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)

2018 ANNUAL RESULTS ANNOUNCEMENT

	2018	2017	**Increase**
Turnover *(HK$ million)*	**38,791.5**	29,958.4	29.5%
Profit attributable to owners of the Company *(HK$ million)*	**7,975.4**	3,616.7	120.5%
Basic earnings per share	**HK$1.179**	HK$0.554	
Proposed final dividend per share	**HK$0.273**	HK$0.155	
	As at 31/12/2018	As at 31/12/2017	**Increase (Decrease)**
Total assets *(HK$ million)*	**60,506.4**	56,526.6	7.0%
Equity attributable to owners of the Company *(HK$ million)*	**37,691.3**	30,309.0	24.4%
Net borrowings *(HK$ million) (note 1)*	**130.9**	11,707.3	(98.9)%
Net gearing ratio *(note 2)*	**0.3%**	38.6%	
Net assets per share – book *(note 3)*	**HK$5.40**	HK$4.64	16.4%

notes:

1. Net borrowings equal to total bank borrowings and unsecured medium term notes less cash and bank balances and pledged bank deposits.

2. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.

3. Net assets per share – book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the year.

The board (the "Board") of directors (the "Directors") of China Resources Cement Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Turnover	3	**38,791,470**	29,958,428
Cost of sales		**(23,371,498)**	(20,727,933)
Gross profit		**15,419,972**	9,230,495
Other income	4	**574,324**	370,920
Change in fair value of investment properties		**7,200**	17,800
Selling and distribution expenses		**(1,985,180)**	(1,783,594)
General and administrative expenses		**(2,544,745)**	(2,675,898)
Exchange gain		**104,532**	263,697
Finance costs	5	**(643,768)**	(638,342)
Share of results of associates		**181,939**	20,643
Share of results of joint ventures		**220,941**	78,317
Profit before taxation	6	**11,335,215**	4,884,038
Taxation	7	**(3,328,486)**	(1,291,421)
Profit for the year		**8,006,729**	3,592,617
Other comprehensive (expense) income:			
Item that will not be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(1,840,224)**	1,925,346
Item that will be subsequently reclassified to profit or loss:			
Share of other comprehensive (expense) income of an associate		**(9,001)**	9,163
Other comprehensive (expense) income for the year		**(1,849,225)**	1,934,509
Total comprehensive income for the year		**6,157,504**	5,527,126

	Note	**2018**	2017
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**7,975,439**	3,616,742
Non-controlling interests		**31,290**	(24,125)
		8,006,729	3,592,617
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**6,134,943**	5,534,977
Non-controlling interests		**22,561**	(7,851)
		6,157,504	5,527,126
Basic earnings per share	*8*	**HK$1.179**	HK$0.554

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Fixed assets		**28,489,788**	30,902,575
Prepaid lease payments		**2,846,024**	2,816,137
Investment properties		**137,761**	131,176
Intangible assets		**2,197,455**	2,335,214
Interests in associates		**5,463,446**	5,535,302
Interests in joint ventures		**1,409,378**	1,425,223
Deposits for acquisition of fixed assets		**497,157**	706,307
Deferred tax assets		**208,358**	256,361
Long term receivables		**354,740**	464,008
Pledged bank deposits		**80,089**	59,250
		41,684,196	44,631,553
Current assets			
Inventories		**1,970,629**	1,717,455
Trade receivables	*10*	**2,367,299**	2,593,819
Other receivables		**841,005**	854,752
Loan to a fellow subsidiary		**–**	718,214
Loan to an intermediate holding company		**801,316**	–
Amounts due from associates		**514,404**	503,933
Amounts due from joint ventures		**2,631**	13,821
Taxation recoverable		**23,401**	108,033
Pledged bank deposits		**–**	928
Cash and bank balances		**12,301,501**	5,384,094
		18,822,186	11,895,049
Current liabilities			
Trade payables	*11*	**3,460,355**	3,374,633
Other payables		**5,007,969**	4,966,250
Taxation payable		**1,272,802**	443,893
Bank loans – amount due within one year		**4,531,678**	6,572,157
		14,272,804	15,356,933
Net current assets (liabilities)		**4,549,382**	(3,461,884)
Total assets less current liabilities		**46,233,578**	41,169,669

	Note	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Bank loans – amount due after one year		**4,556,946**	6,990,479
Unsecured medium term notes		**3,423,870**	3,588,900
Other long term payables		**8,297**	13,491
Deferred tax liabilities		**349,303**	94,358
		8,338,416	10,687,228
		37,895,162	30,482,441
Capital and reserves			
Share capital	*12*	**698,294**	653,294
Reserves		**36,992,984**	29,655,675
Equity attributable to owners of the Company		**37,691,278**	30,308,969
Non-controlling interests		**203,884**	173,472
Total equity		**37,895,162**	30,482,441

Notes:

1. BASIS OF PREPARATION

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

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

2. APPLICATION OF NEW AND REVISED HKFRSs

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

Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration
Annual improvements 2014-2016 cycle	Amendments to HKFRS 1 and HKAS 28

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

Amendments to HKFRS 3	Definition of a business[2]
Amendments to HKFRS 9	Prepayment features with negative compensation[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture[4]
HKFRS 16	Leases[1]
HKFRS 17	Insurance contracts[3]
Amendments to HKAS 1 and HKAS 8	Definition of material[2]
Amendments to HKAS 19	Plan amendment, curtailment or settlement[1]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[1]
HK(IFRIC)-Int 23	Uncertainty over income tax treatments[1]
Annual improvements 2015-2017 cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

[1] *Effective for annual periods beginning on or after 1 January 2019.*

[2] *Effective for annual periods beginning on or after 1 January 2020.*

[3] *Effective for annual periods beginning on or after 1 January 2021.*

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

Except for the application of new requirements under HKFRS 16 “Leases” which may result in changes in measurement, presentation and disclosure, the Directors do not anticipate that the application of other new and revised HKFRSs and Interpretations will have material impact on the consolidated financial statements of the Group.

3. TURNOVER AND SEGMENT INFORMATION

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

The Group’s operating and reportable segments are as follows:

Cement – manufacture and sale of cement and related products

Concrete – manufacture and sale of concrete and related products

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

Segment results represent the profits earned by each segment without allocation of central administration costs, Directors’ salaries, share of results of associates and joint ventures, interest income, finance costs and exchange differences.

All of the revenues 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 the goods.

The information of segment results is as follows:

For the year ended 31 December 2018

	Cement *HK$'000*	**Concrete** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
TURNOVER				
External sales	**32,533,483**	**6,257,987**	**–**	**38,791,470**
Inter-segment sales	**1,028,919**	**2,078**	**(1,030,997)**	**–**
	33,562,402	**6,260,065**	**(1,030,997)**	**38,791,470**

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segmental results	**11,545,916**	**311,417**	**–**	**11,857,333**
Interest income				**133,646**
Exchange gain				**104,532**
Finance costs				**(643,768)**
Unallocated net corporate expenses				**(519,408)**
Share of results of associates				**181,939**
Share of results of joint ventures				**220,941**
Profit before taxation				**11,335,215**

For the year ended 31 December 2017

	Cement *HK$'000*	Concrete *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
TURNOVER				
External sales	24,901,082	5,057,346	–	29,958,428
Inter-segment sales	782,817	2,024	(784,841)	–
	25,683,899	5,059,370	(784,841)	29,958,428

Inter-segment sales are charged at prevailing market prices.

RESULTS				
Segmental results	5,519,145	274,054	–	5,793,199
Interest income				68,596
Exchange gain				263,697
Finance costs				(638,342)
Unallocated net corporate expenses				(702,072)
Share of results of associates				20,643
Share of results of joint ventures				78,317
Profit before taxation				4,884,038

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Government incentives	**180,900**	84,622
Interest income	**133,646**	68,596
Sales of raw materials and scrap	**115,755**	77,424
Service income	**3,216**	5,502
Rental income	**55,135**	49,962
Compensation received from insurance	**14,753**	19,498
Compensation received from suppliers and customers	**18,111**	12,444
Others	**52,808**	52,872
	574,324	370,920

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on:		
Bank loans, unsecured bonds, unsecured commercial paper and unsecured medium term notes	**643,064**	614,859
Loan from a fellow subsidiary	**–**	22,780
Other long term payables	**704**	703
	643,768	638,342

6. PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	**16,666**	15,374
Pension costs and mandatory provident fund contributions for staff, excluding Directors	**305,115**	168,448
Other staff costs	**3,343,831**	2,957,254
Total staff costs	**3,665,612**	3,141,076
(Reversal of allowance) allowance for doubtful debts	**(16,902)**	35,633
Allowance for doubtful debts of other receivables	**27,169**	93,346
Amortization of mining rights	**89,182**	85,447
Auditor's remuneration	**5,456**	6,444
Depreciation of fixed assets	**1,986,076**	1,850,884
Impairment of fixed assets	**42,625**	152,809
Impairment of goodwill	**–**	78,934
(Reversal of impairment) impairment of inventories	**(4,132)**	4,204
Impairment of mining rights	**15,860**	–
Impairment of prepaid lease payments	**20,482**	–
Loss on disposal of fixed assets	**43,226**	32,022
Operating lease payments in respect of		
– rented premises	**62,106**	47,069
– motor vehicles	**519,110**	406,719
Release of prepaid lease payments	**78,376**	73,568

7. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current taxation		
Hong Kong Profits Tax	**13,876**	27,156
Chinese Mainland Enterprise Income Tax	**3,056,941**	1,203,117
	3,070,817	1,230,273
Overprovision in prior years		
Chinese Mainland Enterprise Income Tax	**(41,568)**	(16,057)
Deferred taxation		
Hong Kong	**6,523**	(3,822)
Chinese Mainland	**292,714**	81,027
	299,237	77,205
	3,328,486	1,291,421

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

Chinese Mainland Enterprise Income Tax includes the income tax which is calculated at 25% on the taxable income of the group entities in the Chinese Mainland, and 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, which are calculated at 10%, for both years.

8. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to owners of the Company for the purpose of basic earnings per share	**7,975,439**	3,616,742

	2018	2017
Number of shares		
Weight average number of shares for the purpose of basic earnings per share	**6,767,184,392**	6,532,937,817

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

9. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividends recognized as distribution during the year:		
2018 Interim – HK$0.275 per share (2017: HK$0.115 per share)	**1,920,308**	751,288
2017 Final – HK$0.155 per share (2016: HK$0.075 per share)	**1,012,605**	489,970
	2,932,913	1,241,258

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2018 of HK$0.273 per share (HK$0.155 per share in respect of the year ended 31 December 2017) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The total amount of HK$1,906,342,000 (2017: HK$1,012,605,000) of the proposed final dividend, calculated based on the Company's number of shares issued at the date of this announcement, is not recognized as a liability in the consolidated statement of financial position.

10. TRADE RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables from third parties	**2,335,812**	2,545,810
Trade receivables from related parties	**31,487**	48,009
	2,367,299	2,593,819

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

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of each reporting period.

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
0 to 90 days	**2,163,763**	2,327,362
91 to 180 days	**128,347**	140,690
181 to 365 days	**75,189**	125,767
	2,367,299	2,593,819

11. TRADE PAYABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade payables to third parties	**3,443,056**	3,366,942
Trade payables to related parties	**17,299**	7,691
	3,460,355	3,374,633

The Group normally receives credit period of 30 to 90 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period.

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
0 to 90 days	**3,353,059**	3,219,897
91 to 180 days	**61,444**	78,484
181 to 365 days	**17,190**	34,337
Over 365 days	**28,662**	41,915
	3,460,355	3,374,633

12. SHARE CAPITAL

	Number of shares	**Amounts**
		HK$'000
Shares of HK$0.10 each in the share capital of the Company ("Share(s)")		
Authorized:		
At 1 January 2017, 31 December 2017 and 2018	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2017 and 31 December 2017	6,532,937,817	653,294
Issuance of Shares on 25 June 2018	450,000,000	45,000
At 31 December 2018	6,982,937,817	698,294

On 25 June 2018, 450,000,000 Shares were allotted and issued at HK$9.30 per share to CRH (Cement) Limited.

BUSINESS ENVIRONMENT

In 2018, with complex and challenging external environment and in face of downward pressure on the economy, the Chinese government was committed to the general principle of pursuing progress while ensuring stability. The government also pursued high-quality development and deepened the advancement of supply-side structural reform. The economy in China was generally stable and maintained medium-high growth, and the expected growth target was achieved. According to the statistics published by the National Bureau of Statistics of China, in 2018, China's gross domestic product ("GDP") grew by 6.6% over last year to RMB90.0 trillion. National fixed asset investment ("FAI") (excluding rural households) increased by 5.9% to RMB63.6 trillion over last year.

According to the statistics published by the National Bureau of Statistics of China, in 2018, the GDPs of Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou and Shanxi, where the Group has business operations, reached RMB9.7 trillion, RMB2.0 trillion, RMB3.6 trillion, RMB483.2 billion, RMB1.8 trillion, RMB1.5 trillion and RMB1.7 trillion, representing increases of 6.8%, 6.8%, 8.3%, 5.8%, 8.9%, 9.1% and 6.7% respectively over last year. Meanwhile, the changes in FAI of the aforementioned provinces were 10.7%, 10.8%, 11.5%, –12.5%, 11.6%, 15.8% and 5.7% respectively as compared with last year.

During the year, national infrastructure investments remained stable. According to the statistics published by the National Bureau of Statistics of China, national infrastructure investments (excluding the industries for production and supply of electricity, heat, gas and water) increased by 3.8% in 2018 over last year. According to the statistics published by the Ministry of Transport of China and the China Railway Corporation, FAI on highways and waterways in China amounted to approximately RMB2.3 trillion in total, and FAI on railway amounted to RMB802.8 billion, which remained more or less the same as 2017. The total operational length of highways in China increased by 86,000 km, including 6,000 km of expressways, to approximately 4,860,000 km. The total operational length of railways increased by 4,683 km to over 131,000 km. Among which, the operational length of high-speed rails reached over 29,000 km, representing an increase of 4,100 km. As of the end of 2018, the operational length of urban rail transit was over 4,900 km and the operational length under construction exceeded 6,000 km.

In order to maintain effective investment efforts and foster domestic demand and structural adjustment, in October 2018, the General Office of the State Council issued the "Guiding Opinions on Maintaining Efforts to Bolster Areas of Weakness in Infrastructure", which proposed policies and measures such as accelerating the launch of preliminary work and the commencement of construction of projects and securing the smooth implementation of projects under construction with a focus on nine major scopes including railways, highways and waterways, airports, agricultural industry in rural areas and ecological environmental protection. Following the implementation of these policies and measures, the national infrastructure investment showed an overall steady growth, which had laid the foundation for cement demand.

On the back of regulation and control policies on property, the housing market in China was stable at large and the growth in real estate investment remained steady. According to the statistics published by the National Bureau of Statistics of China, in 2018, the floor space of commodity housing sold in China increased by 1.3% over last year to 1,720 million m^2 and the sales amount increased by 12.2% to RMB15.0 trillion. Real estate investment in China reached RMB12.0 trillion, representing an increase of 9.5% over last year. Among which, the floor space of houses newly started construction increased by 17.2% to 2,090 million m^2 while the floor space of houses completed decreased by 7.8% to 940 million m^2. As at the end of 2018, the floor space under construction by the real estate developers nationwide reached 8,220 million m^2, representing an increase of 5.2% over last year. The land area purchased by real estate developers increased by 14.2% to 290 million m^2 over last year. Stability of the real estate market will be conducive to the steady development of the cement industry.

During the year, the Chinese government promoted new-type urbanization, and actively advocated policies for rural revitalization and poverty reduction through transportation infrastructure. According to statistics published by the National Bureau of Statistics of China, the urbanization rate in China was 59.58% as at the end of 2018, representing an increase of 1.06 percentage points over the end of 2017. In addition, according to the statistics published by the Ministry of Transport of China, the total operational length of newly built and re-built rural roads in 2018 increased by 9.8% to 318,000 km over last year and the total operational length of rural roads reached 4,050,000 km, connecting 99.64% of rural towns and 99.47% of administrative villages respectively with tarmac and cement roads. The promotion of urbanization and rural construction will provide support for cement demand.

THE INDUSTRY

In 2018, the cement demand in China grew steadily. Cement price maintained a stable upward trend due to the increased market concentration and the improved competitive landscape.

According to the statistics published by the National Bureau of Statistics of China, in 2018, the total cement production in China amounted to approximately 2,180 million tons, representing an increase of 3.0% over last year. According to the statistics of China Cement Association, cement production in Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou and Shanxi were 160 million tons, 120 million tons, 87.8 million tons, 21.0 million tons, 120 million tons, 110 million tons and 41.3 million tons, representing increases of 5.6%, 6.3%, 7.6%, 11.8%, 5.9%, 4.8% and 15.7% respectively as compared with last year.

According to the statistics of China Cement Association, in 2018, there were fourteen new clinker production lines nationwide with new clinker production capacity of 20.4 million tons in total. According to the statistical information of the Company, there were three new clinker production lines in Guangdong and Guangxi with new clinker production capacity of approximately 4.7 million tons in total.

Regarding industry policies, the Chinese government attaches great importance to energy saving and emission reduction, production safety and occupational health. Environmental protection law enforcement and supervision were reinforced to further improve industry standardization and promote the sustainable development of the cement industry.

In June, the State Council of China issued national policies including the "Three-Year Action Plan for Winning the Blue Sky Defense Battle", which required the cement industry to continuously eliminate excess capacity and strictly prohibit new production capacity. Only new production capacity of definite necessity and in an equivalent or a lesser quantity as compared with the replaced production capacity could be added. Relocation, transformation, or closure and exit of enterprises in heavy polluted industries such as cement and chemical enterprises in urban built-up areas had been expedited. Open-pit mines with indiscriminate mining and abusive excavation which pollute the environment and destroy the ecosystem had been required to shut down according to law. This series of measures will help the cement industry to eliminate obsolete capacity as well as strengthen the prevention and control of pollution.

Regarding energy saving and emission reduction, the Chinese government had set clear goals on the total national emissions of sulphur dioxide and nitrogen oxide as well as the PM2.5 concentrations. The Beijing-Tianjin-Hebei and neighbouring areas, the Yangtze River Delta region, and the Fenhe and Weihe Plain (Shanxi, Shaanxi, Henan) were classified as major regions. Enterprises in steel, coking, building materials, foundries, non-ferrous metals and chemical industries in these major regions shall implement off-peak production during heating season. Special emission limits for air pollutants including sulphur dioxide, nitrogen oxides and particulate matters shall be implemented in the major regions and Guangdong. During the year, the Chinese government released a consultation paper of the national standards relating to carbon emission, stipulating requirements for cement production enterprises to monitor and measure greenhouse gas emissions as well as carbon emissions per unit of clinker products allowed for the existing, new and expanded cement enterprises. This had laid the foundation for the future unification of the carbon emission trading market in the cement industry.

In 2018, the Chinese government completed two batches of central ecological environmental protection "revisit" inspection work. Measures such as filing cases, penalties, fines, administrative and criminal detentions were imposed on problematic enterprises. The Ministry of Ecology and Environment of China would launch the second round of central ecological environmental protection inspections and "revisit" inspection work from 2019 to 2023, and intensive inspections in major regions for the Blue Sky Defense Battle are being conducted from June 2018 to April 2019 to check industrial enterprises on installation and operation of facilities for environmental protection, compliance with emission levels, as well as comprehensive rectification and control in all aspects such as "small, poorly-managed and heavily-polluting" enterprises, open-pit mines and dust.

In terms of cement industry standards, the State Administration for Market Regulation of China and the Standardization Administration issued Amendment No.3 to the "General Portland Cement" in November 2018 for the full abolition of PC32.5R grade cement, which would become effective in China on 1 October 2019. Meanwhile, in November 2018, the General Office of the Ministry of Industry and Information Technology of China issued ten cement-related standards including magnesium phosphate cement, gypsum slag cement and the application of fly ash from incineration of municipal solid waste in cement in order to further improve the standards of cement products and promote product upgrade in the industry.

In terms of mining resources, the Chinese government actively promotes the construction of green mines by regulations on the areas including ecological environment in mining areas, scientific excavation, highly effective use of resources and informationized management. Newly built mines are required to meet all the requirements of green mine construction. Supporting policies such as mineral resources, land and finance are offered. In January 2019, the Ministry of Natural Resources of China announced the basic information on mining rights and exploration rights that are within validity periods, which will be conducive to the standardization and transparent management of the sand and gravel industry, as well as the promotion of the long-term healthy development of the industry.

During the year, the Chinese government penalized illegal acts relating to occupational disease and required rectification within a time limit. Enterprises which failed to complete rectification would have to suspend production or even shut down according to law. Moreover, the Work Safety Committee of the State Council required cement enterprises to strictly implement production safety accountability systems, promote the construction of corporate production safety standardization, eliminate unsafe obsolete capacity and expedite the closure and exit of small-scale mines, chemical, cement and steel enterprises which did not comply with the requirements of production safety.

On the other hand, the Chinese government actively promotes the development of prefabricated construction industry. A prefabricated building is a building in which some or all components are prefabricated at factories and then assembled at the work site. Compared to traditional construction, prefabricated construction can reduce construction waste, energy consumption, noise and dust pollution during construction, which will help to improve the levels of quality and safety. According to the "Thirteenth Five-Year Action Plan for Prefabricated Construction" issued by the Ministry of Housing and Urban-Rural Development of China, the government aimed at increasing the proportion of floor space of prefabricated buildings to newly constructed buildings in China to over 15% by 2020, among which, the target proportion in the key development areas (Pearl River Delta, Yangtze River Delta, Beijing-Tianjin-Hebei) shall exceed 20%. Over 500 demonstration projects and over 30 technology innovation bases in more than 50 demonstration cities will be developed.

In August 2018, the Guangdong Municipal Housing and Urban-Rural Construction Bureau released the "Guidelines for Prefabricated Building Special Planning in Guangdong Province (Trial)", which classified nine cities in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area") as key development areas. The target proportion of floor space of prefabricated buildings shall exceed 20% by 2020, among which, the target proportion of floor space of prefabricated construction projects invested by the government shall reach 50%. As the first pilot city for prefabricated construction in Guangdong province, Shenzhen Municipality had proposed a target proportion of floor space of prefabricated buildings to be above 30%. Guangzhou City had also proposed a target of above 30%. In addition, Nanning City, Liuzhou City, Hezhou City and Yulin City had been classified as the pilot cities of autonomous region level for prefabricated construction by the Guangxi government. In January 2018, the "Plan for Prefabricated Construction Development in Nanning City (2017-2020)" was published by the Nanning City government, which aimed to increase the proportion of floor space of prefabricated buildings in the City to over 20% by 2020. According to the relevant incentive policies, developers of prefabricated construction projects in Guangdong and Guangxi are entitled to benefit from preferential policies such as award of additional floor space for construction and extension on the implementation scope of pre-sale. The Chinese government's vigorous promotion of prefabricated construction will foster the transformation and upgrade of the construction industry, and bring about new development opportunities for the building materials industry.

TRANSFORMATION AND INNOVATION

The Group is committed to promoting the green development of the cement industry, attaches great importance to corporate social responsibility, and proactively supports the national policies on energy saving and emission reduction. Co-processing of municipal solid waste, urban sludge and hazardous industrial waste by use of cement kilns are proactively advocated. We actively participate in the treatment and management of social solid waste, air and water pollution for achieving the transformation into an environmentally-friendly enterprise. At the same time, the Group is dedicated to the promotion of research and development ("R&D") and application of new products, new materials and new technologies, actively exploring opportunities for cement intelligent manufacturing and extension of industry chain to foster a sustainable corporate development.

Since 2010, the Group had joined the global organization of the Cement Sustainability Initiative and served as the co-chairman of the China Region. In September 2018, the Group successfully hosted a special activity for the Cement Sustainability Initiative on co-processing by use of cement kilns ("Co-Processing"), during which, the United Nations Industrial Development Organization and domestic and overseas cement enterprises including the LafargeHolcim Group, HeidelbergCement and Huaxin Cement conducted discussions, mutual sharing and studies on technologies and experiences regarding co-processing by use of cement kilns in order to jointly encourage transformation, upgrade and green development of the industry, which raised the significance and influence of the Chinese cement industry in the worldwide cement industry.

In addition, the Group actively promoted the green development of the industry. In November, the Group participated in the "Exchange Conference on Climate Change and Green Development" hosted by institutions including the Carbon Management Committee of China, and explored topics such as technologies for carbon capture and storage and carbon emission trading with experts from the China National Institute of Standardization, domestic universities and carbon asset management companies. The Group was also engaged in exchange on the prevention and control of air pollution and energy-saving technologies at a forum hosted by China Building Materials Federation with experts from relevant government departments, domestic and overseas building materials enterprises, R&D and design institutions, equipment and engineering service companies so as to jointly promote the sustainable development of the industry.

In 2018, the Group's continuous efforts in green development were recognized by the industry and the society. These include:

- In February 2018, the limestone mines for cement production at Dingxiang Hill of China Resources Cement (Guigang) Limited and the limestone mines at Shiling Tou, Lianshan Town of China Resources Cement (Fuchuan) Limited were included in the register of the first batch of green harmonious mines by the Department of Land and Resources of Guangxi;

- In February 2018, China Resources Cement (Heqing) Limited was shortlisted in the second batch of "Green Factories" published by the Ministry of Industry and Information Technology of China;

- In April 2018, the Tangmu quarry at Liangtang Town of China Resources Cement (Luoding) Limited was included in the register of the first batch of provincial-level green mines by the Department of Land and Resources of Guangdong;

- In May 2018, China Resources Cement Holdings Limited was awarded the "EcoChallenger" of "BOCHK Corporate Environmental Leadership Awards 2017" by the Federation of Hong Kong Industry;

- In June 2018, China Resources Cement (Shangsi) Limited was shortlisted as an energy-efficient "pace-setter" in major energy-consuming industries in 2017 jointly published by the Ministry of Industry and Information Technology of China and the State Administration for Market Regulation;

- In August 2018, China Resources Environmental Protection Engineering (Binyang) Limited was awarded the "Certificate of High and New Technology Enterprise" by Science and Technology Department of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region and Guangxi Zhuang Autonomous Region Tax Service of the State Taxation Administration jointly;

- In November 2018, China Resources Cement (Pingnan) Limited was shortlisted in the third batch of "Green Factories" published by the Ministry of Industry and Information Technology of China;

- In December 2018, China Resources Cement Holdings Limited was awarded the "Hong Kong Green Awards 2018 – Environmental, Health and Safety Award (Large Corporation) – Platinum" by the Green Council of Hong Kong;

- In December 2018, China Resources Cement (Shangsi) Limited, China Resources Cement (Yongding) Limited, China Resources Cement (Heqing) Limited were respectively awarded the "Hong Kong Green Awards 2018 – Green Management Award – Corporate (Large Corporation) – Bronze" by the Green Council of Hong Kong.

The Group believes that innovation is one of the core momentums for long-term corporate development. The Group and Siemens Ltd., China signed a strategic cooperation agreement in June 2018, and officially signed the "Agreement for Intelligent Manufacturing Pilot Project in Tianyang" in September whereby both parties shall jointly build a pilot intelligent cement production line. The goals of "safety, environmental protection, excellent quality, high efficiency, low consumption" would be achieved through an intelligent management system integrating manufacturing resources, data resources and technological resources.

Regarding the extension of industry chain, given the opportunities from the vigorous development on the prefabricated construction industry in China, the Group had further optimized resources distribution through its positioning in Southern China and actively promoted its prefabricated construction business. In May 2018, an associate established by the Group in Guangdong, namely, DongGuan RunYang United Intelligent Manufacturing Company Limited, commenced production and operation. During the year, the Group acquired plots of industrial land for the production of prefabricated construction components in Nanning City and Guigang City, Guangxi, and Zhanjiang City, Guangdong, respectively. Construction would be commenced in the first half of 2019. In the future, the Group will actively promote the implementation of prefabricated construction projects in other cities in Guangdong and Guangxi.

POTENTIAL DISPOSAL

As announced by the Company on 5 November 2018 and 27 December 2018, China Resources Cement Investments Limited, the Company's wholly own subsidiary, intends to dispose of its 72% equity interests of and shareholders' loans to Shanxi China Resources Fulong Cement Limited, China Resources Cement (Changzhi) Limited and China Resources Concrete (Lucheng) Limited by public tender.

After careful consideration of the basic information of the potential purchaser(s) according to the letter from the Shanghai United Assets and Equity Exchange regarding the feedback on the transfer qualification, the Company considered that its commercial objective of joint disposal of the three subsidiaries could not be achieved should the public tender continue. Accordingly, on 4 March 2019, China Resources Investments Limited had informed the Shanghai United Assets and Equity Exchange to revoke the public tender.

Before achieving the commercial objective of joint disposal of the three subsidiaries, the Company will continuously optimize the operational management and enhance the operational efficiency and effectiveness. Our strategic development plan will be adjusted according to the market conditions in the future if appropriate.

NEW PRODUCTION PLANTS

During 2018, the Group completed the construction of two concrete batching plants and shut down two concrete batching plants, which decreased our total annual concrete production capacity by approximately 200,000 m^3. There was no addition of new clinker or cement production line during the year.

CAPACITY UTILIZATION

The utilization rates of the Group's cement, clinker and concrete production lines during the year were 102.9%, 113.7% and 39.8% as compared with 96.3%, 111.5% and 37.2% respectively for 2017.

COST MANAGEMENT

Operational Management

In 2018, the Group further strengthened internal benchmark management by optimizing performance review indicators of cement production plants. Meanwhile, the Group continuously offered technological support to production plants, with a focus on solving major technological difficulties and enhancing the operational efficiency of production plants through the coordination of expert resources such as technical committee and the Technology Research and Development Centre. During the year, the Group implemented 166 technological upgrades, thereby reducing energy consumption, improving performance indicators and quality of production and operation.

During the year, the Group continuously implemented lean management and promoted key projects for energy saving and technological upgrade. Among which, through its independent innovation, the Group had successfully solved the technological difficulties in controlling water inrush into the limestone mine of the cement production plant in Pingnan caused by cave mining. Furthermore, the Group has also been actively promoting the project for technological upgrade in digital cement bagging machines. As of the end of 2018, technological upgrade for 106 cement bagging machines had been completed in total, which had further enhanced the operational efficiency and economic benefits. In addition, the Group launched pilot projects for the application of new technologies such as high-efficiency energy-saving water pumps and new-energy mining trucks and encouraged technological innovation and development in non-explosive mine exploration, and research on the application of online analysis technologies and comprehensive utilization of resources. In December 2018, the pilot project of the Group and China Resources Microelectronics Limited for management of equipment and quality at the cement production plant in Nanning had entered the phase of trial operation.

Procurement Management

In 2018, the Group purchased a total of approximately 10.5 million tons of coal, among which, approximately 76%, 21% and 3% were sourced from northern China, neighbouring areas of our production plants and Australia respectively (71%, 20% and 9% in 2017). The proportion of direct procurement from coal producers increased to approximately 79% (77% in 2017). In the future, the Group will continuously strengthen cooperation with large-scale domestic coal suppliers, adjust the strategies of imported coal according to the national policy on coal import and maintain the procurement channels of imported coal in order to secure a stable supply of high-quality coal.

The Group persistently improves its supplier management measures and continuously optimizes its self-developed supplier relationship management system, in order to manage and provide guidance to 8,007 suppliers (6,631 in 2017) regarding their admission, cooperation, evaluation and performance feedback for the joint establishment of a transparent, traceable, stable, long-term and sustainable supply chain.

In addition, the Group pays keen attention to management of suppliers on safety and environmental protection by incorporating relevant requirements into our review on suppliers' qualification and supervision during the cooperation process. All business partners are required to sign the "Safety and Environmental Protection Agreement". At the same time, "Sunshine Procurement" has been regarded as the Group's primary principle of procurement practice. All procurement staff and suppliers are required to sign the "Sunshine Declaration" and implement "Things to Note when Procurement Staff are in Contact with Suppliers", attend educational training on integrity at least twice a year and sign the "Integrity Practice Guideline" for creating an open, fair and just trading platform of good faith.

Logistics Management

Logistics management is one of the Group's key measures in maintaining its market competitiveness. In 2018, the total social logistics costs were on a rising trend due to the strict control on vehicle overloading, environmental protection inspections and increasing energy costs. During the year, the Group actively optimized the layout of silo terminals, introduced resources of self-unloading ships and promoted the pilot operation of the "Smart Card" unmanned intelligent delivery system in order to enhance the requirements of environmental protection and minimize the impact of rising social logistics costs.

During the year, the Group is dedicated to providing excellent services to customers and continuously enhancing the standards of logistics digitalization. The Group's "Smart Card" system had been launched at fourteen cement production plants, which significantly increased delivery efficiency. In addition, the Group had rolled out its mobile application for placing sales orders of cement products in all the regions where the Group has business operations.

In 2018, the annual shipping capacity of the Group along the Xijiang River was approximately 36.4 million tons, which secured stable and continuous logistics capabilities for the Group's business operation. In addition, the Group controlled the operations of 41 silo terminals with annual capacity of approximately 28.4 million tons, which are mainly located in the Pearl River Delta Region of Guangdong. This consolidated the Group's leading market position in Guangdong.

BRAND BUILDING

In 2018, the Group proactively launched the "Brand Building Year" development strategy. The strategy aimed to enhance the brand image and reputation through standardizing brand management, designing brand image promotion, enriching modes of brand promotion and incorporating major themes such as the opening of Hong Kong-Zhuhai-Macao Bridge and the Runfeng brand anniversary celebration. During the year, the Group launched the brand mascot "Run Xiaofeng" to deepen the brand image of "Runfeng Cement" and promote brand communications. In addition, the Group further promoted franchise stores of the brand image and cooperation schemes with key users to intensify brand penetration of target customers such as distributors, retail stores and key users.

SUSTAINABLE DEVELOPMENT

Energy Saving and Emission Reduction

The Group proactively promotes green development. Currently, all our cement production plants have obtained permits for pollutant emission, and all our clinker production lines have been equipped with residual heat recovery generators, denitration systems and bag filters. The Group introduced composite desulphurization technology having regard to the operational situation of the existing desulphurization systems. As of the end of 2018, the Group had completed the construction of 3 sets of wet-process desulphurization systems and 11 sets of composite desulphurization systems in total.

Our emission levels of nitrogen oxides, sulphur dioxide and particulate matters are lower than the national standard limits of pollutant emissions, placing the Group at a leading position in the industry.

On the other hand, the Group achieved reduction of energy consumption and composite utilization of resources through optimization of the production prescription and effective use of resources such as industrial waste and waste limestone.

Regarding carbon emission, the Group actively participated in meetings relating to carbon emission organized by industry associations in preparation for the future unification of national carbon market. 9 plants in Guangdong province and 5 plants in Fujian province had settled the carbon credit quota for 2017. In addition, the Group had completed the calculation of quantity of carbon emissions for 2018 in accordance with the "Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Cement Enterprises".

Co-Processing

In reliance on independent innovation, the Group promotes co-processing projects in the three scopes of municipal solid waste, urban sludge and hazardous industrial waste in order to fulfil its corporate social responsibility whilst supporting environmental transformation and achieving sustainable corporate development.

Compared to traditional landfilling, co-processing of solid waste by use of cement kilns enables the Group to substantially save land resources and eliminate poisonous pollutants such as dioxin through the effective use of heat inside cement kilns, thereby achieving waste treatment in a "hazard-free, mass-reducing and recyclable" manner and creating a healthier living environment for local residents.

During 2018, the Group launched new projects including the hazardous industrial waste Co-Processing project in Changjiang County, Hainan, the municipal solid waste Co-Processing projects in Tianyang County, Guangxi and Midu County, Yunnan, as well as the municipal solid waste Co-Processing project of an associate in Fengqing County, Yunnan. As of the end of 2018, the Group had 7 co-processing projects in total.

Details of the projects are set out as follows:

Project Location	**Type**	**Processing Capacity**	**Status**
Binyang, Guangxi	Municipal solid waste	300 tons per day	In operation
Tianyang, Guangxi	Municipal solid waste	500 tons per day	In operation
Nanning, Guangxi	Urban sludge	300 tons per day	In operation
Guangzhou, Guangdong*	Urban sludge	300 tons per day	In operation
Changjiang, Hainan	Hazardous industrial waste	30,000 tons per year	In trial operation
Midu, Yunnan	Municipal solid waste	300 tons per day	In trial operation
Fengqing, Yunnan*	Municipal solid waste	300 tons per day	In trial operation

**Note:* Located in the cement production plants of our associates and joint ventures.

Production Safety and Occupational Health

In 2018, the Group conducted annual large-scale safety inspections on 36 cement production plants. Safety inspections on the mines of 8 production plants were rolled out. On-site supervision on the repairs and maintenance as well as management of counterparties was done at 13 cement production plants. 17 concrete plants were inspected and assisted.

The Group is committed to production safety standardization and raising the overall standards of safety management through continuous improvement on fundamental management and innovative management models. As of the end of 2018, 28 cement production plants of the Group have passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization. Pilot construction of a First-Class Mine of Production Safety Standardization commenced at the cement production plant in Tianyang. Currently, the Group has 212 specialized safety management personnel, including 55 registered safety engineers (205 and 44 respectively as of the end of 2017).

In terms of safety training, the Group actively implemented safety training and combined online and offline training methods. Videos of safety emergency drills were uploaded on i-Learning, the Group's online learning platform, to encourage our staff to self-study. In 2018, the aggregate duration of safety training for the Group's staff amounted to approximately 348,800 hours, whereas that for counterparties amounted to approximately 62,500 hours.

In addition, the Group organized a wide variety of safety activities to promote all staff-participation in safety management, arouse corporate safety culture and implant the concept of safety management in staff, families and society. During the year, the Group organized the EHS Knowledge Competition with a total of 323 teams in participation. 991 emergency drills were conducted with a total of 15,914 participants in attendance. 85 safety open days were held with a total of 2,685 participants in attendance.

INNOVATION, RESEARCH AND DEVELOPMENT

Capability of Research and Development

China Resources Cement Technology Research and Development Centre was established in 2016. As of the end of 2018, there were 45 specialized employees, including 4 doctors and 16 masters. Among the R&D personnel, 2 were professorate senior engineers.

The Group applies for patent licenses for its various R&D achievements. In 2018, the Group was newly granted 29 patent licenses, which mainly included new products, equipment and systems for energy saving, emission reduction and enhancement of production and operation efficiency. As of the end of 2018, the Group held 139 patent licenses, including 22 inventions and 117 utility models.

In 2018, the laboratory of the Technology Research and Development Centre provided 3,046 checks and tests for the Group's production plants, effectively supporting lean operations of production plants. During the year, the laboratory of the Technology Research and Development Centre conducted optimization projects for production plants including Fengkai and Huizhou in Guangdong, Hepu in Guangxi and Caoxi in Fujian. Energy consumption at production had been further reduced and product quality had been enhanced by optimizing major oxide ratio of clinker and the workmanship of raw materials grinding, as well as diagnosis of thermal engineering.

On the other hand, the Group conducted R&D on numerous new products and new technologies to meet the needs of different markets and customers. The Group designed high-performance marine cement to cater for the specific requirements for the construction of the Hong Kong-Zhuhai-Macao Bridge, which had effectively prevented the formation of cracks on concrete and had high impermeability and corrosion resistance. During the year, the Group launched masonry cement M22.5 in Shanxi with a focus on the renovation market. At the same time, the Group launched R&D and production of high-calcium clinker, as well as the development of various new products and new technologies such as engineered stones and coal combustion technology.

All-Staff Innovation

The Group is fully aware of the importance of strategic innovation development for the transformation and upgrade of the traditional cement companies. The Group continuously improved its innovation system through enriching innovation activities and encouraging all-staff innovation in order to promote the implementation of innovation initiatives and boost effective and sustainable development. During the year, the Group held the annual Innovation Conference to share our innovation achievements with our staff. At the same time, the Group made full use of its innovation platform to lead interactions for all-staff innovation and unleash enthusiasm for innovation. The Group actively organized seminars and training on innovative projects and formulated plans for promoting innovation projects, in order to stimulate all-staff innovation through scientific methods. In 2018, the Group identified 15 propagable innovative projects which offered effective channels the Group to put its innovative achievements into practice, including the improvement of bag filters for achieving ultra-low dust emissions at cement production plants and the industry-academia collaborative research project to solve workmanship quality issues.

EXTENSION OF INDUSTRY CHAIN

On the back of the government's encouragement on the development of prefabricated construction, and in combination with the development strategy for extension of industry chain, prefabricated construction business is one of the key new businesses for the Group's future development.

The Group and Shenzhen Capol International & Associates Co., Ltd. established an associate in Guangdong, namely, DongGuan RunYang United Intelligent Manufacturing Company Limited, with design annual production capacity of precast concrete components of approximately 40,000 m^3. The associate, which is held as to 49% by the Group, had commenced production since May 2018. The associate is dedicated to providing customers with systematic solutions to prefabricated construction which integrate product design, production, manufacturing, construction and installation. Currently, the products are mainly supplied to public housing and commodity housing projects in Shenzhen Municipality.

The Group is also proactively negotiating with local governments in Guangdong and Guangxi to explore development opportunities for the prefabricated construction business.

In May 2018, the Group successfully won the bid for an industrial land in the Wuhe Lingang Industrial Park, Yongning District, Nanning City, Guangxi, for the production of prefabricated construction components. The project is planned to cover the total land area of approximately 200,000 m^2 with design annual production capacity of approximately 400,000 m^3. The Group acquired a plot of industrial land with an area of approximately 110,000 m^2. It is expected that construction would commence in the first half of 2019. A concrete batching plant with annual production capacity of 600,000 m^3 is expected to commence operations in late 2019, and the production line for precast concrete components is expected to commence operation by the end of 2021.

In July 2018, the Group successfully won the bid for an industrial land in the Lingbei Industrial Park, Suixi County, Zhanjiang City, Guangdong, designated for the project of a modernized factory of prefabricated construction components. The project is planned to cover the total land area of approximately 210,000 m^2 with design annual production capacity of approximately 400,000 m^3. The Group acquired a plot of industrial land with an area of approximately 180,000 m^2. Construction is expected to commence in the first half of 2019 and the production line for precast concrete components in the first phase with design annual capacity of 200,000 m^3 is expected to commence operation in mid-2020.

In September 2018, the Group acquired a plot of industrial land with an area of approximately 130,000 m^2 in the High-Tech Industrial Development Zone of Guigang City, Guangxi for the production of prefabricated construction components, with design annual production capacity of approximately 200,000 m^3. It is expected that construction of the project would commence in the first half of 2019. A concrete batching plant with annual production capacity of 600,000 m^3 is expected to commence operation in late 2019, and the production line for precast concrete components is expected to commence operation in mid-2020.

In September 2018, the Group established a wholly-owned subsidiary, namely, Shenzhen Runfeng New Materials Technology Company Limited, which is responsible for the operation and promotion of new products and offers systematic services and solutions to customers.

In addition, the Group is exploring opportunities to develop the aggregate business in the regions where the Group has business operations. In the future, the Group will fully utilize the synergetic advantages in its businesses of cement, concrete, aggregate and prefabricated construction to achieve integrated business development and further consolidate the Group's core competitive advantage.

EMPLOYEES

General Information

In order to better reflect the work functions of each staff by classification, since 2018, the Group had re-classified the roles relevant to the functions of safety, environmental protection and R&D from "finance and administration" to "technical staff". "Quality control" staff had been re-classified as "production staff" or "technical staff". Logistical staff had been re-classified from "production and technical" function" to "sales and marketing". The restated data for 2017 according to the above new classifications is disclosed below.

As at 31 December 2018, the Group employed a total of 20,301 full-time employees (20,592 as at 31 December 2017) of whom 159 were based in Hong Kong (159 as at 31 December 2017) and the remaining 20,142 were based in the Chinese Mainland (20,433 as at 31 December 2017). A breakdown of our employees by function is set out as follows:

	As at 31/12/2018	As at 31/12/2017
Management	**393**	390
Finance, administration and others	**2,648**	2,672
Production staff	**11,753**	11,996
Technical staff	**4,618**	4,633
Sales and marketing staff	**889**	901
Total	**20,301**	20,592

Among our 393 senior and middle-level managerial staff (390 as at 31 December 2017), 89% are male (89% as at 31 December 2017) and 11% are female (11% as at 31 December 2017), 74% possess university degrees or above (65% as at 31 December 2017), 22% have received post-secondary education (28% as at 31 December 2017) and their average age is approximately 45 (46 as at 31 December 2017).

We offer our employees remuneration packages mainly on the basis of individual performance and experience and also having regard to common practice in the industry, including basic wages, allowance, performance related bonuses and other staff benefits.

Care for Employees

The Group is dedicated to enhancing the working environment and team ambience for its employees. Various group activities were organized for better physical and mental health of our employees, such as staff birthday parties, festival celebrations, sports activities, photography competitions and fitness activities. During the year, we organized activities for the staff health day which was blended with group fitness, brand promotion, family activities and talent shows in order to enhance our employees' sense of belonging to the Company through learning with entertainment and to promote corporate culture.

The Group has always paid keen attention to caring for employees. To understand their practical difficulties and needs as well as to care for and follow up with the improvement on their living conditions, we regularly visit employees in need and their families with solicitude. Regards and blessings are sent to them during festivals, which reflected our corporate spirit of humanity and care. In 2018, the Group and its employees donated a total amount of approximately RMB2,326,200 to the "China Resources Cement Gratitude Fund", which aims at caring for and helping the employees in need. Employees in need were subsidized with a total amount of approximately RMB325,800. In addition, the cash awards to management teams of key tax-paying enterprises for 2016 and 2017 granted by the Shenzhen Municipal Government to the Group in the total amount of RMB4,000,000 was donated to the "Gratitude Fund".

Development and Training

The Group strongly believes that talent is the key to corporate development, puts strong emphasis on building teams of talents and continuously improves the mechanism for talent development. The Group also attaches great importance to staff training. Integrating the needs for business strategies, job requirements and personal development, the Group has gradually improved various talent development systems, combined online and offline training platforms, and steadily perfected the curriculum system, lecturer system and management system to provide a secure supply of talents for the Group's business development. In 2018, China Resources Cement College organized a total of 46 training courses with 2,600 participants. During the year, in order to complement our new business development, the Group launched three phases of co-processing talent development projects and developed 13 talent development courses for innovative new businesses such as prefabricated construction and intelligent manufacturing.

At the same time, the Group continuously optimizes its online learning platform to achieve the unification of functions and contents across the three terminals of mobile phones, computers and tablets. We fully utilize the Internet Plus platform to build an effective mechanism for self-learning. In 2018, approximately 20,200 participants attended online training for a total duration of approximately 69,600 hours.

COMMUNITY WORK

The Group proactively participates in community service work. Through donations of cement products, we help surrounding towns and villages in the construction of roads, repairs of bridges and improvement on local infrastructure. We also make donations in cash or in kind to underprivileged regions and families in need to solve their practical difficulties. The Group regularly organizes for each regional headquarters and production plants to visit and express solicitude to elderly care institutions, the elderly without family and the general public in need in the neighbouring villages. We are very concerned about education for children in the underprivileged mountainous regions and help to create a better learning environment and ambience through donations of clothes, stationery, books, study grants and arranging subsidized schooling, thereby creating a healthy, stable and harmonious community environment and making contribution to the society with practical actions.

REVIEW OF OPERATIONS

Turnover

The consolidated turnover for the year ended 31 December 2018 amounted to HK$38,791.5 million, representing an increase of 29.5% from HK$29,958.4 million for the last year. An analysis of segmental turnover by product is as follows:

	2018			2017		
	Sales volume *'000 tons/m^3*	**Average selling price** *HK$ per ton/m^3*	**Turnover** *HK$'000*	Sales volume *'000 tons/m^3*	Average selling price *HK$ per ton/m^3*	Turnover *HK$'000*
Cement	**82,602**	**377.8**	**31,207,149**	75,895	301.2	22,861,292
Clinker	**4,033**	**328.9**	**1,326,334**	7,948	256.6	2,039,790
Concrete	**14,231**	**439.7**	**6,257,987**	13,458	375.8	5,057,346
Total			**38,791,470**			29,958,428

In 2018, our external sales volume of cement, clinker and concrete increased by 6.7 million tons, decreased by 3.9 million tons and increased by 773,000 m^3, representing an increase of 8.8%, a decrease of 49.3% and an increase of 5.7% respectively over 2017. During the year, approximately 71.5% of the cement products we sold were 42.5 or higher grades (67.2% in 2017) and approximately 38.9% were sold in bags (45.0% in 2017). Internal sales volume of cement for our concrete production was 2.9 million tons (2.8 million tons in 2017), representing 3.4% of the total volume of cement sold (3.6% in 2017).

Our cement sales by geographical areas in 2018 were as follows:

	2018			2017		
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	**31,339**	**418.8**	**13,125,328**	30,465	315.7	9,616,748
Guangxi	**25,765**	**348.4**	**8,977,758**	21,917	277.0	6,070,908
Fujian	**10,082**	**362.8**	**3,658,008**	8,872	278.4	2,470,247
Hainan	**5,030**	**411.0**	**2,067,217**	5,337	357.9	1,910,290
Yunnan	**4,896**	**358.4**	**1,754,755**	4,922	330.7	1,627,846
Guizhou	**2,361**	**319.5**	**754,235**	2,140	256.5	548,891
Shanxi	**3,129**	**278.0**	**869,848**	2,242	274.9	616,362
Total	**82,602**	**377.8**	**31,207,149**	75,895	301.2	22,861,292

The average selling prices of cement, clinker and concrete in 2018 were HK$377.8 per ton, HK$328.9 per ton and HK$439.7 per m^3 respectively, representing increases of 25.4%, 28.2% and 17.0% respectively from 2017. The average selling prices of our cement products increased due to stable demand for cement products and improved competitive landscape during the year. The increase in average selling price of concrete in 2018 reflected the higher cost of production due to the increase in materials prices.

Costs of sales

The consolidated cost of sales of the Group comprised coal, electricity, materials and other costs, which represented 33.4%, 11.9%, 32.5% and 22.2% of the cost of sales respectively for the year (33.4%, 13.0%, 30.9% and 22.7% in 2017 respectively). As for cement products, coal, electricity, materials and other costs represented 39.7%, 14.2%, 22.0% and 24.1% of their costs respectively for the year (39.0%, 15.1%, 21.6% and 24.3% in 2017 respectively). Materials cost is the major component of the cost of sales of concrete, representing 90.9% of the cost of sales of concrete for the year (89.7% in 2017).

The average price of coal we purchased in 2018 was approximately HK$751 per ton, representing an increase of 6.2% from the average price of HK$707 per ton in 2017, while the average thermal value of coal decreased by 0.6% to 5,219 kcal per kg. During the year, our unit coal consumption slightly decreased to 147.2 kg per ton of clinker produced from the average of 147.3 kg in 2017. Our standard coal consumption decreased to 106.5 kg per ton of clinker for the year from the average of 106.9 kg in 2017. As a result of the increase in coal price, our average coal cost for the year increased by 6.1% to HK$110.5 per ton of clinker produced from HK$104.1 in 2017.

Our average electricity cost increased by 0.3% from HK$31.0 per ton of cement to HK$31.1 for the year. During the year, we enjoyed the benefits of lower electricity tariff for a total of 3,926.7 million kwh of electricity consumed (3,434.8 million kwh in 2017), which accounted for 59.4% of the total electricity consumption for the production of cement products (54.7% in 2017), and saved HK$211.0 million (HK$153.7 million in 2017) under direct power supply agreements and price bidding arrangements. Our electricity consumption remained steady at 73.0 kwh per ton of cement for the year (73.1 kwh in 2017). Our residual heat recovery generators generated 2,098.6 million kwh of electricity for the year, representing an increase of 2.5% over 2,046.5 million kwh in 2017. The electricity generated in 2018 accounted for approximately 31.7% of our required electricity consumption (32.6% in 2017) and we achieved a cost saving of approximately HK$1,036.8 million for the year (HK$1,013.0 million in 2017).

Other costs mainly comprised staff cost, depreciation, and repairs and maintenance cost. Repairs and maintenance cost included in the cost of sales of cement products for the year was HK$947.6 million, representing an increase of 7.9% from HK$878.1 million in 2017.

Gross profit and gross margin

The consolidated gross profit for 2018 was HK$15,420.0 million, representing an increase of 67.1% from HK$9,230.5 million for 2017 and the consolidated gross margin was 39.8%, representing an increase of 9.0 percentage points from 30.8% for 2017. The increases in consolidated gross profit and gross margin for the year were mainly attributable to the higher selling prices of our products compared to year 2017. The gross margins of cement, clinker and concrete for 2018 were 42.9%, 39.9% and 24.2%, as compared with 32.4%, 26.0% and 25.8% respectively for 2017.

Other income

Other income for 2018 was HK$574.3 million, representing an increase of 54.8% from HK$370.9 million for 2017. This was mainly due to increases in government incentives, interest income and sales of raw materials and scrap by HK$96.3 million, HK$65.1 million and HK$38.3 million respectively as compared with 2017.

Selling and distribution expenses

Selling and distribution expenses for 2018 were HK$1,985.2 million, representing an increase of 11.3% from HK$1,783.6 million for 2017. This was mainly due to the rising logistics costs. As a percentage to consolidated turnover, selling and distribution expenses decreased to 5.1% in 2018 from 6.0% in 2017.

General and administrative expenses

General and administrative expenses for 2018 were HK$2,544.7 million, representing a decrease of 4.9% from HK$2,675.9 million for 2017. During 2017, an impairment of goodwill in respect of our operations in Shanxi in the amount of HK$78.9 million was made. There was no impairment of goodwill recorded in 2018. As a percentage to consolidated turnover, general and administrative expenses decreased to 6.6% for 2018 from 8.9% for 2017.

Exchange gain

An exchange gain of HK$104.5 million was generated from non-RMB denominated net borrowings of the Group mainly due to the appreciation of RMB against other currencies during the year (HK$263.7 million in 2017).

Share of results of associates

The associates of the Group contributed a profit of HK$181.9 million for the year (HK$20.6 million in 2017) of which profits of HK$17.0 million, HK$26.3 million and HK$136.5 million respectively (profit of HK$28.9 million, loss of HK$42.0 million and profit of HK$31.8 million in 2017) were attributable to the Group's associates operating in Inner Mongolia, Fujian and Yunnan respectively.

Share of results of joint ventures

Our joint ventures principally operating in Guangzhou area contributed a profit of HK$220.9 million for 2018 (HK$78.3 million in 2017). The improved performance of the joint venture was mainly attributable to the higher selling prices of cement products in Guangdong during the year, which was in line with the Group's operation in the vicinity.

Taxation

The effective tax rate of the Group for 2018 was 29.4%, as compared with 26.4% for 2017. Had the effect of the results of associates and joint ventures, the exchange gain, the unrecognized tax losses 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 2018 would be 24.9% (25.7% in 2017).

Net margin

Net margin of the Group for 2018 was 20.6%, which was 8.6 percentage points higher than that of 12.0% for 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 31 December	
	2018	2017
	'000	*'000*
HK$	**1,763,654**	268,075
RMB	**9,299,880**	4,324,284
US$	**514**	383

As at 31 December 2018, the Group's banking facilities amounted to HK$4,300.0 million and RMB12,950.0 million, of which RMB8,754.2 million was unutilized and remained available for drawdown. The total bank loans of the Group amounting to HK$9,088.6 million equivalent (HK$13,562.6 million equivalent as at 31 December 2017) comprised loans in the following currencies:

	As at 31 December	
	2018	2017
	'000	*'000*
HK$	**4,300,000**	4,300,000
RMB	**4,195,800**	7,220,000
US$	**–**	80,000

The bank loans of the Group as at 31 December 2018 and 31 December 2017 were unsecured.

As at 31 December 2018, bank loans of the Group which carried interests at fixed and variable rates amounted to HK$4,788.6 million and HK$4,300.0 million respectively (HK$8,637.3 million and HK$4,925.3 million respectively as at 31 December 2017).

In 2016, the Company was granted an approval by the National Association of Financial Market Institutional Investors of the People's Republic of China for the issuance of medium-term notes in an aggregate amount of not more than RMB9.0 billion and commercial paper in an aggregate amount of not more than RMB4.5 billion in China. On 5 September 2016, the Company completed the issuance of the first tranche of the medium-term notes in the amount of RMB3.0 billion at the coupon rate of 3.50% per annum for a term of five years which will expire in September 2021. These medium-term notes are unsecured and remained outstanding at 31 December 2018.

Under the terms of certain agreements for total banking facilities of HK$7,666.8 million equivalent with expiry dates from January 2019 to December 2022, China Resources (Holdings) Company Limited is required to hold not less than 35% of the issued share capital in the Company. Under the terms of certain agreements for the total banking facilities of HK$7,666.8 million equivalent, the net gearing ratio of the Company (as may be adjusted to exclude certain non-tangible assets) shall not exceed 180%. The net gearing ratio of the Group as at 31 December 2018, calculated by dividing net borrowings by equity attributable to owners of the Company, was 0.3% (38.6% as at 31 December 2017).

The Group's business transactions were mainly carried out in HK$ and RMB. The Group's exposure to currency risk was attributable to the bank balances and debts which were denominated in currencies other than the functional currency of the entity to which these bank balances and debts were related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations. These will include hedging significant currency exposure and/or increasing the proportion of RMB-denominated borrowings of the Group should the higher interest costs be considered justifiable against the risk of exchange losses. The Group was not engaged in any hedging contract as at 31 December 2018 and 31 December 2017. As at 31 December 2018, non-RMB denominated debts accounted for 34% of the total debts of the Group (29% as at 31 December 2017).

CHARGE ON ASSETS

As at 31 December 2018, there was no charge on assets by the Group (Nil as at 31 December 2017).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had issued guarantees to banks in respect of banking facilities in the amount of RMB1,815.6 million (RMB1,715.6 million as at 31 December 2017) granted to associates, of which RMB1,640.2 million (RMB1,666.6 million as at 31 December 2017) had been utilized.

ISSUE OF EQUITY SECURITIES

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

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

Intended use of net proceeds	**Amount intended to be utilized** *HK$'000*	**Amount utilized during the year** *HK$'000*	**Expected timeline of utilization**
Development of prefabricated construction business	1,672,000	66,900	By 2021
Development of aggregate business	1,254,000	–	By 2021
Repayment of debts	836,000	836,000	Not applicable
General working capital of the Group	418,279	418,279	Not applicable
Total	4,180,279	1,321,179	

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

FUTURE PLAN AND CAPITAL EXPENDITURE

Capital expenditure

As at 31 December 2018, the Group had outstanding capital expenditure for production plants under construction in the amount of HK$2,288.5 million. Details of these production plants are as follows:

Projects	**Total capital expenditure for the project**	**Expended as at 31/12/2017**	**Expended during the year**	**Outstanding capital expenditure as at 31/12/2018**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Construction of production lines in Anshun City, Guizhou, with total annual capacities of 2.0 million tons of cement and 1.4 million tons of clinker	1,524.5	355.7	219.1	949.7
Construction of a production plant for prefabricated construction components with design annual capacity of 400,000 m^3 in Zhanjiang City, Guangdong	462.8	–	69.4	393.4
Construction of a production plant for prefabricated construction components with design annual capacity of 400,000 m^3 in Nanning City, Guangxi	556.9	–	24.2	532.7
Construction of a production plant for prefabricated construction components with design annual capacity of 200,000 m^3 in Guigang City, Guangxi	238.3	–	23.9	214.4
Construction of six concrete batching plants with total annual capacity of 3.3 million m^3 of concrete	198.3	–	–	198.3
Total	2,980.8	355.7	336.6	2,288.5

Payment of capital expenditure

In addition to the capital expenditure on the production plants under construction, the Group had outstanding payment for the construction of production plants completed in the previous years, which have already been included under other payables in the consolidated statement of financial position as at 31 December 2018. Total payments for capital expenditure of the Group are expected to be approximately HK$1,583.3 million and HK$1,032.0 million in the years 2019 and 2020, which will be financed by proceeds from placing of Shares and internally generated funds.

STRATEGIES AND PROSPECT

In 2019, the Chinese government will adhere to the main topic of supply-side structural reform and consolidate the results of "eliminating excessive capacity, destocking, deleveraging, lowering costs and bolstering areas of weakness". At the same time, the Chinese government will continue to fight "Three Critical Battles", including preventing and resolving the major risks, conducting targeted poverty reduction and controlling pollution, in order to stabilize employment, financial market, foreign trade, foreign investments, domestic investments and expectations for maintaining the operation of the economy within a reasonable range. According to the Report on the Work of the Chinese government, the target GDP growth in 2019 is 6% to 6.5%.

According to the statistics published by the Ministry of Transport of China, during the "Thirteenth Five-Year" period, the total investments in transportation will reach RMB15 trillion, representing an increase of approximately 20% from RMB12.5 trillion during the "Twelfth Five-Year" period. Among which, the investments in railways, highways and waterways will be RMB3.5 trillion, RMB7.8 trillion and RMB0.5 trillion respectively. According to the Report on the Work of the Chinese government, in 2019, the target FAI on railways is RMB800.0 billion while the target FAI on highways and waterways is RMB1.8 trillion. According to the statistics of the China Railway Corporation, the target operational length of new national railway in 2019 is 6,800 km, among which high-speed rails account for 3,200 km. According to the "Thirteenth Five-Year Plan on the Development of Modern Complex Transportation System" published by the State Council of China, it is targeted that by 2020, the total operational length of railways in China will reach approximately 150,000 km, among which, that of high-speed rails will reach approximately 30,000 km, and the total operational lengths of highways and urban rail transit will reach 5,000,000 km and 6,000 km respectively.

In respect of real estate, in order to promote the steady and healthy development of the property market, the Chinese government implements city-specific policies, offers category-specific guidance, consolidates the main responsibility of city governments and improves the housing market system and the housing security system. In addition, the Chinese government promotes strategies for rural revitalization to improve infrastructure for water supply, power supply and information technology in rural areas. The government plans to build and re-build 200,000 km of rural roads in 2019. It is also targeted that, by 2020, impoverished regions will basically be connected to the main national highways, and county seats with the necessary conditions will be connected to roads of Grade II or above.

In terms of coordinated regional development strategies, the government is supportive of the construction of the Greater Bay Area. In July 2017, President Xi Jinping attended the signing ceremony of the "Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area" in Hong Kong. In October 2018, as the world's longest cross-sea integrated bridge and tunnel highway, the Hong Kong-Zhuhai-Macao Bridge officially opened, which had further promoted the mutual access to transportation infrastructure in the Greater Bay Area.

On 18 February 2019, the State Council of China promulgated the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" (the "Outline") with the objective to essentially form the framework for an international first-class bay area and world-class city cluster by 2022 and fully develop an international first-class bay area by 2035 where economic system and mode of development would be mainly supported by innovation. The Greater Bay Area will be built in Hong Kong, Macao, Guangzhou and Shenzhen as core engines and cities including Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing will form key node cities by fully leveraging their distinct strengths. In the future, infrastructure development will be strengthened in the Greater Bay Area by relying on a rapid transport network involving mainly high-speed rails, intercity railways and high-grade motorways, as well as port and airport clusters. It aims to form an efficiently connected spatial network of major cities and strive for reducing travelling time among major cities within the Greater Bay Area to one hour or less. In addition, the Outline proposed to fully raise the quality and level of urbanization, promote urban renewal based on local conditions and improve the living conditions for municipal residents.

On the other hand, in order to strengthen environmental protection and management, the Outline put forward the reinforcement of joint prevention and control of air pollution in the region, make concerted and coordinated efforts in reducing the emission of various pollutants, take coordinated preventive and control measures against pollution caused by ozone and fine particulate matters, as well as improve levels of detoxifying, reducing as well as recovering resources from solid wastes. The Greater Bay Area will have a radiating effect in leading the development of nearby areas. The Outline proposed to develop a key economic support zone with the Greater Bay Area as its vanguard and the Pearl River-Xijiang economic zone as its hinterland, and propel development in South Central China and Southwest China as well as Southeast and Southern Asia. The gradual advancement of construction in the Greater Bay Area will drive the regional demand for building materials such as cement and concrete in the medium to long term.

Looking ahead, under the supply-side structural reform and strict policies on environmental protection in China, the cement industry will encounter new opportunities and challenges. Positioning in Southern China, the Group will seek business opportunities and proactively seize the opportunities in the construction of the Greater Bay Area. During the "Thirteenth Five-Year" period, the Group is dedicated to developing the three core strengths of the "lowest total costs, leading market position in the region, innovation-driven development". The Group will further enhance quality and efficiency of operation, reinforce the construction of sales channels and brand marketing, strengthen the capability in R&D of new products, new technologies and new materials for the creation of competitive advantage by differentiation. Meanwhile, the Group will fulfil corporate social responsibility, proactively promote waste co-processing projects by use of cement kilns and foster green development. The Group will actively grasp opportunities in the development of the Greater Bay Area and prefabricated construction industry, accelerate the pace of transformation and innovation, explore the opportunities of upstream and downstream expansion along the industry chain, continue to seek strategic cooperation with domestic and overseas leading enterprises for the joint promotion of the sustainable development of the cement industry in China.

CORPORATE GOVERNANCE

During the year, the Company had complied with the code provisions set out in the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules, except that all non-executive Directors were not appointed for a specific term. Since all Directors are subject to re-election by shareholders of the Company at annual general meetings and at least about once every three years on a rotation basis in accordance with the Articles of Association of the Company, there are sufficient measures to ensure the Company complies with the same level as that required under this provision.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIVIDEND

The Board recommends the payment of final dividend of HK$0.273 per Share in cash for the year ended 31 December 2018 (2017: HK$0.155 per Share). Such final dividend will not be subject to any withholding tax in Hong Kong.

The Board declared an interim dividend of HK$0.275 per Share in cash for 2018 (2017: HK$0.115 per Share) and the total distribution for the year ended 31 December 2018 will be HK$0.548 per Share (2017: HK$0.27 per Share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6 May 2019 to Friday, 10 May 2019, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Friday, 10 May 2019, all share transfer documents accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on Friday, 3 May 2019 with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the final dividend will be distributed on or about Wednesday, 29 May 2019 to shareholders of the Company whose names appear on the register of members of the Company after the close of business of the Company at 4:30 p.m. on Friday, 17 May 2019 and the register of members of the Company will be closed on Friday, 17 May 2019, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates shall be lodged not later than 4:30 p.m. on Thursday, 16 May 2019 with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

REVIEW OF ANNUAL REPORT

The annual report encompassing the consolidated financial statements for the year ended 31 December 2018 has been reviewed by the Audit Committee of the Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to shareholders, customers, suppliers, business partners and other stakeholders for their attention and support to the Group. I would also like to express our thanks to my fellow Directors, the management team and all staff for their dedication to and hard work for the healthy development of the Group.

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

Hong Kong, 8 March 2019

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan, Mr. JI Youhong, and Mr. LAU Chung Kwok Robert; the non-executive Directors are Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.