


**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)

**2016 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
**UP 30.6% TO HK\$1,325.9 MILLION**  
**ANNUAL DIVIDEND HK\$0.09 PAYOUT RATIO 44.3%**

\* \* \*

**ADVOCATE WASTE CO-PROCESSING IN CEMENT KILNS**  
**PROMOTE THE SUSTAINABLE DEVELOPMENT OF THE INDUSTRY**

**Financial Highlights**

	For the year ended 31 December		
	2016	2015	Change
<b>Turnover (HK\$ million)</b>	25,647.5	26,778.7	-4.2%
<b>Gross Margin (%)</b>	27.4	24.0	+3.4ppt
<b>Profit Attributable to Owners of the Company (HK\$ million)</b>	1,325.9	1,015.0	+30.6%
<b>Net Margin</b>	4.9	3.5	+1.4ppt
<b>Basic Earnings per share (HK\$)</b>	0.203	0.155	+30.6%
<b>Final Dividend per share (HK\$)</b>	0.075	0.02	+275.0%
<b>Annual Dividend per share (HK\$)</b>	0.09	0.08	+12.5%

(Hong Kong, 11 March 2017) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), the largest cement and concrete producer in Southern China, announced its annual results for the year ended 31 December 2016.

During the year, the Company’s consolidated turnover amounted to HK\$25,647.5 million, representing a decrease of 4.2% from last year. Profit attributable to owners of the Company amounted to HK\$1,325.9 million, representing an increase of 30.6% over last year. Basic earnings per share reached HK\$0.203. The Board recommends the payment of a final dividend of HK\$0.075 per share for the year ended 31 December 2016. Along with the interim dividend of HK\$0.015 per share, the annual dividend was HK\$0.09 per share (2015: HK\$0.08 per share), representing a dividend payout ratio of 44.3%. As at 31 December 2016, the total assets of the Group was HK\$52,156.5 million, the net gearing ratio was 56.4% and the net assets per share was HK\$3.98.

In 2016, our external sales volume of cement, clinker and concrete reached 80.0 million tons, 4.9 million tons, and 12.4 million m<sup>3</sup>, representing an increase of 4.3%, 4.9% and 0.7% respectively. During the year, the Group’s utilization rates of cement, clinker and concrete production lines were 101.5%, 114.3% and 35.9% respectively. The average selling price of cement decreased by 6.6% to HK\$252.0 per ton while the average selling price of concrete decreased by 12.2% to HK\$365.9 per m<sup>3</sup>. The consolidated gross margin of the Company was 27.4%, which was 3.4 percentage points higher than 24.0% of last year. The net profit

margin was 4.9%, which was 1.4 percentage points higher than 3.5% of last year.

### **The government accelerated infrastructure investments and encourages transformation of the industry**

In 2016, the Chinese government accelerated its investments in infrastructure construction and fostered public-private-partnership in infrastructure projects such as transportation, hydraulic engineering and major municipal projects. Government investments played a crucial role in stabilizing the economic growth by stimulating private investments. During the year, national FAI (excluding rural households) increased by 8.1% over last year to RMB59.7 trillion; among which, national infrastructure investments (excluding the production and supply of electricity, heat power, gas and water) reached RMB11.9 trillion, representing an increase of 17.4% over last year. During the year, FAI on national railways amounted to RMB801.5 billion and FAI on highways amounted to RMB1.8 trillion.

In 2016, upon recovery of the demand for cement and the significant improvement of the competition environment of the industry, cement production increased steadily and cement price had rebounded strongly from its low since March. According to the National Bureau of Statistics of China, in 2016, total cement production in China was 2.4 billion tons, representing an increase of 2.5% over last year, as compared with a decrease of 4.9% in 2015. Twenty new clinker production lines completed construction and commenced operations in China in 2016, which increased clinker production capacity by approximately 28.2 million tons, representing a decrease of 38.0% from last year.

Based on the "Guiding Opinions on Promoting Steady Growth, Restructuring and Efficiency Improvement of Building Materials Industry" issued by the General Office of State Council in May 2016, the Ministry of Industry and Information Technology published the "Development Plan for the Building Materials Industry (2016-2020)" in October 2016. The plan states that by 2020, 10% of clinker production capacity shall be eliminated and the production concentration of the top 10 cement and clinker enterprises shall be increased from 53% in 2015 to over 60% by 2020. Construction of new cement and clinker projects shall be strictly prohibited. Production capacities failing to meet the standards for environmental protection, energy consumption, safety and quality shall be required to take remedial actions or even cease operations. Meanwhile, the government shall implement multi-tiered electricity tariffs policy, promote joint restructuring and fine-tune the practice of off-peak production.

In January 2017, the General Administration of Quality Supervision, Inspection and Quarantine of PRC announced that it had revoked the manufacturing licenses for industrial products of approximately 680 cement enterprises. In February 2017, various government departments including the Ministry of Environmental Protection and the General Administration of Quality Supervision, Inspection and Quarantine of PRC conducted special inspection on the cement and glass industries so as to clean up and rectify obsolete capacities, verify the status of elimination of obsolete capacities in the industry and the implementation of standards of environmental protection policies. During the inspection, the public was encouraged to report against pollution problems, as well as production and sale of cement products without manufacturing licenses.

### **Production costs continued to improve and strategic cooperation promotes development of the industry**

Coal and electricity costs represented approximately 31.6% and 18.2% of the cost of sales of cement respectively. In 2016, the Group's average purchase price of coal was HK\$519, representing a decrease of approximately 4.8% from 2015. In 2016, the average coal cost per ton of clinker production decreased by 6.0% to HK\$75.8 from HK\$80.6 in 2015 due to lower coal prices.

During the year, the Group's average electricity cost per ton of cement decreased by 14.1% to HK\$33.4. Since the beginning of 2016, various provinces in PRC introduced direct electricity trading policies. The Group enjoyed the benefits of lower electricity tariff for a total of 1,160 million kwh consumed and saved approximately HK\$55.3 million under direct power supply agreements and price bidding arrangements. In addition, the Group managed to lower its electricity consumption to 73.9 kWh per ton of cement (74.6 kWh in 2015), representing a cost saving of approximately HK\$36.4 million. The Group's residual heat recovery generators generated 2,032.9 million kwh of electricity, representing an increase of 6.0% over last year. The

electricity generated accounted for approximately 31.7% of our required electricity consumption and we achieved a cost saving of approximately HK\$1.1 billion.

During the year, the Group continued to strengthen the strategic cooperation with other leading cement producers in China. In June 2016, the Group entered into a strategic cooperation agreement with Anhui Conch Cement Company Limited (stock code: 914). Both parties shall establish a communications mechanism for experience sharing in production, technology and business management on a regular base, and explore the possibilities of cooperation in China and overseas. In December 2016, the Group entered into a strategic cooperation agreement with BBMG Corporation (stock code: 2009). The two parties shall jointly explore the Chinese and overseas markets and further promote the technology as well as the transformation and upgrade of the cement industry.

### **Rebuilt the brand name and enhanced the R&D capabilities**

In order to define the branding position and enhance brand awareness, the Group rebuilt the brand name "Runfeng Cement" in China, which has established an image of excellent-quality product. In the future, through strengthening its brand building, the Group will further build up a sterling product reputation, raise customers' recognition of the Group and its products, and enhance its differentiated competitive edge in the cement industry so as to lay a solid foundation for long-term business development.

The Group has been committed to boosting innovative development in products, materials and technology. The Group's newly developed products – cement for marine engineering, pervious concrete, and decorative cement, were put into production in 2016. In order to protect our achievements in research and development, the Group proactively applied for patent licenses, mainly including equipment and systems for energy saving, emission reduction and enhancement of production and operation efficiency, as well as new materials.

### **Promotes energy saving and emission reduction and expands co-processing projects**

The Group has been dedicated to production safety management by continuous improvement of its safety management system and standards. As of the end of 2016, nineteen cement production plants of the Group had passed the assessments as the First-Class Enterprise in Production Safety Standardization, among which, our cement production plant at Fengkai County of Guangdong had further passed the on-site acceptance inspection as the model unit of First-Class Enterprise in Production Safety Standardization, reflecting its advanced level in the industry in terms of production safety standardization.

In addition, the Group actively promotes energy saving and emission reduction, and assists local governments in co-processing household garbage and other wastes in order to fulfill its commitment to corporate social responsibilities and drive for green development of the cement industry. At present, the nitrogen oxides, particulate matter and sulfur dioxide emissions from all production lines of the Group are in compliance with the national emission standards.

The Group proactively advocates urban and rural waste co-processing by use of cement kilns. Since the commencement of operation of the urban and rural waste co-processing project in our cement production plant at Binyang County of Guangxi in December 2015, a total of approximately 100,000 tons of untreated urban waste had been processed as at the end of December 2016. Our urban sludge co-processing project in Nanning City of Guangxi had processed approximately 30,000 tons of urban sludge as at the end of December 2016 since the commencement of its operation in July 2016. The urban waste co-processing projects in Tianyang County of Guangxi and Midu County of Yunnan with respective daily processing capacities of 500 tons and 300 tons are under construction and expected to be completed by the end of 2017.

In December 2016, as the Co-chairman of the Cement Sustainability Initiative in China, the Group attended the annual Chief Executive Officer Meeting held by the organization, and exchanged views with global cement enterprises on climate and energy, safety and health, product management, sustainable construction and its domestic impact. Research on various topics including co-processing treatment and

carbon emission reduction under the environmental condition in China has been conducted for promotion of sustainable development of the cement industry in China.

**Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement** said, “The Group believes that during the ‘Thirteenth Five-Year’ period, stable infrastructure investment will provide strong support to demand for cement in the medium to long term. Driven by the supply-side reform, the competition environment in cement industry will gradually improve. Looking ahead, facing the new norm of the Chinese economy, through the control, conversion and distribution of resources, the Group will persistently achieve the lowest total cost with a leading market position in the region. By utilizing resources and our market advantage, the Group will strengthen our brand building and distribution channels, accelerate environmental protection transformation and research and development of new products, and drive for further development with innovation. Meanwhile, the Group will explore the feasibility of extending our business to upstream and downstream sectors, actively seize the opportunities from supply-side reform in the cement industry, seek strategic co-operation with domestic and international leading cement enterprises, and jointly promote the sustainable and healthy development of the cement industry.

-END-

**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 <sup>3</sup>
Guangdong	24	22.5	10	14.4	25	15.3
Guangxi	35	31.2	17	25.0	22	13.0
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	44	59.8	59	35.1

**About China Resources Cement Holdings Limited**

China Resources Cement Holdings Limited is largest cement and concrete producer in Southern China. As at 31 December 2016, it had 93 cement grinding lines and 44 clinker production lines in operation, with annual production capacity of 81.3 million tons of cement and 59.8 million tons of clinker respectively. It also operated 59 concrete batching plants with annual production capacity of 35.1 million m<sup>3</sup> of concrete. In addition, through our equity interests in certain associates and joint ventures, the respective annual production capacities attributable to the Company were 19.3 million tons of cement, 13.1 million tons of clinker and 3.4 million m<sup>3</sup> of concrete.

**For more information, please visit [www.crcement.com](http://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. Liz Ngan / Ms. Janice Tsoi / Ms. Jacqueline Wong

Contact Number: (852) 3641 1306 / (852) 3970 2136 / (852) 3970 2177

Fax: (852) 2865 1638

Email: [lizngan@wsfg.hk](mailto:lizngan@wsfg.hk) / [janicetsoihm@wsfg.hk](mailto:janicetsoihm@wsfg.hk) / [po@wsfg.hk](mailto:po@wsfg.hk)