

For Immediate Release

11 August, 2019


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
REACHED HK\$3,766.0 MILLION IN 1H19**

INTERIM DIVIDEND PER SHARE OF HK\$0.260 DIVIDEND PAYOUT RATIO 48.2%

Financial Highlights

	For the Six Months Ended 30 June		
	2019	2018	Change
Turnover (HK\$ million)	17,409.5	18,513.9	-6.0%
Profit Attributable to Owners of the Company (HK\$ million)	3,766.0	4,026.0	-6.5%
Net Margin (%)	21.9	21.8	+0.1 ppt
Basic Earnings per Share (HK\$)	0.539	0.615	-12.4%
Interim Dividend per Share (HK\$)	0.260	0.275	-5.5%

(Hong Kong, 11 August 2019) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), a large-scale and competitive cement, clinker and concrete producer in Southern China, announced its interim results for the six months ended 30 June 2019 (the “Period”).

During the Period, the Company’s consolidated turnover amounted to HK\$17,409.5 million, representing a decrease of 6.0% from the corresponding period last year. Profit attributable to owners of the Company amounted to HK\$3,766.0 million, representing a decrease of 6.5% from the corresponding period of last year. Basic earnings per share reached HK\$0.539. The Board has resolved to declare an interim dividend of HK\$0.260 per share for the Period (1H18: HK\$0.275). The dividend payout ratio was 48.2% (1H18: 47.7%). As at 30 June 2019, the total assets of the Group were HK\$60,074.4 million, the net gearing ratio was 6.1% and the net assets per share was HK\$5.63.

In the first half of 2019, China Resources Cement’s external sales volume of cement, clinker and concrete reached approximately 36.5 million tons, 2.0 million tons, and 6.3 million m³, representing decreases of 4.0%, 2.4% and 9.7% respectively from the corresponding period last year. During the year, the Group's utilization rates of cement, clinker and concrete production lines were 92.4%, 105.7% and 34.6% respectively. During the Period, the average selling prices of cement, clinker and concrete for the Period were HK\$373.3 per ton, HK\$338.1 per ton and HK\$493.4 per m³, representing a decrease of 4.6%, an increase of 3.2% and an increase of 16.5% respectively from the corresponding period last year. The consolidated gross margin of the Company was 38.9%, representing a decrease of 0.5 percentage points as compared to the same period of last year. Net margin was 21.9%, which was 0.1 percentage points higher as compared to the same period of last year.

Cement demand grew steadily, industry supervision increasingly strict

In the first half of 2019, the economy of China continued to be overall stable with a trend of steady progress. According to the statistics published by the National Bureau of Statistics of China, in the first half of 2019, China’s GDP grew by 6.3% over the corresponding period last year to RMB45.1 trillion. National FAI (excluding rural households) increased by 5.8% to RMB29.9 trillion over the corresponding period last year. The total cement production in China amounted to approximately 1,040 million tons, representing an increase of 6.8% over the corresponding period last year.

The Chinese government advanced energy saving, emission reduction and production safety in the industry. Environmental protection law enforcement and supervision were also reinforced to further improve industry standardization. According to the Amendment No.3 to the “General Portland Cement” issued by the Standardization Administration of China, PC32.5 grade cement shall be fully abolished in China with effect from 1 October 2019. In June 2019, the Chinese government published the “Regulations on Central Inspection Work on Ecological and Environmental Protection”, which set forth the Central Government’s implementation of the inspection system for ecological and environmental protection. A designated inspectorate institution had been set up to conduct ecological environmental protection inspections on provincial, autonomous region and municipal governments as well as relevant state-owned enterprises. “Revisit” inspections for rectifications would be implemented based on needs. Special inspections targeting outstanding ecological environmental issues had been organized. Previously, the Central Government had completed two batches of ecological environmental protection “revisit” inspection work. Measures such as filing cases, penalties, fines, administrative and criminal detentions were imposed on problematic enterprises.

Optimize production and operational indicators, enhance logistics management

In the first half of 2019, the Group continuously optimized production and operational management by promoting the use of indicators for the entire processes of excavation and production as well as strengthening internal benchmarking. The intelligent manufacturing pilot work at the cement production plant in Tianyang undertaken by the Group and Siemens Ltd., China had entered the phase of system design. Digitalization and intelligentization of cement production and operation will be gradually achieved in the future.

The Group purchased a total of approximately 4.54 million tons of coal, among which, approximately 78% and 22% were sourced from northern China and neighbouring areas of our production plants respectively. The proportion of direct procurement from coal producers was lowered to approximately 81% (84% in the first half of 2018). The Group will continuously strengthen cooperation with large-scale domestic coal suppliers in order to secure a stable supply of high-quality coal.

In the first half of 2019, the total logistics costs were on a rising trend due to environmental protection inspections and the strict control on vehicle overloading. In order to further enhance the level of environmental protection in logistics, the Group actively responded to environmental protection requirements by optimizing the layout of silo terminals and exploring transportation measures such as containers and tankers. The annual shipping capacity of the Group along the Xijiang River was approximately 31.4 million tons, and the Group controlled the operations of 39 silo terminals with annual capacity of approximately 27.0 million tons. This secured stable and continuous logistics capabilities for the Group’s business operation and has consolidated the Group’s leading market position in Guangdong.

Fulfil corporate social responsibility, promote Co-Processing by use of cement kilns

The Group attaches great importance to corporate social responsibility and proactively supports the national policies on energy saving and emission reduction. The 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. As of the end of June 2019, the Group had 7 Co-Processing projects in total. The Group advocated for Co-Processing of municipal solid waste, urban sludge and hazardous industrial waste by use of cement kilns, and actively participates in the treatment and management of social solid waste, air and water pollution for achieving the transformation into an environmental-friendly enterprise.

As of the end of June 2019, 28 cement production plants of the Group have passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization and the limestone mines of 17 cement production plants have passed the assessments as the Second-Class Enterprise in Safety Standardization. Pilot construction of a First-Class Mine of Production Safety Standardization commenced at the cement production plant in Tianyang. Following the inclusion of the 3 mines at Fengkai, Luoding and Yangchun, Guangdong, in the register of provincial-level green mines by the Department of Natural Resources of Guangdong last year, 8 mines of the Group have been included in the register of autonomous region level green mines by the Department of Natural Resources of Guangxi in the first half of 2019.

In the first half of 2019, the Group's continuous efforts in green development were recognized by the industry and the society. These include, Guangzhou Zhujiang Cement Co., Ltd. and China Resources Cement (Changjiang) Limited were awarded the Bronze Award for the Manufacturing Sector and the EcoChallenger of "BOCHK Corporate Environmental Leadership Awards 2018" respectively by the Federation of Hong Kong Industry; China Resources Cement (Wuxuan) Limited was shortlisted in the register of the fourth batch of Green Manufacturing published by the Ministry of Industry and Information Technology of China.

Focus on research and innovation, expand the prefabricated construction business

The laboratory of the Group's Research and Development Centre continuously provided diagnosis on workmanship and quality, and launched optimization projects for the production plants of the Group. Energy consumption at production had been further reduced and product quality had been enhanced by optimizing production workmanship and systems for matching and grinding materials, conducting industrial trials of grinding aids for raw materials and developing coal catalyst products. As of the end of June 2019, the Group's Research and Development Centre had 42 specialized employees, including 4 doctors and 13 masters. Among the R&D personnel, 2 were professorate senior engineers. The Group held 148 patent licenses, including 23 inventions and 125 utility models.

On the other hand, the Group continuously rolled out R&D on new products and new technologies to meet the needs of different markets and customers. In the first half of the year, the Group continued to promote products such as "Wang Pai Gong Jiang" renovation cement, masonry cement and pervious concrete. Cement was also sold to nuclear power stations in Guangdong and Fujian, which was mainly used for the construction of nuclear islands of nuclear power stations as well as large-scale concrete buildings including military engineering, dams and hydroelectric power stations.

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 businesses for the Group's future development. As of the end of June 2019, the Group has 1 prefabricated construction project in operation. This project is located in Dongguan City, Guangdong and belongs to an associate, namely, RunYang Intelligent Manufacturing. Its products are mainly supplied to public housing and commodity housing projects in Shenzhen Municipality and Zhuhai City. The Group also has 3 prefabricated construction projects under construction in Zhanjiang City, Guangdong as well as Nanning City and Guigang City, Guangxi respectively.

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 challenges and opportunities. 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 expansion along the industry chain and 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."

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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 a large-scale and competitive cement, clinker and concrete producer in Southern China. As at 30 June 2019, 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 20.5 million tons of cement, 11.4 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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