
US$	**140**	143

Bank and other borrowings of the Group as at 31 December 2021 and 2020 were all unsecured, with breakdown as follows:

	As at 31 December	
	2021	2020
	HK$'000	*HK$'000*
Bank loans	**8,559,287**	3,300,000
Medium-term notes	**–**	3,564,480
Loans from related parties	**1,854,354**	–
	10,413,641	6,864,480

As at 31 December 2021, bank and other borrowings of the Group which carried interests at fixed and variable rates amounted to HK$6,113.6 million and HK$4,300.0 million respectively (HK$3,564.5 million and HK$3,300.0 million respectively as at 31 December 2020). These borrowings were denominated in the following currencies:

	As at 31 December	
	2021	2020
	'000	*'000*
HK$	**4,300,000**	3,300,000
RMB	**4,998,520**	3,000,000

As at 31 December 2021, the Group's unsecured banking facilities amounted to HK$3,300.0 million and RMB19,350.0 million, of which RMB15,050.0 million was unutilized and remained available for drawdown.

In 2016, the Company was granted an approval by the National Association of Financial Market Institutional Investors of PRC for the issuance of medium-term notes in an aggregate amount of not more than RMB9.0 billion and commercial paper in an aggregate amount of not more than RMB4.5 billion in China. On 5 September 2016, the Company completed the issuance of the first tranche of the medium-term notes in the amount of RMB3.0 billion at the coupon rate of 3.50% per annum for a term of five years. These medium-term notes were unsecured and had been fully repaid in September 2021 upon expiry.

Under the terms of certain agreements for total banking facilities of HK$5,746.2 million equivalent with expiry dates from March 2022 to November 2022, China Resources (Holdings) Company Limited 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$4,278.5 million equivalent, the net gearing ratio of the Company (calculated by dividing net borrowings by equity attributable to owners of the Company, and as may be adjusted to exclude certain non-tangible assets) shall not exceed 180%. The Group was in compliance with the above financial covenants as at 31 December 2021 and 31 December 2020.

The Group adopts robust and prudent treasury policies in financial management. Treasury management, financing and investment activities are all managed and monitored by the senior management of the Company, and all treasury activities of the Group are centralized. The Group regularly monitors its current and expected liquidity needs as well as compliance with bank loan agreements in order to maintain its sufficient cash reserves and flexibility in funding for meeting the Group's short-term and long-term liquidity needs.

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 debts which were denominated in currencies other than the functional currency of the entity to which these bank balances and debts 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 31 December 2021 and 31 December 2020. As at 31 December 2021, non-RMB denominated debts accounted for 41% of the total debts of the Group (48% as at 31 December 2020).

The Group had net current liabilities of HK$4,489.8 million as at 31 December 2021. 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.

CHARGES ON ASSETS

As at 31 December 2021, there was no charge on assets by the Group (Nil as at 31 December 2020).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had issued guarantees to banks in respect of banking facilities in the amount of RMB1,433.3 million (RMB1,486.6 million as at 31 December 2020) granted to associates, of which RMB1,316.5 million (RMB1,412.7 million as at 31 December 2020) had been utilized.

ISSUE OF EQUITY SECURITIES

Pursuant to the placing, underwriting and subscription agreement dated 11 June 2018, the Company issued 450 million ordinary Shares at a price of HK$9.30 per Share in cash to CRH (Cement) Limited, the Company's immediate holding company. The gross funds raised was HK$4,185.0 million and the net proceeds, after deducting all professional fees and other out-of-pocket expenses, was approximately HK$4,180.3 million, representing a net issue price of approximately HK$9.29 per Share. The closing price as quoted on the Stock Exchange on 11 June 2018 was HK$10.32 per Share. Details of the placing and the top-up subscription were disclosed in the Company's announcements dated 11 June 2018 and 25 June 2018.

In order to utilize the net proceeds in a more effective way and to facilitate efficient allocation of the Company's financial resources, on 22 October 2021, the Board resolved that HK$571.7 million out of the remaining net proceeds initially used for development of prefabricated construction business would be reallocated to developing of aggregates business. According to the policies and market conditions of prefabricated construction, the Group has promoted related businesses in an orderly manner, and the amount intended to be utilized for the development of prefabricated construction business is expected to be fully utilized by 2022.

In view of strengthening the efficiency and effectiveness of the capital use of the Group, guaranteeing the flow of its own capital and enhancing the flexibility in financial management of the Group, such change in the use of net proceeds would better meet the current business development needs of the Group, which also enables the Group to invest its financial sources in a more beneficial and effective way so as to coordinate with the future development of the Group and grasp potential business opportunities in the future. Relevant details were disclosed in the Company's announcement dated 22 October 2021.

The Board considers that the abovementioned issues of Shares has strengthened the capital base of the Company. Details of the use of net proceeds are as follows:

Intended use of net proceeds	**Amount intended to be utilized**	**Amount unutilized as at 31/12/2020**	**Amount utilized during the year**	**Amount unutilized as at 31/12/2021**	**Expected timeline of utilization**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Development of prefabricated construction business	1,100,300	528,200	523,100	5,100	By 2022
Development of aggregate business	1,825,700	571,700	571,700	–	Not applicable
Repayment of debts	836,000	–	–	–	Not applicable
General working capital	418,279	–	–	–	Not applicable
Total	4,180,279	1,099,900	1,094,800	5,100	

Save as disclosed above, neither the Company nor any of its subsidiaries carried out any fund raising activities in respect of issue of equity securities during the year.

FUTURE PLAN AND CAPITAL EXPENDITURE

Capital Expenditure

As at 31 December 2021, the outstanding capital expenditure for the Group's expansion plans to be invested was approximately HK$13,370.8 million. Details of these expansion plans are as follows:

Projects	**Total capital expenditure for the project** *HK$ million*	**Expended as at 31/12/2020** *HK$ million*	**Expended during the year** *HK$ million*	**Outstanding capital expenditure as at 31/12/2021** *HK$ million*
Construction of production lines for cement and clinker in Wuxuan County, Guangxi, with total annual production capacities of approximately 2.4 million tons of cement and approximately 1.4 million tons of clinker respectively	1,739.2	–	457.3	1,281.9
Construction of a production plant for prefabricated construction components with design annual capacity of approximately 400,000 m^3 in Nanning City, Guangxi	584.2	136.9	117.7	329.6
Construction of a production plant for prefabricated construction components with design annual capacity of approximately 200,000 m^3 in Guigang City, Guangxi	240.3	181.4	18.2	40.7
Construction of a production plant for prefabricated construction components with design annual capacity of approximately 50,000 m^3 in Jiangmen City, Guangdong	306.7	74.9	35.4	196.4
Construction of a production plant for prefabricated construction components with design annual capacity of approximately 200,000 m^3 in Baise City, Guangxi	242.0	33.3	2.8	205.9
Construction of a production plant for aggregates with planned annual production capacity of approximately 2.0 million tons in Wuping County, Fujian	472.5	224.1	131.0	117.4
Construction of a production plant for aggregates with planned annual production capacity of approximately 5.0 million tons in Shangsi County, Guangxi	512.4	89.7	64.9	357.8
Construction of a production plant for aggregates with planned annual production capacity of approximately 5.0 million tons in Tianyang District, Guangxi	480.4	102.8	61.0	316.6

Projects	Total capital expenditure for the project *HK$ million*	Expended as at 31/12/2020 *HK$ million*	Expended during the year *HK$ million*	Outstanding capital expenditure as at 31/12/2021 *HK$ million*
Construction of a production plant for aggregates with planned annual production capacity of approximately 3.0 million tons in Weishan County, Yunnan	441.0	126.1	11.7	303.2
Construction of a production plant for aggregates with planned annual production capacity of approximately 30.0 million tons in Fengkai County, Guangdong	8,365.7	2,743.7	1,899.8	3,722.2
Construction of a production plant for aggregates with planned annual production capacity of approximately 3.0 million tons in Ding'an County, Hainan	2,183.8	737.3	791.4	655.1
Construction of a production plant for aggregates with planned annual production capacity of approximately 6.5 million tons in Wuxuan County, Guangxi	916.0	–	354.9	561.1
Construction of a production plant for aggregates with planned annual production capacity of approximately 9.8 million tons in Nanning City, Guangxi	1,638.6	–	567.2	1,071.4
Construction of a production plant for aggregates with planned annual production capacity of approximately 5.0 million tons in Tongchuan City, Shaanxi	567.5	–	–	567.5
Construction of a production plant for aggregates with planned annual production capacity of approximately 3.0 million tons in Luonan County, Shaanxi	305.8	–	–	305.8
Construction of a production plant for aggregates with planned annual production capacity of approximately 2.0 million tons in Shangsi County, Guangxi	733.9	–	81.9	652.0
Construction of a production line for inorganic engineered stones with planned annual production capacity of approximately 1.5 million m^2 in Dongguan City, Guangdong	273.3	–	63.5	209.8
Construction of two production lines for inorganic engineered stones with total planned annual production capacities of approximately 3.0 million m^2 in Laibin City, Guangxi	379.8	25.6	–	354.2

Projects	Total capital expenditure for the project *HK$ million*	Expended as at 31/12/2020 *HK$ million*	Expended during the year *HK$ million*	Outstanding capital expenditure as at 31/12/2021 *HK$ million*
Construction of four production lines for autoclaved aerated lightweight concrete blocks and panels with total design annual production capacities of approximately 400,000 m^3 of blocks and approximately 800,000 m^3 of panels respectively in Fengkai County, Guangdong	655.5	–	57.1	598.4
Acquisition of 51% equity interests of Hunan Liangtian Cement Co., Ltd. and technological upgrade of its production lines for cement and clinker with total existing annual production capacities of 2.0 million tons of cement and 1.6 million tons of clinker respectively	1,186.9	–	106.2	1,080.7
Acquisition of 75% equity interests of Guangdong Borrego New Material Technology Co., Ltd.	180.6	–	–	180.6
Construction of six concrete batching plants with total annual capacity of approximately 3.6 million m^3 of concrete	284.3	21.2	0.6	262.5
Total	22,690.4	4,497.0	4,822.6	13,370.8

Payment of Capital Expenditure

In addition to the foregoing capital expenditure, 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 consolidated statement of financial position as at 31 December 2021. Total payments for capital expenditure of the Group are expected to be approximately HK$8,864.4 million and HK$5,276.4 million in the years 2022 and 2023, which will be financed by proceeds from previous placing of Shares and internally generated funds.

STRATEGIES AND PROSPECT

The Chinese government proposed that economic work in 2022 should prioritize stability while pursuing progress. While insisting on the main focus on deepening supply-side structural reform, it would accelerate the construction of a new development paradigm, adhere to innovation-driven development, promote high-quality development, strengthen and improve macro-control, strengthen the cross-cycle regulation of macroeconomic policies, and maintain the operation of the economy within a reasonable range. According to the Report on the Work of the Government, the target GDP growth in 2022 is approximately 5.5%.

Transportation is the key to a prosperous country and the foundation of a strong country. The Chinese government has been accelerating the construction of a world leader in transport. In January 2022, the State Council of China issued the "Development Plan for Modernized and Comprehensive Transport System during the 'Fourteenth Five-Year'". It aims for the operational lengths of national railways, highways and urban rail transit to reach 165,000 km, 5.5 million km, and 10,000 km respectively by 2025, representing increases of 13.0%, 5.8% and 51.5% respectively over the end of 2020, among which, the operational lengths of high-speed rail and expressways will reach 50,000 km and 190,000 km respectively, representing increases of 31.6% and 18.0% respectively over the end of 2020.

The Chinese government persists in maintaining the position that "residential properties are not for speculation", strengthens the guidance of expectations, explores new development models, insists on developing both renting and purchasing, accelerates the development of the long-term rental housing market, promotes the construction of affordable housing, and supports the commodity housing market to better meet the reasonable housing needs of property buyers, and implements city-specific policies to promote a virtuous circle and healthy development of the real estate industry.

In addition, the Chinese government comprehensively promotes rural revitalization and enhances the quality of new-type urbanization construction. During the "Fourteenth Five-Year" period, the Chinese government will continue to promote the construction of rural highways and secure various scopes including rural water supply and power supply. It aims for achieving approximately 85% access of third-level and above highways to towns and promoting the access of hard roads to natural villages (groups) with larger populations. In addition, it is targeted by 2025 to strive for basically completing the mission of renovating old communities in cities and towns built prior to the end of 2000 which require renovation, which will support the demand for building materials products.

In terms of coordinated regional development strategy, the Chinese government actively promotes the development of the western region, advances the rise of the central region, and encourages the eastern region to take the lead in development to accelerate the construction of a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. The Chinese government continues to expedite infrastructure connectivity in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area"). The gradual advancement of regional development and construction such as the Greater Bay Area will drive the regional demand for the building materials industry in the medium to long term.

During the "Fourteenth Five-Year" period, in order to achieve the goal of "Building Another China Resources Cement", the Group will grasp the new development stage, thoroughly implement the new development philosophy and build a new development paradigm. We will continue to reinforce the three core strengths of "leading market position in the region, innovation-driven development, lowest total costs". We will strengthen, optimize and expand the basic building materials and functional building materials businesses, steadily develop the structural building materials business, and incubate and cultivate the new materials business. The Group will continue to optimize the industrial chain layout, expand strategic regions, benchmark against international first-class standards, accelerate digital and intelligent transformation, and increase investment in innovation, research and development to inject lasting momentum into the high-quality corporate development. We will continuously improve operational efficiency and quality, enhance management standards of environmental protection, safety and health, and actively promote carbon emissions peaking and carbon neutrality. In order to consolidate market competitiveness, we will deepen brand marketing and the construction of sales channels. In addition, the Group will proactively seize the regional development opportunities in China including the Greater Bay Area, accelerate the pace of transformation and innovation, and fulfil corporate social responsibility to advance the green and sustainable development of the cement industry in China.

CORPORATE GOVERNANCE

During the year, the Company had complied with the then applicable code provisions of Appendix 14 of the Listing Rules ("CG Code"), except that all non-executive Directors were not appointed for a specific term in respect of the then code provision A.4.1 of the CG Code. Since all Directors are subject to re-election by shareholders of the Company 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 Company complies with the same level as that required under this provision. Pursuant to the then code provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting of the Company held on Friday, 14 May 2021 due to other business engagements.

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 year.

DIVIDEND

The Board recommends the payment of final dividend of HK$0.28 per Share in cash for the year ended 31 December 2021 (2020: HK$0.34 per Share).

The Board declared an interim dividend of HK$0.24 per Share in cash for 2021 (2020: HK$0.275 per Share) and the total distribution for the year ended 31 December 2021 will be HK$0.52 per Share (2020: HK$0.615 per Share).

The final dividend will be payable in cash to each shareholder in HK$ by default. Shareholders will be given the option to elect to receive all or part of the final dividend in RMB for RMB0.2274328 per Share at the exchange rate of HK$1.0:RMB0.81226, being the average benchmark exchange rate of HK$ to RMB as published by the People's Bank of China during the five business days immediately before Friday, 18 March 2022. Procedures for electing to receive the final dividend in RMB will be set out in the annual report of the Company.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Friday, 27 May 2022, all share transfer documents accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on Monday, 23 May 2022 with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the final dividend will be distributed on or about Tuesday, 26 July 2022 to shareholders of the Company whose names appear on the register of members of the Company after the close of business of the Company at 4:30 p.m. on Monday, 13 June 2022 and the register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates shall be lodged not later than 4:30 p.m. on Friday, 10 June 2022 with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

REVIEW OF ANNUAL REPORT

The annual report encompassing the consolidated financial statements for the year ended 31 December 2021 has been reviewed by the Audit Committee of the Company.

APPRECIATION

I would like to take this opportunity to thank the Directors, the management team and all employees for their dedication and hard work, which contributed to the high-quality development of the Group's business. On behalf of the Board, I would also like to express our gratitude to shareholders, customers, suppliers, business partners and other stakeholders for their persistent trust and unfailing support to the Group.

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

Hong Kong, 18 March 2022

As at the date of this announcement, the non-executive Directors are Mr. LI Fuli (Chairman), Mr. ZHU Ping, Mr. CHEN Kangren and Mr. YANG Changyi; 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.