



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)

CONSOLIDATED TURNOVER DOWN 15.6% TO HK\$ 11.3 BILLION IN THE FIRST HALF OF 2016
EARNINGS PER SHARE OF HK\$0.039
INTERIM DIVIDEND PER SHARE OF HK\$0.015

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BENEFITS FROM THE “THIRTEENTH FIVE YEAR” PLAN
PROMOTES GREEN DEVELOPMENT OF THE CEMENT INDUSTRY

Financial Highlights

	For the six months ended 30 June		
	2016	2015	Decrease
Turnover (HK\$ million)	11,315.6	13,404.2	15.6%
Gross Margin	23.8%	25.0%	1.2ppt
Profit Attributable to Owners of the Company (HK\$ million)	257.5	1,530.2	83.2%
Net Margin	2.0%	11.1%	9.1ppt
Basic Earnings per Share (HK\$)	0.039	0.234	83.3%
Interim Dividend per Share (HK\$)	0.015	0.06	75.0%

(Hong Kong, 6 August 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 interim results for the six months ended 30 June 2016 (the “Period”).

During the Period, the Company’s consolidated turnover was HK\$ 11.3 billion, representing a decrease of 15.6% from the corresponding period last year. Profit attributable to owners of the Company dropped 83.2% to HK\$257.5 million from the corresponding period last year. Basic earnings per share reached HK\$0.039. The Board has resolved to declare an interim dividend of HK\$0.015 per share for the Period (30 June 2015: HK\$0.06). As at 30 June 2016, the total assets of the Group were HK\$53.9 billion, the net gearing ratio was 66.9% and the net assets per share was HK\$4.00.

In the first half of 2016, our external sales volume of cement, clinker and concrete were 37.1 million tons, 2.0 million tons, and 5.7 million m³, representing an increase of 6.7%, a decrease of 27.4% and an increase of 0.1% respectively from the corresponding period last year. During the Period, the average selling price of cement was HK\$238 per ton, representing a decrease of 19.7% from the corresponding period of last year. The average selling price of concrete was HK\$374 per m³, representing a decrease of 14.0% from the corresponding period last year. The consolidated gross margin of the Company was 23.8%, representing a decrease of 1.2 percentage points as compared to 25% in the same period of last year. Net margin was 2.0%, which was 9.1 percentage points lower as compared to 11.1% in the same period of last year.

Accelerating Elimination of Obsolete Capacities and Promoting Environmental Protection Transformation

In May 2016, the General Office of State Council issued the “Guiding Opinions on Promoting Steady Growth, Restructuring and Efficiency Improvement of Building Materials Industry” which aims to eliminate a batch of cement and clinker production capacities by 2020 such that the market share of the top ten enterprises by cement and clinker production capacities will reach approximately 60%, and the profit margin of the cement industry will be close to the average level of industries. In addition, filing and construction of cement and clinker projects for new and expanded production capacities shall be strictly prohibited until

the end of 2020. Enterprises which fail to meet the pollutant emission standards shall be subject to continuous penalties on a daily basis. Enterprises which fail to meet the standards for energy consumption, product quality and safety production shall be required to remedy or even close down. Meanwhile, elimination of excessive capacities of the cement industry by joint restructuring is supported. Besides, the government requires upgrade of cement products by prohibiting production of PC32.5 grade cement and encouraging focus on production of products of grade 42.5 or above. In June 2016, the Ministry of Environmental Protection, the National Development and Reform Commission and the Ministry of Public Security jointly issued the “2016 National Inventory of Hazardous Wastes”. With effect from 1 August 2016, cement enterprises which co-process hazardous waste by use of cement kilns are not required to hold the license for composite operations of hazardous waste. This will be conducive to the environmental protection transformation of cement enterprises and the green development of the industry.

Defining the Branding Position and Gaining a Differentiated Competitive Edge

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

Exploring Overseas Procurement Sources and Promoting the Construction of Logistics Information System

In the first half of 2016, coal price decreased compared to the corresponding period last year. During the Period, coal supply in China has been getting less stable. In order to secure safe and stable coal supply, the Group has engaged large-scale domestic coal suppliers as the main procurement sources, coupled with procurement of imported coal of excellent quality. In the future, the Group will focus on exploring sources of coal procurement in Australia, increase the quantity of imported coal procurement when it thinks fit by taking advantage of the price of overseas coal, consolidate the cooperation relationship with domestic and international strategic suppliers, and take advantage of centralized procurement for effective reduction of procurement costs.

In the first half of the year, the Group orderly implemented the construction of logistics information systems. The truck transportation scheduling management system has been fully launched in Guangdong, Fujian and Yunnan, which enhanced the efficiencies of vehicle scheduling, surveillance and turnover for guaranteeing supply of goods to customers and improving the standard of customer services. On the other hand, the pilot project of “Smart Card” system has officially commenced operations at Dongguan cement production plant since June 2016.

Green Development at a Leading Position and Production Safety Continuously Improving

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

Since the commencement of operations of the Group’s urban waste co-processing project in our cement production plant at Binyang County of Guangxi in December 2015, over fifty thousand tons of untreated urban waste has been processed as of the end of June 2016. All relevant emission indicators complied with the requirements of the national standards. The Group is also actively studying and promoting the application of technologies in co-processing sludge and hazardous waste by use of cement kilns.

With respect to production safety, as of the end of June 2016, nineteen cement production plants of the Group have passed the assessments as the First-Class Enterprise in Production Safety Standardization, and eighteen quarries have passed the assessments as the Second-Class Enterprise in Production Safety Standardization. In June 2016, Fengkai cement production plant has passed the on-site acceptance inspection as the model unit of First-Class Enterprise in Production Safety Standardization organized by the State Administration of Work Safety.

Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement said, “Year 2016 is the opening year for the ‘Thirteenth Five-Year’ Plan. China has entered a new norm whereby its economic growth is shifting from high speed to medium-to-high speed. In the future, the Chinese government will rely on a stable growth of investments for promoting the national policies of new-type urbanization construction and the ‘One Belt One Road’ Initiative, striking a balance between stable growth and structural reform, strengthening the supply-side structural reform and accelerating the development of new momentum for economic growth. In the future, the ‘3+2’ development strategy will still be the important principle of the Group’s development. Through control, conversion and distribution of resources, the Group will continue to attain the lowest total cost and a leading market position in the region. Meanwhile, the Group will strengthen the research and development of technology and products, actively take part in the green development of the industry, and use innovation to drive further development. In addition, the Group will reinforce co-operation and collaboration with leading cement producers in China and overseas for experience sharing and advancement of production, technology and operational management. At the same time, the Group will create more value for customers by upgrading products, services and brands. The Group will strive to establish long-term win-win co-operation with partners and customers in order to promote the healthy development of the cement industry in China.”

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Appendix:

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

Province/AR/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	24	22.5	9	12.5	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	93	81.3	43	57.9	58	34.5

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 30 June 2016, it had 93 cement grinding lines and 43 clinker production lines in operation, with an annual production capacity of 81.3 million tons of cement and 57.9 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. In addition, through our equity interests in certain associates and joint ventures, the respective annual production capacities attributable to the Company were 19.2 million tons of cement, 13.4 million tons of clinker and 3.4 million m³ 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.

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