

For Immediate Release

11 August, 2018



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 145.5%
TO HK\$4,026.0 MILLION IN THE FIRST HALF OF 2018
INTERIM DIVIDEND PER SHARE OF HK\$0.275 DIVIDEND PAYOUT RATIO 47.7%**

Financial Highlights

	For the six months ended 30 June		
	2018	2017	Increase
Turnover (HK\$ million)	18,513.9	13,188.4	40.4%
Profit Attributable to Owners of the Company (HK\$ million)	4,026.0	1,639.8	145.5%
Basic Earnings per Share (HK\$)	0.615	0.251	145.0%
Interim Dividend per Share (HK\$)	0.275	0.115	139.1%

(Hong Kong, 11 August 2018) – 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 interim results for the six months ended 30 June 2018 (the “Period”).

During the Period, the Company’s consolidated turnover amounted to HK\$18,513.9 million, representing an increase of 40.4% over the corresponding period last year. Profit attributable to owners of the Company amounted to HK\$4,026.0 million, representing an increase of 145.5% over the corresponding period of last year. Basic earnings per share reached HK\$0.615. The Board has resolved to declare an interim dividend of HK\$0.275 per share for the Period (1H17: HK\$0.115). The dividend payout ratio was 47.7% (1H17: 45.8%). As at 30 June 2018, the total assets of the Group were HK\$61,499.9 million, the net gearing ratio was 15.7% and the net assets per share was HK\$5.31.

In the first half of 2018, China Resources Cement’s external sales volume of cement, clinker and concrete reached approximately 38.1 million tons, 2.1 million tons, and 6.9 million m³, representing an increase of 13.3%, a decrease of 48.6% and an increase of 12.5% respectively from the corresponding period last year. During the year, the Group’s utilization rates of cement, clinker and concrete production lines were 96.7%, 108.5% and 38.0% respectively. During the Period, the average selling price of cement and clinker was HK\$391.4 per ton and HK\$327.5 per ton, representing an increase of 32.9% and 32.0% respectively over the corresponding period of last year. The average selling price of concrete was HK\$423.5 per m³, representing an increase of 14.0% over the corresponding period last year. The consolidated gross margin of the Company was 39.4%, representing an increase of 9.9 percentage points as compared to the same period of last year. Net margin was 21.8%, which was 9.6 percentage points higher as compared to the same period of last year.

Improving Competitive Landscape, Steadily Rising Cement Prices

In the first half of 2018, in the face of a complex and changing external environment, the Chinese government persistently sought progress amidst stability by proposing high-quality development requirements and strengthening supply-side structural reform. The national economy has continued to remain generally stable, with development steadily trending upwards. According to the statistics published

by the National Bureau of Statistics in China, in the first half of the year, China's GDP grew by 6.8% over the corresponding period last year to RMB41.9 trillion. National FAI (excluding rural households) increased by 6.0% over the corresponding period last year to RMB29.7 trillion.

In the first half of 2018, the cement demand in China remained stable. Cement price maintained a stable upward trend due to the increased market concentration and the improved competitive landscape of the industry. According to the statistics published by the National Bureau of Statistics of China, in the first half of 2018, the total cement production in China amounted to approximately 1,000 million tons, representing a decrease of 0.6% from the corresponding period last year. In June, the State Council of China issued national policies including the "Three-Year Action Plan for Winning the Blue Sky Defense Battle", which requires the cement industry to continuously eliminate excess capacity. The Chinese government aims to reduce the total emissions of sulphur dioxide and nitrogen oxides in China by over 15% and the PM2.5 concentrations in cities at prefectural level or above, which failed to meet the national standards, by over 18% respectively by 2020 as compared with 2015. The Chinese government demanded comprehensive reinforcement of ecological and environmental protection by environmental law enforcement and intensive inspections. Supervisions on energy saving, environmental protection, safety and health are strengthened. These measures are beneficial to the sustainable development of the cement industry.

Strengthen Cost Management to Maintain Market Competitiveness

In the first half of 2018, the Group purchased a total of approximately 5.22 million tons of coal, representing an increase of approximately 7.8% over the corresponding period last year; among which, approximately 79% and 21% were sourced from northern China and neighbouring areas of our production plants respectively. In addition, the "Sunshine Procurement" has been regarded as the Group's primary principle of procurement practice, in order to ensure the openness and transparency of all procurement information as well as the integrity of and compliance with all procurement practices.

Logistics management is one of the Group's key measures in maintaining its market competitiveness. During the Period, the Group actively organized logistics research and tenders and optimized the layout of silo terminals. The Group also promoted innovative ways such as the mode of delivery by self-unloading ships along rivers in order to enhance the requirements of environmental protection and reduce the impact of rising logistics costs. In the first half of 2018, the annual shipping capacity of the Group along the Xijiang River was approximately 33.4 million tons, which secures stable and continuous logistics capabilities for the Group's business development. In addition, the Group controlled the operations of 41 silo terminals with annual capacity of approximately 28.4 million tons, which are mainly located in the Pearl River Delta Region of Guangdong. This consolidates the Group's leading market position in Guangdong.

Fulfil Corporate Social Responsibility by Promoting Co-Processing Projects

The Group has always been fulfilling corporate social responsibility and supporting the national policies of energy saving and emission reduction. Technological advancements for environmental protection and lean management are implemented to reduce energy consumption and strictly control emission of pollutants. Co-processing of Municipal Waste, Urban Sludge and Hazardous Waste by use of cement kilns are actively promoted in order to stimulate the mutual sustainable development of the corporate and the society.

The Group is committed to production safety standardization and raising the overall standards of safety management through continuous improvement on fundamental management and innovative management models. The Group has 217 specialized safety management personnel, including 58 registered safety engineers. As of the end of June 2018, 25 cement production plants of the Group have passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization.

The Group proactively supports the national policies of environmental protection on energy saving and emission reduction. All the clinker production lines of the Group have been equipped with residual heat recovery generators, denitration systems and bag filters. Our emission levels of nitrogen oxides, sulphur dioxide and particulate matters are lower than the national standard limits of pollutant emissions, placing the Group in a leading position in the cement industry.

The Group proactively advocates co-processing projects by use of cement kilns for fostering sustainable development of the industry. The construction of the Hazardous Waste Co-Processing project in Chanjiang County, Hainan with annual processing capacity of approximately 30,000 tons was completed and commenced trial operations in February 2018. In addition, the Group's Municipal Waste Co-Processing projects in Tianyang County, Guangxi with daily processing capacity of 500 tons and in Midu County, Yunnan with daily processing capacity of 300 tons, as well as the Municipal Waste Co-Processing project of an associate in Fengqing County, Yunnan with daily processing capacity of 300 tons, have commenced trial operations.

Enhancing R&D Capabilities for Innovation-driven Development

The Group believes that innovation is the core driving force for the company's long-term development. As of the end of June 2018, the laboratory of the Group's Research and Development Centre had 42 specialized employees, including 33 R&D personnel. 3 of them hold doctoral degrees and 14 of them hold master's degrees. The Group held 122 patent licenses, including 16 inventions and 106 utility models. During the Period, the Group conducted R&D on numerous new products and new technologies to meet the needs of different markets and customers. In addition, the laboratory of the Group's Research and Development Centre provided systematic checks, tests and diagnosis on the quality of production workmanship for production plants including Fengkai, Huizhou and Luoding, Guangdong. Workmanship quality has been improved through optimizing major oxide ratio of clinker, optimizing the workmanship of raw materials grinding, and diagnosis of thermal engineering, all of which were conducive to further reducing energy consumption at production and improving product quality.

In addition, in June 2018, the Group entered into a strategic co-operation agreement with Siemens Ltd., China whereby the parties will strengthen co-operation in the aspects of electrification, automation and digitization, jointly research the application of intelligent manufacturing in the cement industry and explore solutions to energy saving, quality improvement and labour productivity enhancement.

Seizing Opportunities in Prefabricated Construction to Develop Integrated Business Model

The Chinese government actively promotes the development of prefabricated construction. According to the "Thirteenth Five-Year Action Plan for Prefabricated Construction" issued by the Ministry of Housing and Urban-Rural Development of China, the government aimed at increasing the proportion of prefabricated buildings to newly constructed buildings in China to over 15% by 2020, among which, the targeted proportion in the major regions (Pearl River Delta, Yangtze River Delta, Beijing-Tianjin-Hebei) will exceed 20%. The Chinese government's vigorous promotion of prefabricated construction will foster the transformation and upgrade of the construction industry and bring about new development opportunities for the building materials industry.

Given the government's encouragement on the development of prefabricated construction in combination with the strategic plan for extension of industry chain, prefabricated construction business will be one of the key new businesses for the Group's development in the future. The Group established a joint venture in Guangdong, namely DongGuan RunYang United Intelligent Manufacturing Company Limited, and had planned to build two production plants for prefabricated construction components in Nanning City, Guangxi, and Zhanjiang City, Guangdong. In the future, the Group will actively promote the implementation of prefabricated construction projects in other cities in Guangdong and Guangxi.

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 Guangdong-Hong Kong-Macau Greater Bay Area and the development of the prefabricated construction industry. During the 'Thirteenth Five-Year' period, the Group will continue to strive for the lowest total cost with a leading market position in the region. Meanwhile, the Group will proactively fulfil corporate social responsibility, promote waste co-processing projects by use of cement kilns, and strengthen brand building

in terms of marketing. The Group will further enhance the capability in R&D of products, technologies and materials in order to drive for further development with innovation and create competitive advantage by differentiation. In the future, the Group will actively promote transformation for environmental protection, explore 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	25	15.7
Guangxi	37	33.2	18	26.5	24	14.6
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	61	37.1

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 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 61 concrete batching plants with annual production capacity of 37.1 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 19.4 million tons of cement, 11.9 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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