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)

2023 INTERIM RESULTS ANNOUNCEMENT

	For the six months ended 30 June		
	2023 (unaudited)	2022 (unaudited)	**(Decrease)**
Turnover *(HK$ million)*	**12,172.6**	16,116.5	(24.5)%
Profit attributable to owners of the Company *(HK$ million)*	**620.9**	1,804.5	(65.6)%
Basic earnings per share	**HK$0.089**	HK$0.258	
Interim dividend per share	**HK$0.041**	HK$0.12	

	As at 30/6/2023 (unaudited)	As at 31/12/2022 (audited)	**Increase/ (Decrease)**
Total assets *(HK$ million)*	**81,656.8**	80,613.8	1.3%
Equity attributable to owners of the Company *(HK$ million)*	**48,174.8**	49,233.4	(2.2)%
Gearing ratio *(note 1)*	**41.2%**	33.4%	
Net assets per share – book *(note 2)*	**HK$6.90**	HK$7.05	(2.1)%

notes:

1. Gearing ratio is calculated by dividing the total bank borrowings and loans from related parties by equity attributable to owners of the Company.

2. Net assets per share – book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the relevant reporting period.

The board (the "Board") of directors (the "Directors") of China Resources Cement Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 (the "Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Notes	**2023**	2022
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**12,172,621**	16,116,525
Cost of sales		**(10,270,126)**	(12,813,841)
Gross profit		**1,902,495**	3,302,684
Other income		**564,232**	581,555
Selling and distribution expenses		**(243,897)**	(275,955)
General and administrative expenses		**(1,098,808)**	(1,233,506)
Exchange gain (loss)		**1,886**	(67,510)
Finance costs	*4*	**(295,642)**	(171,161)
Share of results of associates		**(27,819)**	11,805
Share of results of joint ventures		**32,200**	(26,220)
Profit before taxation	*5*	**834,647**	2,121,692
Taxation	*6*	**(244,475)**	(357,708)
Profit for the period		**590,172**	1,763,984
Other comprehensive (expense) income:			
Items that will not be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(1,660,918)**	(2,498,860)
Change in fair value of other investment		**(6,025)**	(8,836)
Item that will be subsequently reclassified to profit or loss:			
Share of other comprehensive income (expense) of associates		**4,891**	(5,080)
Total comprehensive expense for the period		**(1,071,880)**	(748,792)
Profit (loss) for the period attributable to:			
Owners of the Company		**620,931**	1,804,538
Non-controlling interests		**(30,759)**	(40,554)
		590,172	1,763,984
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(995,755)**	(674,656)
Non-controlling interests		**(76,125)**	(74,136)
		(1,071,880)	(748,792)
Basic earnings per share	*7*	**HK$0.089**	HK$0.258

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30/6/2023** *HK$'000* **(unaudited)**	As at 31/12/2022 *HK$'000* (audited)
Non-current assets			
Fixed assets		**33,008,968**	31,467,930
Right-of-use assets		**4,931,028**	5,128,710
Investment property		**-**	130,000
Other investment		**33,336**	39,361
Intangible assets		**19,710,121**	19,905,873
Interests in associates		**6,129,493**	6,304,386
Interests in joint ventures		**1,923,856**	2,070,095
Other non-current assets		**2,533,939**	4,116,961
Deferred tax assets		**888,637**	881,164
Long term receivables		**269,192**	280,674
Pledged bank deposits		**503,147**	467,327
		69,931,717	70,792,481
Current assets			
Inventories		**3,099,006**	2,732,197
Trade receivables	*8*	**3,316,334**	2,900,660
Other receivables		**1,742,974**	1,660,315
Loan to a joint venture		**204,559**	211,134
Taxation recoverable		**18,880**	83,814
Pledged bank deposits		**256**	51,434
Cash and bank balances		**3,343,044**	2,181,728
		11,725,053	9,821,282
Current liabilities			
Trade payables	*9*	**2,986,813**	3,241,807
Other payables		**6,364,569**	7,274,462
Taxation payable		**250,507**	242,427
Loans from non-controlling shareholders		**469,484**	462,888
Bank loans - amount due within one year		**3,490,502**	4,085,229
		13,561,875	15,306,813
Net current liabilities		**(1,836,822)**	(5,485,531)
Total assets less current liabilities		**68,094,895**	65,306,950

	As at 30/6/2023 *HK$'000* (unaudited)	As at 31/12/2022 *HK$'000* (audited)
Non-current liabilities		
Bank loans - amount due after one year	**15,692,659**	11,751,356
Loans from non-controlling shareholders	**181,253**	133,790
Other long term payables	**2,053,859**	2,099,599
Deferred tax liabilities	**400,596**	481,937
	18,328,367	14,466,682
	49,766,528	50,840,268
Capital and reserves		
Share capital	**698,294**	698,294
Reserves	**47,476,551**	48,535,152
Equity attributable to owners of the Company	**48,174,845**	49,233,446
Non-controlling interests	**1,591,683**	1,606,822
Total equity	**49,766,528**	50,840,268

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 property, equity investment designated at fair value through other comprehensive income and certain trade receivables, which are measured at fair value.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the revised standards effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

The application of the above amendments to HKFRSs in the Period has had no material impact 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 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: cement and concrete. 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 six months ended 30 June 2023 (unaudited)

	Cement	**Concrete**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
TURNOVER - SEGMENT REVENUE				
External sales	**10,497,190**	**1,675,431**	**-**	**12,172,621**
Inter-segment sales	**303,798**	**1,305**	**(305,103)**	**-**
	10,800,988	**1,676,736**	**(305,103)**	**12,172,621**

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segment results	**1,325,406**	**(87,338)**	**-**	**1,238,068**
Interest income				**49,297**
Exchange gain				**1,886**
Finance costs				**(295,642)**
Unallocated net corporate expense				**(163,343)**
Share of results of associates				**(27,819)**
Share of results of joint ventures				**32,200**
Profit before taxation				**834,647**

For the six months ended 30 June 2022 (unaudited)

	Cement	Concrete	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER - SEGMENT REVENUE				
External sales	13,247,514	2,869,011	-	16,116,525
Inter-segment sales	401,489	1,518	(403,007)	-
	13,649,003	2,870,529	(403,007)	16,116,525

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segment results	2,084,043	11,613	-	2,095,656
Interest income				80,600
Exchange loss				(67,510)
Finance costs				(171,161)
Unallocated net corporate income				198,522
Share of results of associates				11,805
Share of results of joint ventures				(26,220)
Profit before taxation				2,121,692

4. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
Bank loans	**288,395**	177,068
Loans from an intermediate holding company	**-**	13,516
Loans from non-controlling shareholders	**5,441**	5,680
Provision for environmental restoration	**15,584**	13,300
Payable for acquisition of assets	**37,634**	-
Lease liabilities	**5,515**	5,511
	352,569	215,075
Less: Amount capitalized to fixed assets	**(56,927)**	(43,914)
	295,642	171,161

5. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Total staff costs (including Directors' emoluments)	**1,487,670**	1,449,261
Allowance for doubtful debts	**82,789**	183,653
Reversal of allowance for doubtful debts of other receivables	**(28,312)**	-
Amortization of mining rights	**150,392**	114,080
Depreciation of fixed assets	**1,078,261**	987,675
Depreciation of right-of-use assets	**114,103**	99,388
Short term lease payments	**9,465**	13,623
Variable lease payments		
- motor vehicles	**152,375**	257,788
Gain on disposal of a subsidiary	**-**	(239,072)
Interest income	**(49,297)**	(80,600)

6. TAXATION

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current taxation		
Hong Kong Profits Tax	**8,554**	9,710
Chinese Mainland Enterprise Income Tax	**342,554**	657,519
	351,108	667,229
Deferred taxation		
Hong Kong	**274**	(956)
Chinese Mainland	**(106,907)**	(308,565)
	(106,633)	(309,521)
	244,475	357,708

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

Chinese Mainland Enterprise Income Tax includes the income tax calculated at 25% on the taxable income of the group entities in the 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 periods.

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	
	2023	2022
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	**620,931**	1,804,538

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
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.

8. TRADE RECEIVABLES

	As at 30/6/2023	As at 31/12/2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from third parties	**3,174,983**	2,806,745
Trade receivables from related parties	**141,351**	93,915
	3,316,334	2,900,660

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 30/6/2023	As at 31/12/2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**2,151,923**	1,371,303
91 to 180 days	**190,183**	425,260
181 to 365 days	**505,213**	582,207
Over 365 days	**469,015**	521,890
	3,316,334	2,900,660

9. TRADE PAYABLES

	As at 30/6/2023	As at 31/12/2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables to third parties	**2,883,007**	3,134,309
Trade payables to related parties	**103,806**	107,498
	2,986,813	3,241,807

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 30/6/2023	As at 31/12/2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**2,821,425**	3,037,448
91 to 180 days	**70,515**	119,481
181 to 365 days	**71,068**	74,628
Over 365 days	**23,805**	10,250
	2,986,813	3,241,807

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.041 per Share for the Period (2022: HK$0.12). The interim dividend, which amounts to approximately HK$286.3 million (2022: HK$838.0 million), will be distributed on or about Friday, 27 October 2023 to shareholders whose names appear on the register of members of the Company after the close of business on Friday, 22 September 2023.

The interim dividend will be payable in cash to each shareholder in HK$ by default. Shareholders may also elect to receive the interim dividend in RMB.

Shareholders will be given the option to elect to receive all or part of the interim dividend in RMB at the exchange rate of HK$1.0: RMB0.918118, being the average benchmark exchange rate of HK$ to RMB as published by the People's Bank of China during the five business days immediately before Friday, 18 August 2023. If shareholders elect to receive the interim dividend in RMB, such dividend will be paid to shareholders at RMB0.03764284 per share. To make such election, shareholders should complete the Dividend Currency Election Form which is expected to be dispatched to shareholders in late September 2023 as soon as practicable after the record date of Friday, 22 September 2023 to determine shareholders' entitlement to the interim dividend, and lodge it with the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 13 October 2023.

Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Friday, 27 October 2023 at the shareholders' own risk.

If no duly completed Dividend Currency Election Form in respect of the shareholder is received by the Company's share registrar by 4:30 p.m. on Friday, 13 October 2023, such shareholder will automatically receive the interim dividend in HK$. All dividend payments in HK$ will be made in the usual ways on Friday, 27 October 2023.

If shareholders wish to receive the interim dividend in HK$ in the usual way, no additional action is required.

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 Monday, 18 September 2023 to Friday, 22 September 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on Friday, 15 September 2023 with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

BUSINESS ENVIRONMENT

Since 2023, in the face of the complex and difficult international environment and the formidable and onerous tasks of domestic reform and stable development, the Chinese government has adhered to the general principle of seeking progress while maintaining stability, accelerated the construction of a new development paradigm, focused on promoting high-quality development and better coordinated the two general domestic and international situations. The income of residents steadily grew and the overall operation of the economy has rebounded with better momentum. According to the statistics published by the National Bureau of Statistics of China, in the first half of 2023, the gross domestic products ("GDP") of China grew by 5.5% year-on-year to RMB59.3 trillion, and national fixed asset investments ("FAI") (excluding rural households) increased by 3.8% year-on-year to RMB 24.3 trillion.

According to the statistics published by the National Bureau of Statistics of China, in the first half of 2023, the GDPs of Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou, Shanxi, Hunan, Hubei, Shandong and Chongqing, where the Group has business operations, reached RMB6.3 trillion, RMB1.2 trillion, RMB2.6 trillion, RMB345.9 billion, RMB1.4 trillion, RMB1.0 trillion, RMB1.2 trillion, RMB 2.4 trillion, RMB 2.6 trillion, RMB4.4 trillion and RMB1.4 trillion respectively, representing year-on-year increases of 5.0%, 2.7%, 3.8%, 8.6%, 5.1%, 4.4%, 4.7%, 3.6%, 5.6%, 6.2% and 4.6% respectively.

With regards to policies for stabilizing investment, the Chinese government strengthened investment in terms of laying foundation, generating long-term benefits, improving weaknesses and adjusting structure to support the expedited implementation of major projects during the "Fourteenth Five-Year" period and strengthen infrastructure construction such as transportation, energy, water conservancy, agriculture and information. According to the statistics published by the National Bureau of Statistics of China, in the first half of 2023, the national infrastructure investments (excluding the industries for production and supply of electricity, heat, gas and water) increased by 7.2% year-on-year. According to the statistics published by the Ministry of Transport of China and the National Railway Administration of China, in the first half of 2023, FAI on highways and waterways in China amounted to approximately RMB1.5 trillion, representing an increase of 9.8% year-on-year, whereas FAI on railways in China amounted to approximately RMB304.9 billion, representing an increase of 6.9% year-on-year, which had provided strong support for expanding domestic demand, stabilizing growth and safeguarding the livelihoods of the people.

Since 2023, while adhering to the position that "residential properties are not for speculation", the Chinese government implemented city-specific policies to support demand for basic housing needs and housing to improve living conditions, actively ensured the completion of housing projects, safeguarded the livelihoods of the people, and maintained stable employment, which had driven improvements in the real estate market. The real estate market showed an overall trend of stabilization. According to the statistics published by the National Bureau of Statistics of China, in the first half of 2023, the floor space of commodity housing sold in China decreased by 5.3% year-on-year to 600 million m^2 and the sales amount increased by 1.1% year-on-year to RMB6.3 trillion. Real estate development investment in China decreased by 7.9% year-on-year to RMB5.9 trillion. Among which, the floor space of houses newly started construction decreased by 24.3% year-on-year to 500 million m^2 while the floor space of houses completed increased by 19.0% to 340 million m^2. The floor space under construction by the real estate developers nationwide decreased by 6.6% year-on-year to 7,920 million m^2.

The Chinese government systematically promoted urban renewal and expedited the high-quality development of urbanization. According to the statistics published by the Ministry of Housing and Urban-Rural Development of China, in the first half of 2023, 42,600 old communities nationwide newly started renovations, with an operating rate of 80.4% and benefited 7.42 million households of residents. In February 2023, the State Council of China issued the "Opinions for Fulfilling the Key Works of Comprehensive Promotion of Rural Revitalization in 2023", which proposed to solidly advance the construction of beautiful villages ideal for people to live and work, continuously strengthen rural infrastructure construction, support the renovation of dilapidated rural houses and seismic retrofitting, and launch demonstrations for the construction of modern rural housing ideal for people to live. In July, an executive meeting of the State Council of China considered and approved the "Guiding Opinions on Actively and Steadily Promoting the Transformation of Urban Villages in Super-Cities and Mega-Cities", which further implemented the "active and steady promotion of the transformation of urban villages in super-cities and mega-cities" proposed in the Politburo meeting in April, meaning that the transformation of urban villages will become an important mission for super-cities and mega-cities this year. In July, the Politburo meeting highlighted the active promotion of the transformation of urban villages and the construction of public infrastructure for "dual use in normal and emergency situations", the revitalization and renovation of various types of idle properties, meaning that the transformation of urban villages will become one of the important missions for the next step of real estate development. The transformation of urban villages in super-cities and mega-cities is a major livelihood project conducive to improving the living conditions of groups such as new citizens and young people, enhancing public service facilities and addressing major livelihood issues such as education and healthcare, which will help to achieve optimization of industrial form, improve urban civilization and promote high-quality urban development, facilitate revitalization of inefficient existing land resources and help to stabilize investment.

In 2023, the Chinese government solidly promoted the implementation of a package of polices and follow-up measures to stabilize the economy, and strived to promote an overall improvement in the operation of the economy by starting with improving expectations of the society and bolstering confidence in development.

In terms of fiscal policies, the 2023 "Government Work Report" emphasized on the need to strengthen and improve the effectiveness of proactive fiscal policies. The new special-purpose bonds this year amounted to RMB3.8 trillion, representing an increase of RMB150 billion from last year. In the first half of 2023, approximately RMB2.17 trillion of special-purpose bonds have been issued in various regions for project construction, and the Ministry of Finance of China has supported nearly 20,000 special-purpose bond projects in total, prioritizing the support for national major strategies and major project construction. The increase in the proportion of project-income special-purpose bonds invested in the field of infrastructure had played an important role in driving the expansion of effective investment and maintaining stable operation of the economy.

In terms of monetary policies, the People's Bank of China announced in March 2023 a 0.25 percentage point reduction in the deposit-reserve ratio for financial institutions, and used various methods such as re-lending, easing medium-term lending and open market operation to inject liquidity and maintain reasonable and adequate liquidity. In June, the loan prime rate ("LPR") was lowered, with the 1-year LPR at 3.55% and the 5-year and above LPR at 4.2%, both representing decreases of 10 basis points from the previous period. This rate cut sent a policy signal of stabilizing growth and promoting development, which helped to reduce financing costs for the real economy, lower home mortgage costs for individual residents, and promote the stable and healthy development of the real estate market.

THE INDUSTRY

In the first half of 2023, according to the statistics published by the National Bureau of Statistics of China, the total cement production in China amounted to approximately 950.0 million tons, representing a year-on-year increase of 1.3%. According to statistics of the China Cement Association, during the Period, cement production in Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou, Shanxi and Hunan were approximately 66.7 million tons, 47.8 million tons, 37.9 million tons, 7.3 million tons, 47.4 million tons, 27.1 million tons, 20.9 million tons and 36.0 million tons respectively, representing year-on-year changes of approximately 0.5%, 3.3%, -5.1%, -6.8%, 3.1%, -3.8%, -4.1% and 1.5% respectively.

According to the statistics of the China Cement Association, during the Period, there were 9 new clinker production lines nationwide with new annual clinker production capacity of approximately 12.9 million tons in total. Among which, in our major operating regions, there were 2 new clinker production lines in Guangxi with new annual clinker production capacity of approximately 3.1 million tons, 2 new clinker production lines in Guizhou with new annual clinker production capacity of approximately 2.5 million tons and 1 new clinker production line in Hunan with new annual clinker production capacity of approximately 1.2 million tons.

Regarding policies for the industry, the Chinese government had issued a series of policies and measures to accelerate the promotion of green and low-carbon transformation and high-quality development of the industry, improve efficiency for utilization of energy and resources, improve and strictly enforce capacity replacement policies, promote regular off-peak production and advance rationalization of industrial structure to lay the foundation for achieving the goals of carbon peaking and carbon neutrality and promote the comprehensive green transformation of economic and social development. In addition, the Chinese government attaches great importance to production safety and occupational health and advances the high-quality and sustainable development of the building materials industry.

Regarding energy saving and emissions reduction, the Chinese government actively implemented energy-saving and low-carbon actions, and promoted the high-quality development of the cement industry to foster industry transformation and upgrade for facilitating carbon peaking and carbon neutrality. In June 2023, the Ministry of Ecology and Environment of China initiated public consultation for the "Opinions on Promoting the Implementation of Ultra-low Emissions in the Cement Industry (Draft for Comments)", which proposed to promote ultra-low emission transformation of the existing cement enterprises. It is targeted by the end of 2025 to make significant progress in key regions, with approximately 50% of cement and clinker production capacity to complete transformation. By the end of 2028, cement and clinker production enterprises in key regions are expected to have basically completed the transformation, and to strive for approximately 80% of cement and clinker production capacity in China to complete ultra-low emission transformation.

In terms of green development, China adhered to the concept that "green waters and green mountains are gold mountains and silver mountains", unswervingly followed the path of eco-centric and green development, and promoted the comprehensive green transformation of economic and social development. In January 2023, the State Council Information Office of China released the white paper of "China's Green Development in the New Era", which proposed to improve the policies and standard systems for green and low-carbon development, strengthen the support for green and low-carbon enterprises, green products and green technologies, and further improve the resources pricing mechanism for the costs of environmental pollution in order to enable saving and efficient utilization of resources.

In terms of the work for dual carbon targets, in April 2023, eleven departments including the Standardization Administration of China issued the "Guidelines for the Construction of Standard Systems for Carbon Peaking and Carbon Neutrality", which aimed to promote and achieve the coordination between energy consumption quota indicators and carbon emission intensity indicators, improve the construction of dual-carbon standard systems, specify the key directions of work and provide important support for further achieving efficient resource utilization, in-depth industrial restructuring, and green transformation of production and lifestyle. In July 2023, departments including the National Development and Reform Commission of China issued the "Benchmark Levels and Baseline Levels for Energy Efficiency in Key Industrial Fields (2023 Edition)", which required the integration of product energy consumption, scale and volume, technological status and transformation potential of key industrial sectors, further expand the scope of energy efficiency constraints, and combine energy consumption quota standards of various industries to scientifically define the energy efficiency baseline levels for each industry. At the same time, it proposed to lead the enterprises with existing projects with energy efficiency levels between benchmark levels and baseline levels to make all necessary improvements and upgrades. All regions are required to lead enterprises to transform and upgrade for beating the baseline levels of energy efficiency within requisite time limits and to phase out projects that are unable to achieve these targets on schedule. For 25 key areas including cement, it is specified that in principle the transformation work should be completed before the end of 2025. The issuance of this document will further unleash the leading and restrictive functions of energy efficiency indicators and provide important support for achieving the carbon peaking target by 2030 as scheduled.

In terms of industrial structure, in July 2023, the National Development and Reform Commission of China initiated public consultation for the "Guidance Catalogue for Industrial Structure Adjustment (2023 Edition, Draft for Comments)", which pointed out that, among others, industries are the key to economic development and promotion of industrial structure adjustment is an important measure for building a modern industrial system, enhancing industrial core competitiveness and enhancing the industries to progress towards the medium to high-end of the global value chain.

In terms of production safety, the Chinese government attaches great importance to production safety. In April 2023, the Work Safety Committee of the State Council of China issued the "2023 Overall Action Plan for Special Investigation and Rectification of Latent Hazards of Nationwide Major Incidents", which deployed all regions, relevant departments and units to deeply learn from the lessons of incidents, comprehensively investigate and rectify latent hazards of major incidents, and resolutely prevent and control major and extremely serious incidents. In May, the Department of Emergency Management of the Office of the Work Safety Committee of the State Council of China issued the "Activity Plan for 2023 National 'Production Safety Month'", which required incorporating the "Production Safety Month" activities into the annual key work plan for production safety, innovating work measures, promoting the prevention and resolution of major risks, and enhancing the level of production safety.

In terms of aggregates, in April 2023, the Ministry of Natural Resources of China issued the "Notice to Standardize and Improve the Management of Sand and Gravel Mining", which required the maintenance of sound order in mining and the promotion of green development of mineral resources. At the same time, it also proposed the scientific planning for development and layout, the rational and orderly allocation of mining rights, and the proactive implementation of requirements such as the transfer of "pure mines".

In February 2023, the State Council of China issued the "Outline for the Construction of a World Leader in Quality", which proposed to accelerate the research, development and application of new-type building materials with high strength, high durability, recyclability, greenness and environmental friendliness, promote the upgrade and replacement of traditional building materials such as steel, glass and ceramics, and enhance the performance and quality of building materials. The outline also proposed the vigorous development of green building materials, encouraged enterprises to establish a quality control system for the entire life cycle of production, construction and installation of prefabricated construction components, and promoted on-site monitoring of the manufacture of prefabricated construction components.

Transformation and Innovation

In response to the Group's "Fourteenth Five-Year" strategic development plan, during 2021, 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 silicon-based, calcium-based and basalt materials. Since 2022, the Group had actively seized opportunities, achieved breakthroughs in these four business segments, and newly entered Hunan, Hubei, Shandong and other regions, which laid the foundation for achieving the Group's "Fourteenth Five-Year" strategic goals.

In terms of basic building materials, the Group further consolidated its competitiveness in the South China market. In January 2023, the Group successfully won the bid for the mining rights of a limestone quarry in Longma Mountain, Litang Town, Binyang County, Nanning City, Guangxi, which had further expanded aggregates resources. In June 2023, the Group successfully won the bid for the mining rights of a limestone quarry for cement in Maoping Mining Concession, Dongshi Town, Pingyuan County, Meizhou City, Guangdong, which had further expanded limestone resources for cement and aggregates resources for construction. In addition, during the Period, the integrated aggregates and concrete project in Anshun of Guizhou, the aggregates project in Ding'an of Hainan and the Runxin aggregates project in Zhaoqing of Guangdong commenced production, with gradual increase in the scale of aggregates production capacity.

In terms of structural building materials, the Group promoted the prefabricated construction business in an orderly manner taking into consideration of Chinese government policies and market conditions. As of the end of June 2023, the Group had a total of 6 projects of precast concrete components. Upon completion of construction of all projects, the design annual production capacity of precast concrete components is expected to reach approximately 1.4 million m^3.

In terms of functional building materials, the Group continued to optimize its existing engineered stone business. During the Period, we continued to establish a standardized product system, launched pilot sales of standardized engineered stone products and continued to develop large-scale strategic customer resources. At the same time, DongGuan Universal Classical Material Ltd. expanded the construction of its inorganic engineered stone production line in Dongguan of Guangdong to further increase the scale of production capacity.

The Group plans for its development from the lofty perspective of harmonious coexistence between human and nature, takes ecology, environmental protection, safety and intensive utilization of resources as the main theme of work, continues to improve the construction of environmental management system, deepens energy saving and emission reduction, practices the construction of ecological civilization, and strictly abides by the red line of ecological protection. We actively respond to climate change, lead the green and low-carbon development of the industry, and comprehensively enhance ecological vitality for building a beautiful China.

In the first half of 2023, the Group continued to increase investment in research and development, and actively promoted research and development of new technologies and new products. During the Period, the Group continued to promote the upgrade and improvement of grate coolers in cement and clinker production lines and the optimization of highly-effective pre-decomposition systems, comprehensively promoted the application of grinding aids for raw materials, expedited production plants to launch tests on solid waste and implement alternative fuel projects, and actively promoted photovoltaic power generation projects, thereby enhancing production efficiency, energy saving and carbon reduction. At the same time, the Group actively promoted the application of fully electric mining trucks, unmanned driving and digitalization in mines to advance the construction of green mines.

In the first half of 2023, the Group's unfailing efforts in technological innovation and corporate social responsibility work were recognized by the industry and the society. These include:

- In April, the "Project for Platformization and Integration in the Scenario of Whole-Process Intelligent Manufacturing", the "Project for New Model in Intelligent Operation and Maintenance of Manufacturing Equipment for Production and Operation" and the "Project for Financial Shared Services to Help Digital Transformation of Enterprises in the Cement Industry" submitted by the Group were honoured with the first prize, the second prize and the third prize respectively in the First "State-owned Enterprise Digital Scenario Innovation Professional Competition" held by the Chinese government;

- In May, the "Xi'an International Convention and Exhibition Center Project" submitted by Shenzhen Runfeng New Materials Technology Company Limited was honoured with the Gold Award of High-Quality Stone Decoration Engineering of the Sixth "Huabiao Cup" by the China Stone Association, which is the first engineered stone enterprise to have won the "Huabiao Cup" award.

PRODUCTION CAPACITY

Changes to Production Plants

In terms of clinker and cement, in February 2023, Hunan Liangtian Cement Co., Ltd. won the bid for the mining rights of a limestone quarry for cement in Yajiang Mining Concession, Suxian District, Chenzhou City, Hunan, which added 36.3 million tons of limestone resources. During the Period, the Group promoted technological upgrade of the production lines of Hunan Liangtian Cement Co., Ltd., which is expected to complete in August. Following the upgrade, the annual production capacity of clinker will remain unchanged at approximately 1.6 million tons, while the annual production capacity of cement will increase to approximately 2.1 million tons.

In terms of concrete, in the first half of the year, the Group newly built and commenced operation of 1 concrete batching plant and halted production of 2 concrete batching plants. The total annual production capacities of concrete remained the same as the end of 2022.

Capacity Utilization

The utilization rates of the Group's cement, clinker and concrete production lines during the Period were 63.6%, 78.9% and 21.3% as compared with 69.9%, 87.1% and 28.8% respectively in the first half of 2022.

COST MANAGEMENT

Operational Management

In the first half of 2023, focused on the management theme of "systematic reshaping and high-quality development", the Group comprehensively reinforced operational excellence, built a "large-scale operational management system", steadily implemented the action plan for energy saving and carbon reduction, formulated measures for appraisal with key indicators, benchmarked against world-class enterprises and industry benchmarks, and strived to promote high-quality corporate development. In the first half of the year, driven by the urgent need for energy saving and carbon reduction, the Group promoted the implementation of operational management and control for basic building materials, which specifically included intensive promotion of the "Four-Year Action Plan for Energy Saving and Carbon Reduction", coordinated the implementation of energy saving and carbon reduction projects, conducted energy saving and carbon reduction appraisals, and performed decent supervision and management of the operations process under the new situation, with energy saving and carbon reduction as the core to drive for the application of new technologies and innovative achievements, and accelerate green transformation and digital transformation.

During the Period, the Group took operational excellence as the main theme, with energy saving, carbon reduction, cost reduction and the construction of a large-scale operational management system as the key and with various management systems as the levers to provide comprehensive professional technological services, launch technological assistance for project construction, and promote the smooth implementation of projects, while continuously improving the daily production and operation of all businesses. At the same time, we accelerated the promotion and application of innovative achievements in energy saving and carbon reduction, reduced maintenance costs, and continuously improved the level of operation and management. In addition, the Group further optimized the management evaluation system, especially the appraisal indicators of aggregates projects, executed evaluation on operations, and continuously improved operational management and control of the entire value chain to safeguard product quality.

During the Period, the Group continued to promote the upgrade and improvement of grate coolers in cement and clinker production lines and the optimization of highly-effective pre-decomposition systems, comprehensively promoted the application of grinding aids for raw materials, directed production plants to launch tests on solid waste, expedited the implementation of alternative fuel projects, and actively promoted photovoltaic power generation projects, thereby enhancing production efficiency, energy saving and carbon reduction.

In terms of treatment and management of mines, the Group dampened the disturbance to slopes through controlled blasting. Limestone mine slopes were treated and managed through measures such as cleaning pumice stones, setting up passive safety nets, hanging nets for support and slope monitoring, which had strengthened the rock mass stability of slopes and improved the safety coefficient of mine slopes. At the same time, the Group actively promoted the application of fully electric mining trucks, unmanned driving and digitalization in mines, and continuously improved the level of intelligent automation to advance the construction of green mines.

In terms of project management, the Group strengthened the technical control on construction process, reinforced process management and delicacy management for projects, held assessment panel meetings such as project general plans, preliminary designs and special designs to fully discuss on optimization plans, reduce project investment costs and provide technical support for accelerating the construction of production lines. In addition, the Group organized and launched research on external aggregates enterprises, learned from the successful experiences such as process plans and host configurations, and revised the "Technical Plan for Production Lines of Manufactured Sand and Gravel Aggregates" to guide each production plant to more accurately and efficiently prepare feasibility study reports of aggregates projects.

Procurement Management

In the first half of 2023, the overall coal market showed a trend of supply loosening. During the Period, the Group purchased a total of approximately 4.6 million tons of coal (approximately 4.3 million tons in the first half of 2022), among which, approximately 90%, 9% and 1% were sourced from northern China, neighbouring areas of our production plants and overseas respectively (91%, 9% and 0% in the first half of 2022). The proportion of direct procurement from coal producers was approximately 92% (91% in the first half of 2022).

In the future, the Group will continuously strengthen the cooperation with large-scale domestic coal suppliers, maintain a relatively high fulfillment rate of long-term procurement contracts, and launch imported coal purchases in a timely manner in accordance with national policy on coal import and market conditions. At the same time, we will appropriately increase public procurement in the market and continuously explore procurement channels. The Group will continue to expand its trading business to enhance advantages in procurement scale. In addition, based on market research and judgement, the Group will also rationally adjust and control coal inventory to reduce comprehensive procurement costs.

In terms of mixed materials, the Group intensified market research, expanded the scope of sourcing, continued to explore procurement channels and strengthened the promotion and application of materials with heat value and industrial waste residues to promote reduction of both energy consumption and costs.

Aggregates are the main raw materials for concrete production. By implementing centralized procurement by the structural building materials business division and the business models for regional centralized procurement, the Group promoted procurement strategies such as regional joint procurement and introduction of direct supply from the source to reduce procurement costs.

Logistics Management

In the first half of 2023, as the transportation market continued to be sluggish, the Group adopted a series of measures to achieve a downward trend in the overall logistics cost. In terms of shipping, the Group reduced shipping costs in multiple steps through measures such as optimizing tender schemes, introducing multiple logistics providers to participate in competition and determining the best shipping points based on the principle of the lowest total costs. In terms of truck transportation, the Group attracted and secured two-way vehicles with lower freight rates in advance by providing partial supply of clinker and long-term contracts. At the same time, the Group rolled out transportation cost estimates for bulk cement to foster more reasonable truck freight prices.

In the first half of 2023, the annual shipping capacity of the Group along the Xijiang River was approximately 38.6 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 Period, the Group controlled the operation of 35 silo terminals with total annual capacity of approximately 31.9 million tons, which are mainly located in the Pearl River Delta Region of Guangdong. This consolidates the Group's leading market position in Southern China.

SALES AND MARKETING

Product Promotion

In the first half of 2023, the Group continued to intensively promote specialized products such as cement for nuclear power stations, Portland cement for roads and medium-heat and low-heat cement to leverage our differentiated competitive advantages. Among which, in addition to the continuous supply of cement for multiple nuclear power stations in Zhejiang, Fujian, Guangdong and Hainan, the Group also newly added the supply of pre-stressed cement for nuclear island dome of the Hainan nuclear power project during the Period, and continued to develop bagged cement varieties for nuclear power stations. At the same time, the Group actively promoted Portland cement for roads as the key recommended cement for road construction in Fujian, which has currently been included as a candidate brand for airport pavements of the new airport project in Xiamen and thus increased the supply of set-retarding cement that can act as a cushion for airport pavements. The Group jointly advanced the "Project for a World Leader in Transport" with the Fuzhou University, China and Fujian Highway Administration Bureau Business Development Centre of Fujian Province, with acceptance of trial phases completed in Langqi of Fuzhou and Douwei of Hui'an, and trial phases for products under different usage environments added in Changle Wharf of Fuzhou.

In addition, the Group has actively expanded medium-heat, low-heat and low-alkali cement products in projects such as hydropower stations and railway construction in Yunnan region, and have now been successfully applied in hydropower projects at Yebatan and Tuoba and the Sichuan-Tibet railway project. Among which, the low-heat Portland cement (high belite cement) of "Runfeng" brand manufactured by the Group has the characteristics such as low hydration heat, high durability, strong corrosion resistance and crack resistance, which can also well meet the construction needs of the Sichuan-Tibet railway in an environment with strong elevation differences in terrain, harsh hydrological and climate conditions, frequent crustal plate movements, sensitive ecology and poor infrastructure.

Brand Building

In the first half of 2023, the Group continued to strengthen the construction of "Runfeng" brand terminals and achieved a year-on-year increase of 2 percentage points in brand terminal coverage to reach 92%. During the Period, with the target of promoting large-scale brand building in the industrial chain, the Group established and improved the application standards and management process of Runfeng products in the scope of structural building materials. Meanwhile, we conducted systematic research study on product quality benchmarking between Runfeng and mainstream brands in the regional markets to actively identify gaps and improve weaknesses. On 28 June, the Group upgraded the previous Runfeng brand anniversary celebration to a dual-brand customer appreciation event for "Runfeng" and "Runpin" for gathering core customers of the two brands to discuss development together and create a favourable situation for the Group's large-scale marketing construction.

As a unified brand of the Group's functional building materials, "Runpin" showcased its brand image and product system in the first half of the year at professional exhibitions such as the China Xiamen International Stone Fair, Shenzhen Fashion Home Design Week and China (Foshan) International Ceramics & Bathroom Trade Fair. Through the systematic operation of the "Runpin Luxury" showroom, it had become a comprehensive venue that integrates "designer exchanges, customer visits, business negotiations and brand image displays". Meanwhile, the Group took advantage of online media such as WeChat public account, video channels and TikTok for inter-connections with offline marketing to further expand brand exposure.

TRANSFORMATION AND INNOVATION

New Business Development

In the first half of 2023, the Group actively seized development opportunities of new businesses, fully utilized the integrated synergistic advantages between cement, aggregates and concrete, and achieved rapid development in the aggregates business and initial success in the optimization of business structures. The proportion of assets and revenue of new businesses continuously increased.

Aggregates

In the first half of 2023, the Group further enriched its reserves of high-quality aggregates mine resources, and accelerated the construction and commissioning of aggregates projects. In January, the Group won the bid for the mining rights of a limestone quarry in Longma Mountain, Litang Town, Binyang County, Nanning City, Guangxi, with resource reserve of approximately 76.0 million tons and planned annual production capacity of approximately 5.0 million tons. It is expected to complete construction and commence production before the end of 2023. In March, the Group officially completed construction and commenced production of the aggregates and concrete project with planned annual production capacity of approximately 2.0 million tons of aggregates in Xixiu District, Anshun City, Guizhou. In June, the Group won the bid for the mining rights of a limestone quarry for cement in Maoping Mining Concession, Dongshi Town, Pingyuan County, Meizhou City, Guangdong, with resource reserve of approximately 30.8 million tons and planned annual production capacity of approximately 2.5 million tons for limestone for cement, as well as resource reserve of approximately 12.0 million tons and planned annual production capacity of approximately 1.3 million tons for aggregates. It is expected to complete construction and commence production before the end of 2024.

As of 30 June 2023, the Group's annual production capacity of aggregates in operation through its subsidiaries (inclusive of trial production) was approximately 83.4 million tons, and the total annual production capacities of aggregates attributable to the Group according to our equity interests of the associates located in Yunnan and Fujian were approximately 3.1 million tons. In addition to the newly obtained aggregates projects, upon completion of construction of all projects, the annual production capacity of aggregates in operation or under construction controlled by the Group through its subsidiaries is expected to reach 146.4 million tons and the annual production capacity of aggregates in operation or under construction attributable to the Group according to our equity interests of associates and joint ventures will reach approximately 13.6 million tons.

Prefabricated Construction

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

In terms of the precast concrete components business, the project for precast concrete components at Intelligent Building Jiangmen, Guangdong, had officially commenced production in May 2023, with design annual production capacity of approximately 50,000 m^3.

As of the end of June 2023, the Group had a total of 6 projects for precast concrete components. Upon completion of construction of all projects, the design annual production capacity of precast concrete components is expected to reach approximately 1.4 million m^3.

In addition, the Chinese government actively promotes green building materials, and supports energy saving and consumption reduction in the construction industry and innovation in building methods. The first phase of the Group's production lines for the autoclaved aerated lightweight concrete blocks and panels project in Fengkai, Guangdong, commenced construction in April 2022 and had commenced trial production in the first half of 2023. The project has design annual production capacities of approximately 400,000 m^3 of panels and approximately 200,000 m^3 of blocks.

Functional Building Materials

In the first half of 2023, the Group optimized the layout of its existing engineered stone business. The Phase 1 expansion of the second production line for inorganic engineered stone of DongGuan Universal Classical New Material Ltd. in Dongguan, Guangdong has commenced production at the end of July with planned annual production capacity of approximately 1.5 million m^2.

At the same time, the Group continuously improved the technical level and product quality of engineered stone to promote high-quality and sustainable business development. The Group and China Resources Environmental Protection Technology Limited jointly established the "China Resources Group Energy Saving and Environmental Protection Technology Innovation Consortium" and completed approval and review for the project, which will focus on the promotion of styrene recovery technology in engineered stone volatile organic compounds at Runhe (Feixian) New Material Co., Ltd. In May, the exhaust gas treatment equipment of the project had been installed and the technological upgrade is expected to complete by the end of October. The Group also continued to iteratively upgrade more high-quality stone products, which had been recognized by the industry and customers. "Runpin" inorganic engineered stone has been certified by internationally advanced levels of scientific and technological achievements and honoured with industry awards such as the "Building Materials Science and Technology Progress Award of China Building Materials Federation ● China Ceramic Society". The Xi'an International Convention and Exhibition Center project, which our subsidiary Shenzhen Runfeng New Materials Technology Company Limited participated in the construction, was hnoured with the Gold Award of High-Quality Stone Decoration Engineering of the Sixth "Huabiao Cup" by the China Stone Association. This is also the first engineered stone enterprise to have won the "Huabiao Cup" award.

On the other hand, the Group continued to optimize its marketing system and strengthen the brand promotion of "Runpin". In the first half of the year, the Group actively participated in five industry exhibitions including the China (Foshan) Ceramic Expo cum the First Brand Show of Delivered Finished Products and Ancillary Materials of Sintered Stone, the China Xiamen International Stone Fair and the Shenzhen Fashion Home Design Week. Through integrating online self-media promotion and offline publicity, the live broadcast activity of short video platform called "Enriching the Future, Respecting the Stones" was launched, which had attracted 33,850 views. At the same time, the Group established robust and standardized product system, launched pilot sales of standardized engineered stone products and achieved cooperation with 8 intended distributors. In the first half of the year, the Group actively explored strategic major customers such as central enterprises, state-owned enterprises and listed companies, and achieved new cooperation with 6 units with total contract value of over RMB17 million. In addition, the Group also continued to expand and maintain engineering distributors. In the first half of the year, 13 new projects were entered into in total, with total contract value of over RMB30 million.

In addition, the Group continued to strengthen cost reduction and efficiency improvement of the engineered stone business. In the first half of the year, through measures such as optimization of procurement channels, substitution of raw materials, optimization of prescriptions, process adjustments and replacement of low-interest loans of production plants, we managed to save production costs and expenses.

New Materials

In terms of the new materials business, the Group will extend the calcium-based industry chain based on its existing high-quality mine resources, incubate and cultivate the basalt fiber new materials business and continuously monitor entry opportunities in the new energy materials industry in order to actively promote the implementation of projects in the new materials industry. Among which, we have successfully obtained mining rights for the calcium oxide project in Chongyang of Hubei and the calcium-based project in Guigang of Guangxi, with resource reserves of approximately 84 million tons and 110 million tons respectively. The calcium oxide project in Chongyang of Hubei has planned for construction of a production line with design annual production capacity of 250,000 tons of calcium oxide and is expected to commence production and operation in 2024. The high-end calcium-based project in Guigang of Guangxi has planned for construction of a production line with design annual production capacity of 500,000 tons of calcium oxide and 100,000 tons of calcium hydroxide, and is expected to commence production in 2024. The above projects are under construction as planned. In addition, other projects are being advanced in an orderly manner as planned.

Digital Transformation

The Group continued to promote the construction of digitalization and intelligentization, and was committed to creating benchmark for intelligent manufacturing and promoting the intelligent upgrade of factories and the comprehensive improvement of operational management. In terms of intelligent factories, the Group is currently building a benchmark for whole-process of intelligent factories in the cement industry at the cement production plant in Tianyang District, Guangxi. By learning from the experience of building the factory in Tianyang and relying on the "Runfeng Smart" Industrial Internet platform, the Group will build a standardized and platformatized Lighthouse Factory at the cement production plant in Fengkai County, Guangdong. At the same time, in order to achieve rapid replication of benchmarking experience, the Group had formed a template solution for mature scenario application. In the first half of the year, the Group rolled out the construction and intensive application of advanced control systems, quality management systems, energy management systems, intelligent operation and maintenance of equipment, comprehensive management of production safety and smart parks at 7 production plants in Guangdong, Guangxi, Yunnan, and Guizhou.

The Oracle EBS system in the engineered stone industry was launched on a pilot basis at the factories of DongGuan Universal Classical Material Ltd., which became the best practice for online and refined management of the entire value chain of the stone business, laid the foundation for subsequent establishment of benchmark digitalized factories and empowered business expansion and reshaping.

The Group actively promotes the application of 5G technology and steadily advanced the major special construction for integration, innovation and application of the China Resources “5G+ Industrial Internet”. The Group solidly promoted the “5G+ Smart Building Materials” joint innovation laboratory, made new breakthroughs in the 5G modules and 5G terminals in the industry, completed the module adaptation of the equipment for intelligent operation and maintenance collection stations, and newly developed 1 model of “5G Handheld Industrial Terminal Product”.

The Group participated in the pilot project for identification, resolution and Industrial Internet platform application for typical intelligent factories of process manufacturing, undertook the construction of secondary-level node of Industrial Internet identification and resolution, promoted the innovative application of identification and resolution in intelligent factories of process manufacturing and explored cross-enterprise and cross-regional interconnection and traceability of data such as product quality.

The “Project for Platformization and Integration in the Scenario of Whole-Process Intelligent Manufacturing”, the “Project for New Model in Intelligent Operation and Maintenance of Manufacturing Equipment for Production and Operation” and the “Project for Financial Shared Services to Help Digital Transformation of Enterprises in the Cement Industry” submitted by the Group were honoured with the first prize, the second prize and the third prize respectively in the First “State-owned Enterprise Digital Scenario Innovation Professional Competition” held by the Chinese government.

In terms of intelligent logistics, during the first half of the year, the “Smart Card” intelligent logistics system had been promoted and launched at 6 aggregates production plants including Wuxuan, Tianyang and Pingnan, which achieved the unmanned weighbridge through the integrated function of loading and shipping through the feed opening and trade weighing, further simplified the shipping process, helped to enhance delivery efficiency and delivery service quality, and reduced logistics costs.

In terms of intelligent marketing, during the Period, the Group’s project for digital transformation of marketing model had been fully launched in the cement and tile adhesives businesses of each region with a coverage rate of 100%. At the same time, the Group accelerated the progress of rolling out in the concrete and aggregates businesses. The logistics distribution business and supply chain financing business on the platform were launched simultaneously. As of the end of June 2023, the cumulative transaction volume of the e-commerce platform reached approximately 140.0 million tons, with approximately 32,000 registered users, 461 carriers cumulatively and approximately 73,000 vehicles (vessels) settled cumulatively. At the same time, the cumulative distributed business volume of the platform reached 151,000 tons, with credit lines of approximately RMB1.39 billion.

Research, Development and Innovation

Innovation is an important momentum to stimulate corporate vitality and motivate long-term corporate development. As of the end of June 2023, the Group had 329 technology talents, among which, there were 66 employees specialized in research and development and 68 employees specialized in intelligentization and digitalization.

In the first half of 2023, the Group continued to increase investment in research and development, actively promoted research and development of new technologies and new products. During the Period, the Group developed rotary furnaces, which are special thermal equipment used for disposing of heavy and non-flammable domestic solid waste with medium to low calorific value, and walking beam furnaces, which are special thermal equipment used for disposing of light, loose and flammable biomass solid waste. The application of energy-saving and carbon reduction technologies in roller presses of raw materials and cement grinding had been developed and promoted. During the Period, the Group had developed testing equipment for the working performance of in-machine mixtures, which could build new intelligent production line in combination with the existing intelligent equipment available in the market. At the same time, the Group had developed re-engineering technology for carbon dioxide in-situ self-enrichment process with the Company’s characteristics, as well as high-solidity carbon-free autoclaved aerated concrete products, and built a research platform for carbon utilization at the Fengkai production plant to achieve the integrated industrial process of carbon capture and carbon utilization for creating a carbon-neutral pilot line for the cement industry. In addition, the Group continuously promoted the implementation of cooperative projects such as 3D printing, functional coatings, new-type wall materials and high-quality utilization of waste pulp, so as to promote high-quality corporate development.

In the first half of 2023, the Group actively positioned itself in new industries and seized new pathways by launching relevant research on silicon-based materials, basalt materials, battery materials for energy storage, perovskite solar cells and aerogel materials to provide technological support for enterprise transformation and upgrade.

In addition, in order to encourage and support all-staff innovation, comprehensively enhance the quality and standard of scientific and technological innovation work, and accelerate the transformation of scientific and technological innovation achievements, in July 2023, the Group held the eighth "Runfeng Cup" Innovation Competition and the second Science and Technology Innovation Forum, formulated incentive mechanisms for scientific research projects, co-founded the "China Resources Group Energy Saving and Environmental Protection Technology Innovation Consortium" with China Resources Environmental Protection Technology Limited and East China University of Science and Technology which successfully applied for and received the award of "Engineered Stone Technology and Engineering Innovation Center" from the China Concrete and Cement-based Products Association. Through establishing and improving the scientific and technological innovation system and creating a favorable atmosphere for scientific and technological innovation, the Group expedited the advancement of scientific and technological innovation in the scopes of technology, management and business models and fostered the promotion and application of scientific and technological innovation achievements.

EMPLOYEES

General Information

As at 30 June 2023, the Group employed a total of 18,351 employees, all of whom are full-time, among whom, 350 employees were based in Hong Kong and the remaining 18,001 were based in the Chinese Mainland (19,046, 344, 18,702 respectively as at 31 December 2022). A breakdown of our employees by function is set out as follows:

	As at 30/6/2023	As at 31/12/2022
Management	**482**	472
Finance, administration and others	**2,318**	2,486
Production staff	**10,489**	10,941
Technical staff	**4,374**	4,426
Sales and marketing staff	**688**	721
Total	**18,351**	19,046

Among our 482 senior and middle-level managerial staff, 87% are male and 13% are female, 83% possess university degrees or above, 15% have received post-secondary education and the average age of managerial staff is approximately 47 (472, 87%, 13%, 83%, 16%, 47 respectively as at 31 December 2022).

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

REVIEW OF OPERATIONS

The functional currency of the Group is RMB while the financial figures are all denominated in HK$. Comparing with the corresponding period last year, RMB had depreciated against HK$ by approximately 6.3%.

Turnover

The consolidated turnover for the Period amounted to HK$12,172.6 million, representing a decrease of 24.5% from HK$16,116.5 million for the corresponding period last year. An analysis of segmental turnover by product is as follows:

	For the six months ended 30 June					
	2023			2022		
	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)*	**28,521**	**357.1**	**10,185,884**	30,669	406.2	12,457,738
Clinker	**1,023**	**304.3**	**311,306**	2,041	386.9	789,776
Concrete	**3,803**	**440.5**	**1,675,431**	5,392	532.1	2,869,011
Total			**12,172,621**			16,116,525

note: Inclusive of sales volume of 1.6 million tons of cement from related parties (2.0 million tons for the corresponding period in 2022).

During the Period, our external sales volume of cement, clinker and concrete decreased by 2.1 million tons, 1.0 million tons and 1.6 million m^3 respectively, representing decreases of 7.0%, 49.9% and 29.5% respectively from the corresponding period last year. During the Period, approximately 82.8% of the cement products we sold were 42.5 or higher grades (83.9% for the corresponding period in 2022) and approximately 29.4% were sold in bags (27.3% for the corresponding period in 2022). Internal sales volume of cement for our concrete production was 0.8 million tons (1.0 million tons for the corresponding period in 2022), representing 2.7% of the total volume of cement sold (3.0 % for the corresponding period in 2022).

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

	For the six months ended 30 June					
	2023			2022		
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	**12,295**	**383.9**	**4,720,325**	13,013	437.4	5,691,661
Guangxi	**7,645**	**339.8**	**2,598,116**	8,497	383.1	3,255,360
Fujian	**3,694**	**310.1**	**1,145,345**	4,177	343.0	1,432,782
Hainan	**1,208**	**418.8**	**505,916**	1,452	503.5	731,074
Yunnan	**1,596**	**359.1**	**573,132**	1,439	379.5	546,133
Guizhou	**1,075**	**317.7**	**341,493**	984	377.3	371,261
Shanxi	**601**	**296.9**	**178,440**	724	410.6	297,254
Hunan	**407**	**302.5**	**123,117**	383	345.2	132,213
Total	**28,521**	**357.1**	**10,185,884**	30,669	406.2	12,457,738

The average selling prices of cement, clinker and concrete for the Period were HK$357.1 per ton, HK$304.3 per ton and HK$440.5 per m^3, representing decreases of 12.1%, 21.3% and 17.2% respectively from the corresponding period last 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 38.3%, 10.8%, 24.4% and 26.5% of the cost of sales respectively for the Period (34.1%, 9.7%, 31.2% and 25.0% for the corresponding period in 2022 respectively). As for cement products, coal, electricity, materials and other costs represented 43.8%, 12.3%, 18.3% and 25.6% of their costs of sales respectively for the Period (41.1%, 11.7%, 22.0% and 25.2% for the corresponding period in 2022 respectively). Materials cost is the major component of the cost of sales of concrete, representing 74.5% of the cost of sales of concrete for the Period (79.8% for the corresponding period in 2022).

The average price of coal we purchased for the Period was approximately HK$1,152 per ton, representing a decrease of 1.2% from the average price of HK$1,166 per ton for the corresponding period last year, while the average thermal value of coal increased by 0.2% to 5,195 kcal per kg. During the Period, our unit coal consumption decreased to 134.2 kg per ton of clinker produced from the average of 140.9 kg for the corresponding period last year. Our standard coal consumption decreased to 99.5 kg per ton of clinker for the Period from the average of 103.8 kg *(note)* for the corresponding period last year. As a result of the decrease in coal price and improved unit coal consumption, our average coal cost for the Period decreased by 6.0% to HK$ 154.5 per ton of clinker produced from HK$164.3 for the corresponding period in 2022.

note: The data for the corresponding period in 2022 had been restated according to the latest national standards implemented since 2022.

Our average electricity cost decreased by 0.5% from HK$36.4 per ton of cement to HK$36.2 for the Period. During the Period, we consumed for a total of 1,463.2 million kwh of electricity (1,589.0 million kwh for the corresponding period in 2022), which accounted for 61.5% of the total electricity consumption for the production of cement products (65.9% for the corresponding period in 2022) under direct power supply agreements and price bidding arrangements. Our electricity consumption was 71.7 kwh per ton of cement for the Period (72.1 kwh for the corresponding period in 2022). Our residual heat recovery generators generated 711.3 million kwh of electricity for the Period, representing a decrease of 8.8% over 780.0 million kwh in the corresponding period last year. The electricity generated during the Period accounted for approximately 29.9% of our required electricity consumption (32.3% for the corresponding period in 2022) and we achieved a cost saving of approximately HK$415.0 million for the Period (HK$469.7 million for the corresponding period in 2022).

Other costs mainly comprised staff cost, transportation cost, depreciation, and repairs and maintenance cost. Repairs and maintenance cost included in the cost of sales of cement products for the Period was HK$351.9 million, representing a decrease of 39.7% over HK$584.0 million for the corresponding period last year.

Gross Profit and Gross Margin

The consolidated gross profit for the Period was HK$1,902.5 million, representing a decrease of 42.4% from HK$3,302.7 million for the corresponding period last year and the consolidated gross margin was 15.6%, representing a decrease of 4.9 percentage points from 20.5% for the corresponding period last year. The decreases in consolidated gross profit and consolidated gross margin for the Period were mainly attributable to the lower selling prices and sales volume of the Group's products during the Period as compared with those of the corresponding period in 2022. The gross margins of cement, clinker and concrete for the Period were 16.7%, 7.7% and 10.4%, as compared with 22.0%, 21.8% and 13.8% respectively for the corresponding period last year.

Other Income

Other income for the Period was HK$564.2 million, representing a decrease of 3.0% from HK$581.6 million for the corresponding period last year.

Selling and Distribution Expenses

Selling and distribution expenses for the Period were HK$243.9 million, representing a decrease of 11.6% from HK$276.0 million for the corresponding period last year. This was mainly due to the decrease in sales volume during the Period as compared with that of the corresponding period last year. As a percentage to consolidated turnover, selling and distribution expenses increased to 2.0% for the Period from 1.7% for the corresponding period last year.

General and Administrative Expenses

General and administrative expenses for the Period were HK$1,098.8 million, representing a decrease of 10.9% from HK$1,233.5 million for the corresponding period last year. This was partly due to the decrease in allowance for doubtful debts for the amount of HK$100.9 million as compared with that of the corresponding period last year. As a percentage to consolidated turnover, general and administrative expenses for the Period increased to 9.0% for the Period from 7.7% for the corresponding period last year.

Share of Results of Associates

The associates of the Group contributed a loss of HK$27.8 million for the Period (profit of HK$11.8 million for the corresponding period in 2022) of which profit of HK$22.4 million, loss of HK$38.7 million, profit of HK$24.7 million and loss of HK$24.1 million (profit of HK$72.4 million, loss of HK$11.1 million, loss of HK$30.9 million and loss of HK$12.6 million respectively for the corresponding period in 2022) were attributable to the Group's associates operating in Inner Mongolia, Fujian, Yunnan and Guangdong respectively.

Share of Results of Joint Ventures

Our joint ventures contributed a profit of HK$32.2 million for the Period (loss of HK$26.2 million for the corresponding period in 2022).

Taxation

The effective tax rate of the Group for the Period was 29.3%, as compared with 16.9% for the corresponding period last year. 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 the Period would be 27.7% (19.5% for the corresponding period in 2022).

Net Margin

Net margin of the Group for the Period was 4.8%, which was 6.1 percentage points lower than that of 10.9% for the corresponding period last year.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2023, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 30/6/2023 *'000*	As at 31/12/2022 *'000*
HK$	**276,075**	329,533
RMB	**3,290,790**	2,116,574
US$	**139**	172

Bank and other borrowings of the Group as at 30 June 2023 and 31 December 2022 were all unsecured, with breakdown as follows:

	As at 30/6/2023	As at 31/12/2022
	HK$'000	*HK$'000*
Bank loans	**19,183,161**	15,836,585
Loans from related parties	**650,737**	596,678
	19,833,898	16,433,263

As at 30 June 2023, bank and other borrowings of the Group which carried interests at fixed and variable rates amounted to HK$5,234.5 million and HK$14,599.4 million respectively (HK$5,365.4 million and HK$11,067.9 million respectively as at 31 December 2022). These borrowings were denominated in the following currencies:

	As at 30/6/2023	As at 31/12/2022
	'000	*'000*
HK$	**2,300,000**	2,300,000
RMB	**16,165,937**	12,624,846

These borrowings are repayable as follows:

	As at 30/6/2023	As at 31/12/2022
	HK$'000	*HK$'000*
Within one year	**3,959,986**	4,548,117
After one year but within two years	**3,608,901**	1,036,447
After two years but within three years	**6,870,092**	7,835,750
After three years but within four years	**801,550**	562,045
After four years but within five years	**791,334**	531,415
After five years	**3,802,035**	1,919,489

As at 30 June 2023, the Group's unsecured banking facilities amounted to HK$2,300.0 million and RMB35,060.7 million, of which RMB19,494.7 million was unutilized and remained available for drawdown.

Under the terms of certain agreements for total banking facilities of HK$2,300.0 million equivalent with expiry dates in March 2025, 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$2,300.0 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 30 June 2023 and 31 December 2022.

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 30 June 2023 and 31 December 2022. As at 30 June 2023, non-RMB denominated debts accounted for 12% of the total debts of the Group (14% as at 31 December 2022).

The Group had net current liabilities of HK$1,836.8 million as at 30 June 2023. 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 30 June 2023, there was no charge on assets by the Group (Nil as at 31 December 2022).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had issued guarantees to banks in respect of banking facilities in the amount of RMB2,740.2 million (RMB 2,109.2 million as at 31 December 2022) granted to associates and joint venture, of which RMB1,466.8 million (RMB1,360.3 million as at 31 December 2022) had been utilized.

FUTURE PLAN AND CAPITAL EXPENDITURE

As at 30 June 2023, the outstanding capital expenditure for the Group's expansion plans to be invested was approximately HK$7,970.7 million. Total payments for capital expenditure of the Group are expected to be approximately HK$2,937.7 million in the second half of 2023 and HK$7,384.7 million in the year ending 31 December 2024 respectively, which will be financed by borrowings and internally generated funds.

STRATEGIES AND PROSPECTS

In 2023, the Chinese economy upholds the general principle of prioritizing stability while pursuing progress, increases the effort of macro-economic policy adjustments, reinforces coordination and cooperation of various types of policies, and forms synergy for the joint promotion of high-quality development.

The Chinese government has been accelerating the construction of a world leader in transport. In February 2023, the People's Bank of China, the Ministry of Transport of China and the China Banking and Insurance Regulatory Commission jointly issued the "Notice on Further Improving Financial Support and Services in the Field of Transportation and Logistics" to leverage the joint efforts of all parties to facilitate the high-quality development of the transportation and logistics industry and the construction of a world leader in transport. In April, the Ministry of Transport of China, the National Railway Administration of China, the Civil Aviation Administration of China, the State Post Bureau of China and China State Railway Group Co., Ltd. jointly issued the "Five-Year Action Plan for Accelerating the Construction of a World Leader in Transport (2023-2027)". According to the plan, by 2027, the total operational length of railways in China will reach approximately 170,000 km including approximately 53,000 km of high-speed railways, the length of national expressways will reach approximately 130,000 km, the length of ordinary national roads will be approximately 270,000 km, the length of national high-grade waterways will reach approximately 19,000 km and the number of licensed civil transport airports will be approximately 280, representing increases of 12.9%, 26.2%, 8.3%, 3.8%, 18.8% and 9.8% respectively compared to the end of 2022.

In terms of real estate, the Chinese government proposed to adapt to the new situation of the real estate market and adjust and optimize real estate policies in a timely manner for better meeting the demand of residents for basic housing and housing to improve living conditions in order to promote the stable and healthy development of the real estate market. In the first half of 2023, various regions in China had intensively introduced policies such as provident fund support, home purchase subsidies, optimized purchase restrictions, lower down payment ratios and mortgage interest rates, and optimized supervision on pre-sale funds to steadily promote the return of real estate market to stability by executing city-specific policies. In addition, the Chinese government required increase in the construction and supply of public housing, actively promoted the transformation of urban villages and the construction of public infrastructure for "dual use in normal and emergency situations", and revitalized and renovated various types of idle properties.

The Chinese government has solidly advanced the construction of beautiful villages ideal for people to live and work, and promoted the construction of infrastructure in the scopes of rural roads, water supply, power grids, renovation of dilapidated houses and seismic retrofitting. According to the statistics published by the Ministry of Transport of China, in 2023, it is planned to complete FAI of RMB280 billion in rural roads, build and renovate 129,000 km of rural roads, increase connections of 377 townships to roads of Grade III or above, and increase connections of 25,900 natural villages (groups) with large population sizes to hardened roads. It is planned to implement 50,000 km of safety and life protection projects and transform 5,000 dangerous bridges during the year. It is targeted that, by 2025, rural construction will achieve substantive progress, the living environment in rural areas will continue to improve, positive progress will be made in covering more villages and extending to more households with respect to rural public infrastructure and the level of basic public services in rural areas will steadily increase, all of which will effectively stimulate demand for building materials such as cement.

In terms of coordinated regional development strategy, the Chinese government continues to expedite infrastructure connectivity in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). According to the "Reply on the Guangdong-Hong Kong-Macao Greater Bay Area Inter-city Railway Link Development Plan" issued by the National Development and Reform Commission of China, in the short term, by 2025, the length of railways networks in operation and under construction in the Greater Bay Area will reach 4,700 km with full coverage on the central cities of the Greater Bay Area, node cities and key metropolitan areas such as Guangzhou and Shenzhen. In the long term, by 2035, the length of railways networks in operation and under construction in the Greater Bay Area will reach 5,700 km with 100% coverage on cities above the county level. As of the end of 2022, the operational length of railways in the Greater Bay Area had exceeded 2,500 km. The gradual advancement of regional development and construction such as the Greater Bay Area will support the regional demand for the building materials industry in the medium to long term.

2023 is the twentieth anniversary of the Company. The Group will focus on the annual development theme of "systematic reshaping and high-quality development", optimize the industrial chain layout, benchmark against international first-class enterprises, accelerate digital and intelligent transformation, increase investments in innovation, research and development, and accelerate the layout of strategic emerging industries to inject lasting momentum into the high-quality corporate development. We will continuously improve operational efficiency and quality, enhance the management standards of environmental protection, safety and health, and actively promote "carbon peaking and carbon neutrality". In order to consolidate market competitiveness, the Group will deepen brand promotion and the construction of sales channels.

Looking ahead, the Group will accelerate the promotion of the "Fourteenth Five-Year Plan", completely, accurately, fully and thoroughly implement the new development concept, and promote the high-quality development of the Company. We will strengthen and optimize the basic building materials and functional building materials businesses, promote the integrated development of the structural building materials business, and incubate and cultivate the new materials business. The Group will focus on the "4+1" businesses of cement, aggregates, concrete, engineered stone and new materials, continue to reinforce the three core strengths of "lowest total costs, leading market position in the region, innovation-driven development", continuously strengthen the level of operational excellence, continue to improve research and development capabilities, accelerate green development, lead the digital and intelligent transformation of the industry, improve our leading position in the industry, and provide the public with high-quality building materials products, services and systematic solutions.

CORPORATE GOVERNANCE

During the Period, the Company has complied with the applicable code provisions set out in Part 2 of Appendix 14 of the Listing Rules (the "CG Code") except that, during the period from 1 January 2023 to 18 April 2023, the roles of chairman and chief executive should not be performed by the same individual in respect of code provision C.2.1 of the CG Code. As set forth in the Corporate Governance Report of the 2022 Annual Report of the Company, the Company has identified suitable candidate of the Chief Executive Officer with appropriate professional qualifications or relevant expertise, and announced on 18 April 2023 that Mr. JI Youhong ceased to act as the Chief Executive Officer and Mr. JING Shiqing has been appointed as the Chief Executive Officer and an executive Director. Hence, the Company has been in compliance with code provision C.2.1 of the CG Code since 18 April 2023.

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

The Company's interim report encompassing the condensed consolidated financial statements for the Period which were not audited 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 contributions and hard work, which had 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.

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 Company's website (www.crcement.com) in due course.

By order of the Board
China Resources Cement Holdings Limited
JI Youhong
Chairman

Hong Kong, 18 August 2023

As at the date of this announcement and after the retirement of Mr. CHEN Kangren, the executive Directors are Mr. JI Youhong and Mr. JING Shiqing; the non-executive Directors are Mr. ZHU Ping and Mr. YANG Changyi; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. NG Kam Wah Webster.