


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 8.1%
 TO A HISTORICAL HIGH OF HK\$8,617.5 MILLION IN 2019
 ANNUAL DIVIDEND PER SHARE OF HK\$0.595 DIVIDEND PAYOUT RATIO 48.2%**

Financial Highlights

	For the year ended 31 December		
	2019	2018	Increase
Turnover (HK\$ million)	38,955.6	38,791.5	0.4%
Gross margin (%)	40.2	39.8	0.4 ppt
Profit Attributable to Owners of the Company (HK\$ million)	8,617.5	7,975.4	8.1%
Net Margin (%)	22.3	20.6	1.7 ppt
Basic Earnings per Share (HK\$)	1.234	1.179	4.7%
Annual Dividend per Share (HK\$)	0.595	0.548	8.6%

(Hong Kong, 27 March 2020) – 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 annual results for the twelve months ended 31 December 2019 (the “year”).

During the year, the Company’s consolidated turnover amounted to HK\$39.0 billion, representing an increase of 0.4% over last year. Profit attributable to owners of the Company amounted to HK\$8.6 billion, representing an increase of 8.1% over last year. Basic earnings per share reached HK\$1.234. The Board recommends the payment of a final dividend of HK\$0.335 per share for the year ended 31 December 2019. Along with the interim dividend of HK\$0.260 per share, the annual dividend was HK\$0.595 per share (2018: HK\$0.548 per share), representing a dividend payout ratio of 48.2% (2018: 48.0%). As at 31 December 2019, the total assets of the Group were HK\$61,170.9 million, the gearing ratio was 18.9% and the net assets per share was HK\$6.01.

In 2019, China Resources Cement’s external sales volume of cement, clinker and concrete reached approximately 82.5 million tons, 4.5 million tons, and 14.2 million m³. The utilization rates of cement, clinker and concrete production lines were 102.1%, 112.7% and 39.2%. The average selling price of cement and clinker was HK\$370.7 per ton and HK\$321.8 per ton, representing a decrease of 1.9% and 2.2% respectively over last year. The average selling price of concrete was HK\$486.3 per m³, representing an increase of 10.6% over last year. The consolidated gross margin of the Company was 40.2%, representing an increase of 0.4 percentage points as compared to last year. Net margin was 22.3%, which was 1.7 percentage points higher as compared to last year.

Cement demand steadily rose, promote high-quality development of the industry

In 2019, the Chinese economy maintained sustainable and healthy economic development. According to the statistics published by the National Bureau of Statistics of China, in 2019, China’s GDP grew by 6.1% year-on-year to RMB99.1 trillion. National FAI (excluding rural households) increased by 5.4% to RMB55.1 trillion year-on-year. During the year, the Chinese government launched numerous policies to promote infrastructure construction and the housing market was stable at large, which was conducive to the steady development of the cement industry. According to the statistics published by the National Bureau of Statistics

of China, in 2019, the total cement production in China amounted to approximately 2,330 million tons, representing a year-on-year increase of 6.1%.

Regarding policies for the cement industry, the Chinese government further improved policies for the building materials industry, enhanced product standards, continuously advanced energy saving, emission reduction and production safety, reinforced environmental protection law enforcement and supervision for promoting the high-quality and sustainable development of the cement industry. Since October 2019, PC32.5 grade cement had been fully abolished in China. In January 2020, the Ministry of Industry and Information Technology of China issued the requirements for further regulating capacity replacement in the cement and glass industries. With effect from 2021, cement and clinker production lines which had suspended production for two years or had been in production for not more than one year in total within three years shall not be used as the quota of capacity replacement, which will help the control of new capacity in the industry.

Promote delicacy management, improve production and operation indicators

In 2019, in order to enhance the operational efficiency of production plants, the Group continuously implemented delicacy management of production operation and strengthened internal benchmarking management. In terms of quality management, the Group proactively organized checks and comparisons of coal and cement and continuously improves checking standards to reduce production costs. During the year, the Group continuously promoted informatization, digitalization and intelligentization. Pilot projects of intelligent manufacturing had been rolled out at the cement production plants located in Tianyang and Nanning, Guangxi as well as Fengkai, Guangdong. Among which, for the intelligent manufacturing pilot project conducted at the cement production plant located in Tianyang in cooperation with Siemens Ltd., China, the main functions of the first phase had commenced trial operation, which included important functional modules such as management of production and operation, full-lifecycle management of equipment, prediction and analysis of equipment, and advanced controls.

In 2019, the Group purchased a total of approximately 10.1 million tons of coal, among which, approximately 80% and 20% were sourced from northern China and neighbouring areas of our production plants respectively. The proportion of direct procurement from coal producers increased to approximately 82%. The total social logistics costs were on a rising trend due to environmental protection inspections and strict control on vehicle overloading. During the year, the Group actively implemented tendering for logistics transportation, organized two-way logistics and reduced the impact of rising social logistics costs through measures such as controlling port resources of excellent quality and initiating joint shipment by railway. In 2019, the annual shipping capacity of the Group along the Xijiang River was approximately 34.4 million tons and controlled the operations of 35 silo terminals with annual capacity of approximately 21.4 million tons, which are mainly located in the Pearl River Delta Region. This consolidates the Group's leading market position in Guangdong.

Enhance R&D and innovation capabilities, fulfil corporate social responsibility

The Group actively promotes innovation, transformation and upgrade of products. In September 2019, the Group completed the abolition of PC32.5R grade cement and successfully launched replacement products including PC42.5 grade cement and masonry cement M32.5. The Group intensively worked on the construction and management of brand image, formulated management measures for the appraisal of franchise stores of the brand image, and optimized the management of franchise stores. 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 Fujian, which was mainly used for the construction of nuclear islands of nuclear power stations as well as large-volume concrete buildings including military engineering, dams and hydroelectric power stations. As of the end of 2019, the Group's Technology Research and Development Centre had 45 specialized employees, including 4 doctors and 14 masters. During the year, the Group's laboratory of the Technology Research and Development Centre provided 1,982 checks and tests for the Group's production plants, effectively supporting lean operations of production plants.

The Group attaches great importance to production safety and employee occupational health and is committed to production safety standardization and raising the overall standards of safety management. As of the end of 2019, 28 cement production plants of the Group (inclusive of grinding stations) have passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization. The Group actively promotes green production. The Group's emission concentrations of nitrogen oxides, sulphur dioxide

and particulate matters are lower than the national standard limits of pollutant emissions, and are at a leading position in the industry. As of the end of 2019, across the Group's 27 cement and clinker production plants, 16 mines at 13 production plants of the Group were included in the registers of provincial-level or AR-level green mines, among which, 8 mines at the production plants were included in the register of national-level green mines. The Group proactively responds to the Chinese government's policies on energy saving and emission reduction by use of cement kilns for co-processing municipal waste, urban sludge and hazardous industrial waste. As of the end of 2019, the Group had 8 co-processing projects in total and annual processing capacity has reached 1.25 million tons.

Explore new business development opportunities, promote strategy of extension of industry chain

Through its positioning in Southern China, the Group promotes transformation and innovation, and actively explores opportunities for extension of industrial chain. The Group has achieved breakthroughs in the new businesses of aggregates, prefabricated construction and engineered stones. The Group completed the construction of one clinker production line with annual production capacity of approximately 1.4 million tons and two cement grinding lines with total annual production capacity of approximately 2.0 million tons in Anshun, Guizhou.

In November 2019 and March 2020 respectively, the Group successfully acquired the mining rights of aggregate quarries located in Wuping County, Longyan City, Fujian and Shangsi County, Fangchenggang City, Guangxi, with planned annual production capacity of 2 million tons and 5 million tons respectively. This laid a solid foundation for the Group's aggregates business.

As of the end of 2019, the Group had 2 prefabricated construction projects in operation, among which, the project located in Dongguan City, Guangdong was attributable to the associate DongGuan RunYang United Intelligent Manufacturing Company Limited. Its products are mainly supplied to public housing and commodity housing projects in Shenzhen Municipality and Zhuhai City. For the project located in Nanning City, Guangxi, the Group cooperates with Nanning Hongji Cement Products Co., Ltd in production, which mainly supplies to commodity housing projects in Nanning and neighbouring cities. The Group has 3 other prefabricated construction projects under construction in Zhanjiang City, Guangdong as well as Nanning City and Guigang City, Guangxi respectively. In January 2020, the Group acquired land for prefabricated construction in Jiangmen City, Guangdong and Laibin City, Guangxi with planned designed annual production capacity of 50,000 m³ and 200,000 m³ respectively.

In 2019, the Group acquired 40.0% equity interests of Universal Marble & Granite (Dongguan) Co., Ltd. and entered the new materials business such as engineered stones. The Group also subscribed for approximately 9.0% equity interests in YCIH Green High-Performance Concrete Co., Ltd., a subsidiary of Yunnan Construction and Investment Holding Group Co., Ltd., to become one of the strategic shareholders, with mutual cooperation to enhance the Group's market competitiveness in Yunnan Province. In the future, the Group will actively explore opportunities of new business development, to fully leverage on the synergetic of cement, concrete, aggregates and prefabricated construction businesses, to promote integration and further consolidate the core competitive advantages of the Group.

Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement said, "Looking ahead, the Group will persistently develop the three core strengths of the "lowest total costs, leading market position in the region, innovation-driven development". The Group is dedicated to enhancing efficiency and quality of operation and further improving the management standards of environmental protection, safety and health. The Group will deepen brand marketing and the construction of sales channels, strengthen the capability in R&D of new products, new technologies and new materials for the creation of competitive advantage by differentiation. The Group will fulfil corporate social responsibility, promote co-processing by use of cement kilns and foster green development of the industry. In addition, the Group will grasp the opportunities in the development of the Greater Bay Area, accelerate the pace of transformation and innovation, advance the development strategy for extension of industry chain and promote 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	26	15.8
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	3	3.0	1	1.6	-	-
Shanxi	6	6.0	3	4.6	1	0.6
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	96	84.3	45	61.3	61	36.9

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 31 December 2019, it had 96 cement grinding lines and 45 clinker production lines in operation, with annual production capacity of 84.3 million tons of cement and 61.3 million tons of clinker respectively. It also owned 61 concrete batching plants with annual production capacity of 36.9 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 20.2 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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