



華潤水泥控股有限公司

China Resources Cement Holdings Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1313)

**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY INCREASED BY 120.5%
TO HK\$7,975.4 MILLION IN 2018**
ANNUAL DIVIDEND PER SHARE OF HK\$0.548 DIVIDEND PAYOUT RATIO 48.0%

Financial Highlights

	For the twelve months ended 31 December		
	2018	2017	Increase
Turnover (HK\$ million)	38,791.5	29,958.4	29.5%
Gross Margin (%)	39.8	30.8	9.0 ppt
Profit Attributable to Owners of the Company (HK\$ million)	7,975.4	3,616.7	120.5%
Net Margin (%)	20.6	12.0	8.6 ppt
Basic Earnings per share (HK\$)	1.179	0.554	112.8%
Annual Dividend per share (HK\$)	0.548	0.270	103.0%

(Hong Kong, 10 March 2019) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), the largest and the most competitive cement, clinker and concrete producers in Southern China, announced its annual results for the year ended 31 December 2018.

In 2018, the Company’s consolidated turnover amounted to HK\$38,791.5 million, representing an increase of 29.5% over last year. Profit attributable to owners of the Company amounted to HK\$7,975.4 million, representing an increase of 120.5% over last year. Basic earnings per share reached HK\$1.179. The Board recommends the payment of a final dividend of HK\$0.273 per share for the year ended 31 December 2018. Along with the interim dividend of HK\$0.275 per share, the annual dividend was HK\$0.548 per share (2017: HK\$0.270 per share), representing a dividend payout ratio of 48.0% (2017: 48.8%). As at 31 December 2018, the total assets of the Company was HK\$60,506.4 million, the net gearing ratio was 0.3% and the net assets per share was HK\$5.40.

In 2018, China Resources Cement’s external sales volume of cement, clinker and concrete reached approximately 82.6 million tons, 4.0 million tons, and 14.2 million m³, representing an increase of 8.8%, a decrease of 49.3% and an increase of 5.7% respectively from last year. During the year, the Group’s utilization rates of cement, clinker and concrete production lines were 102.9%, 113.7% and 39.8% respectively. During the year, the average selling price of cement and clinker was HK\$377.8 per ton and HK\$328.9 per ton, representing an increase of 25.4% and 28.2% respectively over last year. The average selling price of concrete was HK\$439.7 per m³, representing an increase of 17.0% over last year. The consolidated gross margin of the Company was 39.8%, representing an increase of 9.0 percentage points as compared to last year. Net margin was 20.6%, which was 8.6 percentage points higher as compared to last year.

Domestic economy stably grew and cement price steadily rose

In 2018, 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 grew by 6.6% over last year to RMB90.0 trillion. National fixed asset investment (excluding rural households) increased by 5.9% to RMB63.6 trillion over last year. During the year, national infrastructure investments remained stable and the housing market in China was stable at large, which have laid the foundation for cement demand. 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. 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.

During the year, the Chinese government issued national policies including the "Three-Year Action Plan for Winning the Blue Sky Defense Battle", completed two batches of central ecological environmental protection "revisit" inspection work, promoted the construction of green mines and required for the full abolition of PC32.5R grade cement. This series of measures will help the cement industry to eliminate obsolete capacity as well as strengthen the prevention and control of pollution. 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.

Improve operational management and consolidate competitive advantage in regional markets

In 2018, the Group further strengthened internal benchmark management by optimizing performance review indicators of cement production plants. During the year, 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. The proportion of direct procurement from coal producers increased to approximately 79%. In addition, the Group proactively launched the "Brand Building Year" development strategy. The strategy aimed to enhance the brand image and reputation and intensify brand penetration of target customers such as distributors, retail stores and key users. On the other hand, the Group actively optimized the layout of silo terminals, introduced resources of self-unloading ships, promoted the pilot operation of the "Smart Card" unmanned intelligent delivery system and rolled out its mobile application for placing sales orders of cement products in all the regions where the Group has business operations. During the year, the annual shipping capacity of the Group along the Xijiang River was approximately 36.4 million tons and controlled the operations of 41 silo terminals with annual capacity of approximately 28.4 million tons. This consolidated the Group's leading market position in Guangdong.

Fulfil corporate social responsibility and promote green development of the cement industry

The Group's 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. The Group is committed to production safety standardization. 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. In addition, the Group actively promotes co-processing projects in municipal solid waste, urban sludge and hazardous industrial waste. As of the end of 2018, the Group had 7 co-processing projects in total. During the year, 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. In 2018, the municipal solid waste, urban sludge and hazardous industrial waste co-processing projects of the Group co-processed 166,000 tons, 49,000 tons and 8,700 tons respectively.

The Group believes that innovation is one of the core momentums for long-term corporate development. 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. In addition, 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. 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.

Seize opportunities in the Greater Bay Area and promote the extension of the 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 m³. 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.

In 2018, the Group successfully acquired plots of industrial land for the production of prefabricated construction components at the Wuhe Lingang Industrial Park, Yongning District, Nanning City, Guangxi, the Lingbei Industrial Park, Suixi County, Zhanjiang City, Guangdong and the High-Tech Industrial Development Zone of Guigang City, Guangxi. 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.

In February 2019, the State Council of China promulgated the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” 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. 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.

Mr. ZHOU Longshan, Chairman and Executive Director of China Resources Cement said, “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.”

Appendix:

Locations 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	10	14.4	23	14.3
Guangxi	37	33.2	18	26.5	25	15.2
Fujian	14	10.1	6	7.0	-	-
Hainan	5	4.4	3	3.3	5	3.0
Yunnan	7	5.1	4	3.9	1	0.6
Guizhou	2	2.0	1	1.6	-	-
Shanxi	6	6.0	3	4.6	1	0.6
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	95	83.3	45	61.3	60	36.3

About China Resources Cement Holdings Limited

China Resources Cement Holdings Limited is the largest and the most competitive cement, clinker and concrete producer in Southern China. As at 31 December 2018, it had 95 cement grinding lines and 45 clinker production lines in operation, with annual production capacity of 83.3 million tons of cement and 61.3 million tons of clinker respectively. It also owned 60 concrete batching plants with annual production capacity of 36.3 million m³ of concrete. In addition, through our equity interests in certain associates and joint ventures, the respective annual production capacities attributable to the Company were 20.8 million tons of cement, 11.6 million tons of clinker and 4.4 million m³ of concrete.

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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