



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)

2015 CONSOLIDATED TURNOVER
DOWN 18.0% TO HK\$26,778.7 MILLION
ANNUAL DIVIDEND HK\$0.08 PER SHARE PAYOUT RATIO AT 51.6%

* * *

SOLIDIFY MARKET LEADERSHIP
ACTIVELY PROMOTE GREEN DEVELOPMENT

Financial Highlights

	For the year ended 31 December		
	2015	2014	Change
Turnover (HK\$ million)	26,778.7	32,668.9	-18.0%
Gross Margin (%)	24.0	31.3	-7.3ppt
Profit Attributable to Owners of the Company (HK\$ million)	1,015.0	4,206.4	-75.9%
Net Margin (%)	3.5	12.6	-9.1ppt
Basic Earnings per share (HK\$)	0.155	0.644	-75.9%
Annual Dividend (HK\$)	0.08	0.17	-52.9%

(Hong Kong, 13 March 2016) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), one of the leading cement and concrete producers in Southern China, announced its annual results for the year ended 31 December 2015.

In 2015, the Company’s consolidated turnover amounted to HK\$26,778.7 million, representing a decrease of 18.0% over last year. Profit attributable to owners of the Company amounted to HK\$1,015.0 million, representing a decrease of 75.9% over last year. Basic earnings per share reached HK\$0.155. The Board recommends the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2015 (2014: HK\$0.10 per share). As at 31 December 2015, the total assets of the Group were HK\$54,216.8 million, the net gearing ratio was 63.8% and the net assets per share was HK\$4.07.

Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement said, “In 2015, the downturn pressure on China’s economy had been increasing. Infrastructure construction has been an important driving force of steady economic growth. During the year, the Chinese government stabilized the economic development by accelerating the approval of infrastructure projects, promoting public-private-partnership model, loosening the control measures on real estate and boosting property sales. Since 2015, the People’s Bank of China lowered the required reserve ratio of financial institutions for six times and the benchmark interest rates of RMB loans and deposits of financial institutions for five times, so as to reduce corporate financing costs and to support the development of real economy.”

In 2015, China’s total cement production was 2.35 billion tons, representing a decrease of 4.9% over last

year. This is the first negative demand growth of the industry in twenty four years, and cement prices fell to its lowest level since 2008. The economic growth and FAI in the regions at which the Group has operations were in general above the national average levels. According to the National Bureau of Statistics of China, cement productions in Guangdong, Guangxi, Fujian, Hainan, Shanxi, Yunnan and Guizhou were 144.9 million tons, 110.6 million tons, 77.5 million tons, 22.3 million tons, 35.7 million tons, 93.1 million tons and 99.1 million tons, representing changes of -1.7%, 3.9%, 0.2%, 3.4%, -21.4%, -2.0% and 5.6% respectively over last year.

In January 2015, China implemented the new environmental protection law for the establishment of a new mechanism of daily fines without caps to be imposed on enterprises discharging pollutants illegally, which has increased the enterprises' costs of violation of laws. Since July 2015, the "Emission Standard of Air Pollutants for Cement Industry" has officially come into effect. The new standards on emission of nitrogen oxides and particulate matters have been tightened to 400 mg/m³ and 30 mg/m³ respectively. Besides, the Ministry of Industry and Information Technology of China issued the "Regulatory Requirements for the Cement Industry (2015)" which emphasized on the principle of "capacity replacement for equal or reduced quantities" and required newly commenced projects to co-process solid wastes. In May, six ministries and commissions of China decided to jointly commence and assess the pilot projects for urban waste co-processing by using cement kilns. In addition, according to the revised standard for Common Portland Cement, PC32.5 grade cement has been officially prohibited since December 2015. Gradual elimination of low-grade cement will increase the use of cement products of better quality.

In 2015, our external sale volume of cement, clinker and concrete are 76.7 million tons, 4.6 million tons, and 12.3 million m³, representing an increase of 6.5%, decrease of 21.7% and decrease of 22.7% respectively over 2014. During the year, demand for cement products was sluggish due to slowdown in economic growth in China. Cement prices have been sliding continually from the beginning of the year and did not improve after entering the normal peak season in the fourth quarter. The average selling prices of cement and clinker were HK\$269.9 per ton and HK\$203.2 per ton, representing decreases of 20.2% and 24.0% respectively over last year. The average selling price of concrete decreased by 1.4% to HK\$416.8 per m³. The consolidated gross margin was 24.0%, representing a decrease of 7.3 percentage points from 31.3% for 2014. Net margin of the Group for 2015 was 3.5%, which was 9.1 percentage points lower than that of 12.6% for 2014. Since 11 August 2015, the People's Bank of China has implemented a series of adjustments to the RMB central parity fixing mechanism which led to significant depreciation of RMB against other major currencies within a short period of time. An exchange loss of HK\$902.9 million was generated from non-RMB net borrowings for the year.

Improve Advantages of Procurement Upgrade Waterway and Road Transport

Coal price slid substantially in 2015. In order to further reduce procurement costs, the Group has engaged certain large-scale domestic coal companies as main suppliers, lowered the proportion of imported coal which was more expensive, and adopted low inventory strategy to optimize procurement management. During the year, the Group purchased a total of 9.3 million tons of coal (9.3 million tons in 2014), of which, approximately 75%, 19% and 6% (73%, 17% and 10% in 2014) were sourced from northern China, neighbouring areas of our production plants and Australia respectively. The proportion of direct coal procurement from coal producers increased to approximately 74% (68% in 2014). The Group will actively explore domestic and international sources of coal procurement, stabilize its cooperation with strategic suppliers and take advantage of centralized procurement for effective costs management.

In addition, the Group continued to implement the construction of logistics information systems, which will improve the efficiency of delivery, and improve the standard of customer services. Through the control of the shipping capacity on Xijiang River and the implementation of bi-directional logistics, the Group has strengthened its control on transportation costs. Based on its business development needs, the Company optimized its shipping capacity by retaining the out-performers and eliminating the under-performers. As at the end of the year, the Group has secured 715,000 tons of shipping capacity on the Xijiang River with an annual shipping capacity of about 32.0 million tons, which has secured stable and sustainable shipping capacity for the Group's business development. In addition, through resources integration and equipment upgrading, the Group controlled the operation of 53 silo terminals, mainly located in the Pearl River Delta

region of Guangdong, with an annual capacity of 39.4 million tons at the end of the year, fully satisfying the needs for logistics and transportation in the Pearl River Delta region and consolidating its market competitiveness in the Pearl River Delta region.

Energy Saving and Emission Reduction Promote Industry Green Development

In 2015, the Group persistently optimized and raised the standards of environmental protection of our production lines, actively responded to national policy of energy saving and emission reduction, and actively promoted the green and healthy development of the cement industry. In compliance with the new “Air Pollutants Emission Standard for the Cement Industry” in China, all our clinker production lines have completed technological upgrade on denitrogenation and their emission levels of nitrogen oxides are better than the national standard of 400 mg/m³. In 2015, the Group completed the technological upgrade of dust collection systems by replacing the existing static electricity dust collection systems with the more stable and more efficient bag filter systems for thirty clinker production lines. It is expected that technological upgrade of the remaining clinker production lines will be completed by the end of 2016. Currently, the emission levels of particulate matters of all our production plants of the Group are in compliance with the national standard of 30 mg/m³, which is at a leading position in the industry.

In November 2015, the Company incorporated a wholly-owned subsidiary, China Resources Environmental Protection Engineering Investments Limited, which will focus on green environmental projects including co-processing of urban waste, sludge and hazardous waste projects, etc. by using cement kilns. In December, the Group’s first urban waste co-processing project in our cement plant at Binyang County, Guangxi commenced operations. The Group is now negotiating with relevant government departments in the regions at which the Group has operations for further promotion of plans of urban waste co-processing projects. At the same time, the Company is actively studying and promoting the operational model and technology application of co-processing sludge and hazardous waste by cement kilns.

Solidify Market Position in Yunnan Support “One Belt and One Road” Initiative

The Group continued to consolidate its regional market share and leading position. In September and December 2015, CRC Investments entered into two agreements with Kunming Iron & Steel Holding Co., Ltd., making capital contribution to Yunnan Cement & Building Materials Group Co., Ltd. (formerly known as Yunnan Kunming Iron & Steel Building Materials Group Co., Ltd.) for twice whereby CRC Investments ultimately holds 50% equity interest in Yunnan Cement & Building Materials Group Co., Ltd. In the future, synergies are to be achieved in areas including operational management, resources allocation, sales and marketing and procurement etc., so as to further consolidate our leading position in Yunnan market. Since Yunnan is positioned as a bridgehead connecting South and Southeast Asia in the “One Belt One Road” Initiative, the construction of infrastructure will continue to promote the growth of cement demand in the future.

As at 31 December 2015, the annual production capacities of cement, clinker and concrete of the Group through its subsidiaries amounted to 79.3 million tons, 56.3 million tons and 34.5 million m³ respectively. As at 31 December 2015, the annual production capacities of cement, clinker and concrete controlled by the associates and joint ventures of the Group amounted to 58.1 million tons, 40.4 million tons and 7.4 million m³ respectively. The respective production capacities attributable to the Company according to our share of equity interests were 19.2 million tons of cement, 13.4 million tons of clinker and 3.4 million m³ of concrete.

Mr. Zhou Longshan concluded, “2016 is the opening year for the “Thirteenth Five-Year” plan. The Chinese government proposed to handle well the balance between stabilizing growth and restructuring, maintain a reasonable economic growth interval, focus on promoting supply side structural reform and accelerate the development of new economic drivers. The Group believed that the initiation of infrastructure projects, the gradual recovery of real estate market, the long-term national policies of the “One Belt and One Road” Initiative and the “13th Five-Year” plan will help to stabilize the cement demand for the medium and long term. Additionally, in respect to the cement industry, the Chinese government will actively promote such work as energy saving, emission reduction, co-processing, elimination of obsolete capacities, and product upgrade etc., which will be conducive to the sustainable development of the cement industry. In the future,

we will persistently adhere to the “3+2” development strategy through control, conversion and distribution of resources, making us the producer with the lowest total cost and leading market position in the region. While promoting lean management, cost reduction and efficiency enhancement, we will continue to seek acquisition opportunities in the regions at which the Group has operations and at the same time explore investment opportunities in countries and regions along the Belt and Road of the “One Belt One Road” Initiative, strengthen research and innovation, promote green development and contribute to the healthy development of the cement industry in China.”

-END-

Appendix:

Location of the Company's production facilities in operation and the respective production capacities

Province/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of lines	million m ³
Guangdong	22	20.5	8	10.9	25	15.3
Guangxi	35	31.2	17	25.0	21	12.4
Fujian	14	10.1	6	7.0	-	-
Hainan	5	4.4	3	3.3	5	3.0
Shanxi	6	6.0	3	4.6	1	0.6
Yunnan	7	5.1	4	3.9	1	0.6
Guizhou	2	2.0	1	1.6	-	-
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	91	79.3	42	56.3	58	34.5

Expected Annual Production Capacities

Year	Cement (million tons)	Clinker (million tons)	Concrete (million m ³)
End of 2016	83.3	61.3	38.2
End of 2017	85.3	62.7	41.8
End of 2018	87.3	64.3	45.4

About China Resources Cement Holdings Limited

China Resources Cement Holdings Limited is one of the leading cement and concrete producers in Southern China. As at 31 December 2015, it had 91 cement grinding lines and 42 clinker production lines in operation, with an annual production capacity of 79.3 million tons of cement and 56.3 million tons of clinker respectively. It also operated 58 concrete batching plants with an annual production capacity of 34.5 million cubic meters of concrete. The Company has been listed on The Stock Exchange of Hong Kong Limited since October 2009 (SEHK stock code: 1313).

For more information, please visit www.crcement.com.

This press release is distributed by Wonderful Sky Financial Group Limited on behalf of China Resources Cement Holdings Limited.

Media Enquiries:

Wonderful Sky Financial Group Limited
Ms. Alice Wang / Ms. Liz Ngan
Contact Number: (852) 3970 2136 / 3641 1306
Fax: (852) 2865 1638
Email: alicewang@wsfg.hk / lizngan@wsfg.hk