



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)

**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY INCREASED BY 5.4 TIMES
 TO HK\$ 1,640 MILLION IN THE FIRST HALF OF 2017
 INTERIM DIVIDEND PER SHARE OF HK\$ 0.115 DIVIDEND PAYOUT RATIO LIFTED TO 45.8%**

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**GOVERNMENT PROMOTES SUPPLY-SIDE STRUCTURAL REFORM
 COMPETITIVE ENVIRONMENT OF THE INDUSTRY CONTINUOUSLY IMPROVING**

Financial Highlights

	For the six months ended 30 June		
	2017	2016	Increase
Turnover (HK\$ million)	13,188.4	11,315.6	16.6%
Gross Margin (%)	29.5	23.8	5.7 ppt
Profit Attributable to Owners of the Company (HK\$ million)	1,639.8	257.5	536.7%
Net Margin (%)	12.2	2.0	10.2 ppt
Basic Earnings per Share (HK\$)	0.251	0.039	536.7%
Interim Dividend per Share (HK\$)	0.115	0.015	666.7%

(Hong Kong, 5 August 2017) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, SEHK stock code: 1313, and together with its subsidiaries, the “Group”), the leading cement and concrete producer in Southern China, announced its interim results for the six months ended 30 June 2017 (the “Period”).

During the Period, the Company’s consolidated turnover was HK\$13.19 billion, representing an increase of 16.6% over the corresponding period last year. Profit attributable to owners of the Company increased by 536.7% to HK\$1.64 billion over the corresponding period last year. Basic earnings per share reached HK\$0.251. The Board has resolved to declare an interim dividend of HK\$0.115 per share for the Period (2016: HK\$0.015). The dividend payout ratio was 45.8%. As at 30 June 2017, the total assets of the Group were HK\$55.22 billion, the net gearing ratio was 52.7% and the net assets per share was HK\$4.28.

In the first half of 2017, our external sales volume of cement and clinker was 37.6 million tons, representing a decrease of 3.7% from the corresponding period last year. Sales volume of concrete was 6.2 million m³, representing an increase of 7.6% over the corresponding period last year. During the Period, the average selling price of cement and clinker was HK\$290 per ton, representing an increase of 23.5% over the corresponding period of last year. The average selling price of concrete was HK\$371 per m³, representing a decrease of 0.8% from the corresponding period last year. The consolidated gross margin of the Company was 29.5%, representing an increase of 5.7 percentage points as compared to the same period of last year. Net margin was 12.2%, which was 10.2 percentage points higher as compared to the same period of last year. An exchange gain of approximately HK\$150 million was generated from non-RMB denominated net borrowings of the Group during the Period (approximately HK\$160 million exchange loss for the corresponding period in 2016).

Cement Demand Maintained Steady

In the first half of 2017, the Chinese government promoted supply-side structural reform and the national economy grew steadily. According to the National Bureau of Statistics of China, China’s gross domestic products (“GDP”) grew by 6.9% over the corresponding period last year to RMB38.1 trillion. National fixed

asset investments (excluding rural households) (“FAI”) increased by 8.6% over the corresponding period last year to RMB28.1trillion. The infrastructure and real estate investments have laid the foundation for the demand of cement. According to the National Bureau of Statistics of China, in the first half of the year, total cement production in China was 1,110 million tons, representing an increase of 0.4% over the corresponding period last year. The supply-side structural reform further improved the supply-demand dynamics in the industry.

In June 2017, the China Cement Association published the “Thirteenth Five-Year Plan for the Cement Industry” (the “Plan”) to relieve overcapacity. The filing of construction for new and expanded cement and clinker production capacities is strictly prohibited. By 2020, the Plan aims to eliminate 400 million tons of clinker capacity in aggregate, reduce the comprehensive energy consumption per ton of clinker to 105 kg of standard coal and increase the proportion of cement kiln production lines with waste co-processing equipment to 15% by capacity. Besides, the Plan promotes industry consolidation with the target of increasing the market share of the top ten enterprises by clinker production capacities. It also aims to implement the multi-tiered electricity tariffs policy, accelerate the upgrade and reform of cement products by eliminating PC32.5 grade cement and encourage the use of 42.5 or higher grade cement. In addition, the Chinese government continued to strengthen the supervision on environmental protection. Since July last year, the Ministry of Environmental Protection of China has conducted three batches of central environmental protection inspections. At the end of June, the Ministry of Industry and Information Technology of China conducted supervision on energy saving in major national industries. Energy consumption, compliance with the standard limits of energy consumption of each unit of product produced, and implementation of multi-tiered electricity tariffs policy were monitored.

Cost Management, Efficiency Improvement and Service Quality Enhancement

The average price of coal we purchased for the Period was approximately HK\$698 per ton, representing an increase of 48.2% from the corresponding period last year. As a result of the increase in coal price, our average coal cost of production for the Period increased by 48.1% to HK\$102.2 per ton of clinker produced from HK\$69.0 for the corresponding period in 2016. Our standard coal consumption decreased to 106.4 kg per ton of clinker for the Period from the average of 107.7 kg for the corresponding period last year.

During the Period, our average electricity cost decreased by 8.6% from HK\$34.8 per ton of cement to HK\$31.8. We enjoyed the benefits of lower electricity tariff for a total of 1.58 billion kwh of electricity consumed, and saved HK\$69.2 million under direct power supply agreements and price bidding arrangements. We managed to improve our electricity consumption to 74.6 kwh per ton of cement for the Period (75.9 kwh for the corresponding period in 2016), representing a cost saving of approximately HK\$27.2 million. Coal and electricity costs accounted for about 37.8 % and 15.6 % respectively of the cement products of the Group.

The Group has continued the practice of lean management to reduce waste, cut costs and enhance efficiency. In the first half of 2017, the Group launched seventeen lean improvement projects, including composite utilization of limestone resources in our quarries, and efficiency improvement and composite energy-saving technological upgrade of our coal grinders. In the first half of the year, the Group launched an intelligent factory pilot scheme at its cement production plants in Fengkai County, Guangdong and Nanning City, Guangxi to achieve cost reduction, efficiency improvement, personnel structure optimization and product quality enhancement.

During the Period, the Group had developed a mobile application for placing sales orders. At present, trial work has been completed in Guangdong. The mobile application is expected to be rolled out to other operating regions by the end of this year. In addition, the “Smart Card” system launched at our cement production plants in Dongguan City, Fengkai County and Luoding City had been expanded to our cement production plant in Huizhou City in June this year. These application and system have helped to provide convenient, timely and quality services to our customers, facilitate the informatisation and automation of goods delivery, as well as increase the efficiency of delivery.

In addition, the Group has been committed to production safety standardization and persistent. As of the end of June 2017, twenty two cement production plants of the Group had passed the assessments as the First-

Class Enterprise in National Production Safety Standardization, which has laid the foundation for the Group's continuous improvement of its safety management level.

R&D and Innovation with Promotion of Co-processing Projects

Fully aware of the importance of innovation in the long-term development of cement enterprises, the Group has established an innovation team, which enhances operational efficiency and optimizes cost management. In order to enhance the capability research and development on new products, new technologies and new materials, the Research and Development Center of the Group has continuously strengthened the allocation of professional talents and conducted various checks and tests. In addition, the Group has applied new materials at some of its concrete plants, such as replacement of fly ash with limestone, to reduce unit materials costs.

The Group has proactively advocated co-processing projects of untreated urban and rural waste as well as urban sludge by use of cement kilns. The untreated urban and rural waste co-processing project at our cement production plant in Binyang County, Guangxi and the urban sludge co-processing project in Nanning City, Guangxi have been operating normally since their respective commencement of operation in 2015 and 2016. Besides, the untreated urban and rural waste co-processing projects in Tianyang County, Guangxi and Midu County, Yunnan are under construction and are expected to be completed by the end of 2017. The Group will continue to roll out waste co-processing projects by use of cement kilns at other production plants and research on hazardous waste co-processing by use of cement kilns for promoting sustainable corporate development.

Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement said, "The Group believes that the construction of domestic transportation infrastructure and urban underground utility tunnels, together with the gradual upgrade of regional development plans, will be conducive to stabilizing the demand for cement. Upon the continuous intensification of the supply-side reform, the Chinese government will continue to promote elimination of obsolete capacity, energy saving, emission reduction and product upgrade. This will help to accelerate the elimination of inefficient capacities, further increase industrial concentration, gradually improve the supply-demand dynamics in the cement industry and enhance the long-term healthy development of the cement industry in China. The Group will promote technological upgrade, energy saving, emission reduction and waste co-processing by use of cement kilns at other cement production plants. In order to drive for further development with innovation and deliver differentiated products to clients, the Group will continue research and development on products, technology and materials. In the future, the Group will actively explore the opportunities of upstream and downstream expansion in the industry, seek strategic co-operation with domestic and international leading cement enterprises for 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	26	16.3
Guangxi	35	31.2	17	25.0	23	13.3
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	61	36.4

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 30 June 2017, 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 owned 61 concrete batching plants with annual production capacity of 36.4 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 19.3 million tons of cement, 13.0 million tons of clinker and 3.1 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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