


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)

2017 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
UP 172.8% TO HK\$3,616.7 MILLION
ANNUAL DIVIDEND HK\$0.27 PAYOUT RATIO 48.8%

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PROMOTE ENVIRONMENTAL TRANSFORMATION
SEIZE THE OPPORTUNITIES OF GREATER BAY AREA
Financial Highlights

	For the year ended 31 December		
	2017	2016	Change
Turnover (HK\$ million)	29,958.4	25,647.5	+16.8%
Gross Margin (%)	30.8	27.4	+3.4 ppt
Profit Attributable to Owners of the Company (HK\$ million)	3,616.7	1,325.9	+172.8%
Net Margin (%)	12.0	4.9	+7.1 ppt
Basic Earnings per share (HK\$)	0.554	0.203	+172.8%
Final Dividend per share (HK\$)	0.155	0.075	+106.7%
Annual Dividend per share (HK\$)	0.27	0.09	+200.0%

(Hong Kong, 11 March 2018) – China Resources Cement Holdings Limited (“China Resources Cement” or the “Company”, Stock Code: 1313, and together with its subsidiaries, the “Group”), the largest cement, clinker and concrete producer in Southern China, announced its annual results for the year ended 31 December 2017.

During the year, the Company’s consolidated turnover amounted to HK\$29,958.4 million, representing an increase of 16.8% over last year. Profit attributable to owners of the Company amounted to HK\$3,616.7 million, representing an increase of 172.8% over last year. Basic earnings per share reached HK\$0.554. The Board recommends the payment of a final dividend of HK\$0.155 per share for the year ended 31 December 2017. Along with the interim dividend of HK\$0.115 per share, the annual dividend was HK\$0.27 per share (2016: HK\$0.09 per share), representing a dividend payout ratio of 48.8%. As at 31 December 2017, the total assets of the Group was HK\$56,526.6 million, the net gearing ratio was 38.6% and the net assets per share was HK\$4.64.

In 2017, our external sales volume of cement, clinker and concrete reached 75.9 million tons, 7.9 million tons, and 13.5 million m³, representing a decrease of 5.2%, an increase of 63.6% and an increase of 8.6% respectively over last year. During the year, the Group’s utilization rates of cement, clinker and concrete production lines were 96.3%, 111.5% and 37.2% respectively. The average selling price of cement and clinker increased by 19.3% to HK\$297.0 per ton while the average selling price of concrete increased by 2.7% to HK\$375.8 per m³. The consolidated gross margin of the Company was 30.8%, which was 3.4 percentage points higher than 27.4% of last year. The net profit margin was 12.0%, which was 7.1 percentage points higher than 4.9% of last year.

Cement demand remained stable and competitive landscape improved

In 2017, as its general keynote, the Chinese government persistently sought progress amidst stability by strengthening supply-side structural reform. Stable and healthy development of the national economy was maintained and the economic structure was continuously optimized. According to the statistics published by the National Bureau of Statistics of China, China's gross domestic products ("GDP") grew by 6.9% to RMB 82.7 trillion over last year, which was higher than the target set at the beginning of the year. National fixed asset investment ("FAI") (excluding rural household) increased by 7.2% over last year to RMB 63.2 trillion. National infrastructure investments (excluding the production and supply of electricity, heat, gas and water) reached RMB14.0 trillion in 2017, representing an increase of 19.0% over last year. According to the statistics published by the National Railway Administration of China, FAI on national railway amounted to RMB801.0 billion for the year, which basically remained unchanged as compared with last year. According to the statistics published by the Ministry of Transport of China, in 2017, FAI on highways and waterways amounted to approximately RMB2.3 trillion in total, representing an increase of 14.2% over last year. By supporting a stable economic growth, infrastructure investment will be conducive to the steady and healthy development of the cement industry under supply-side reform.

Given the control policies on real estate, the real estate market in China has stabilized with steady growth in housing sales and investment. According to the statistics published by the National Bureau of Statistics of China, in 2017, the floor space of commodity housing sold in China increased by 7.7% over last year to 1,690 million m² and the sales amount increased by 13.7% to RMB13.4 trillion. Real estate investment in China reached RMB11.0 trillion, representing an increase of 7.0% over last year. The floor space of houses newly started construction increased by 7.0% to 1,790 million m² while the floor space of houses completed decreased by 4.4% to 1,010 million m². As at the end of 2017, the floor space under construction by the real estate developers nationwide reached 7,810 million m², representing an increase of 3.0% over last year. The land area purchased by real estate developers amounted to 260 million m², representing an increase of 15.8% over last year.

In 2017, the cement demand in China remained stable and new production capacity continued to decline. Through restructuring, large-scale enterprises had increased their market share in the cement industry. Cement price increased continuously due to further improvement of the competitive landscape. According to the statistics published by the National Bureau of Statistics of China, in 2017, total cement production in China amounted to 2,320 million tons, representing a decrease of 0.2% from last year. There were thirteen new clinker production lines nationwide in 2017. New clinker production capacity amounted to 20.5 million tons in total, representing a decrease of 20.0% from last year, which accounted for approximately 1.5% of total clinker production in China and has been decreasing for five consecutive years.

During the year, the Chinese government actively pursued pollution prevention, strengthened inspections on energy saving, emission reduction and production safety, and further perfected laws and regulations of the cement industry. Since 2017, the Ministry of Environmental Protection of China has conducted two batches of nationwide central environmental protection inspections, which focused on checking the corporate compliance with emission standards. In April 2017, the State Administration of Work Safety issued a notice concerning the launch of a nationwide special campaign from May 2017 to December 2019 on law enforcement of production safety and occupational health for cement enterprises. In November 2017, the Ministry of Industry and Information Technology and the Ministry of Environment Protection of China jointly promulgated the "Notice on the Launch of Off-Peak Production in Certain Industrial Sectors at '2+26' Cities in Fall and Winter 2017-2018", which requires the cement industry (including special cement but excluding grinding plants) to implement off-peak production during heating season in accordance with the relevant requirements of the "Notice on Further Improving Off-Peak Production in Cement Industry" jointly promulgated by the Ministry of Industry and Information Technology and the Ministry of Environment Protection of China. In addition, since January 2018, the Environmental Protection Tax Law of China has officially come into effect and replaced the pollution discharge fee. The tax law defines the taxable scope of air pollutants and water pollutants.

Operational efficiency enhanced through lean management, energy consumption continuously reduced

In 2017, under the national supply-side structural reform, the coal supply in China was stable yet tight. During the year, the Group purchased approximately 10.1 million tons of coal, representing an increase of 1.8% over last year. The Group's average purchase price of coal was HK\$707, representing an increase of approximately 36.2% from 2016. Our standard coal consumption decreased to 106.9 kg per ton of clinker for the year from the average of 107.6 kg in 2016.

During the year, we enjoyed the benefits of lower electricity tariff for a total of 3,434.8 million kwh of electricity consumed, which accounted for 54.7% of the total electricity consumption for the production of cement products, and saved HK\$153.7 million under direct power supply agreements and price bidding arrangements. We managed to improve our electricity consumption to 73.1 kwh per ton of cement for the year, representing a cost saving of approximately HK\$36.8 million. The Group's residual heat recovery generators generated 2,046.5 million kwh of electricity, representing an increase of 0.7% over last year. The electricity generated accounted for approximately 32.6% of our required electricity consumption and we achieved a cost saving of approximately HK\$1,013.0 million for the year.

The Group is committed to promotion of key projects for energy saving and technological reform as well as continuous implementation of lean management for waste reduction, cost minimization and efficiency improvement. The Group carried out 17 lean improvement projects in 2017, including underground water treatment for limestone mine pits, research and promotion of ceramic ball technique, composite management on repairs of mining tyres and efficient composite energy-saving technology project for coal grinders.

Logistics management is one of the Group's key measures in maintaining its market competitiveness. In 2017, the Group stabilised shipping costs through optimising the mode of tender and increasing the efficiency of delivery. As of the end of 2017, the annual shipping capacity of the Group along the Xijiang River was 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 43 silo terminals with an annual capacity of approximately 30.0 million tons, which are mainly located in the Pearl River Delta Region of Guangdong. This consolidates the Group's leading market position in Guangdong.

In addition, the Group has continuously accelerated logistics digitalization, for enhancing the delivery efficiency and supporting online and offline sales channels. The truck transportation scheduling management system and the information collection system of the Group have provided customers with quality distribution services and offered more data support for market research and customer analysis. In 2017, on the basis of the trial work of mobile application for placing sales orders in Guangdong, the Group improved its functions and upgraded its system, hence enhancing stability and operational speed. Currently, the system has commenced operation in all the regions at which the Group has operations, thereby fully achieving online ordering.

Support national policies of energy saving and emission reduction, promote Co-Processing projects

The Group attached great importance to corporate social responsibility, proactively supports the national policies of energy saving and emission reduction, and seizes the industry trend of co-processing wastes by use of cement kilns for transformation into an environmentally-friendly enterprise. In October 2017, China Resources Cement (Nanning) Limited and China Resources Cement (Tianyang) Limited were listed in the first batch of "Green Factories" approved by the Ministry of Industry and Information Technology of China; In February 2018, China Resources Cement (Heqing) Limited was listed in the second batch of "Green Factories" approved by the Ministry of Industry and Information Technology of China.

All our clinker production lines have been equipped with denitration system and bag filters. Our emission levels of both nitrogen oxides and particulate matters are lower than the national standard limits of pollutant emission, while the emission level of sulphur dioxide is in compliance with the national standard, which places the Group at a leading position in the industry. On the other hand, the Group achieved composite

utilization of resources through optimization of the production prescription and effective use of industrial waste and waste limestone.

The Group is dedicated to transformation for environmental protection, proactive advocate of Co-Processing projects and fostering sustainable development of the industry. Following the commencement of operation of the Municipal Waste Co-Processing project at our cement product plant in Binyang County, Guangxi with a daily processing capacity of 300 tons and the Urban Sludge Co-Processing project in Nanning City, Guangxi with a daily processing capacity of 300 tons, the construction of Hazardous Waste Co-Processing project in Changjiang County, Hainan with a daily processing capacity of 100 tons was completed in February 2018. In addition, the Municipal Waste Co-Processing projects in Tianyang County, Guangxi with a daily processing capacity of 500 tons and in Midu County, Yunnan with a daily processing capacity of 300 tons are under construction, and are expected to be completed in the first half of 2018. The Group has become one of the enterprises in the cement industry in China with Co-Processing capabilities in municipal solid waste, urban sludge and industrial hazardous waste.

The Group keeps improving the management system, strengthening safety management of counterparties, and actively conducts supervision and inspection works. Meanwhile, 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 205 specialized safety management personnel, including 44 registered safety engineers. Since 2017, 5 cement production plants of the Group have passed the on-site assessments as the First-Class Enterprise in National Production Safety Standardization. Currently, a total of 25 cement production plants of the Group have passed the relevant assessment.

Intensify brand building, cultivate R&D and innovation capabilities

In 2017, the Group strengthened the brand building and management of “Runfeng” by launching brand theme activities to reinforce our customers’ recognition. In April 2017, the Group launched a new cement product branded “Wang Pai Gong Jiang”, renovation cement targeting urban and rural consumers for the domestic renovation market in Guangdong and Guangxi.

The Group continues to enhance research and development (“R&D”) and promotion of new products, new materials and new technologies, in order to foster a green and healthy development of the cement industry. With regard to new products, the Group continuously researches and upgrades cement for marine engineering, pervious concrete and professional renovation cement. With regard to new technologies, the Group has conducted R&D and production of low-calcium clinker. R&D of various new products and new technologies, including concrete additives, feature analysis on coal and heat-resistant concrete were also done.

By the end of 2017, the laboratory of the Group’s Research and Development Centre had 41 full-time employees, including 32 researchers and developers. The Group applies for patent licenses for its various R&D achievements. As of the end of 2017, the Group held 110 patent licenses, including 15 inventions and 95 utility models. The patents mainly included equipment and systems for energy saving, emission reduction and enhancement of production and operation efficiency, as well as new materials.

In addition, the Group strives for improvement of operation efficiency by establishing innovation organizations, cultivating innovators, organizing innovation competitions, constructing digital innovation platforms, systematically launching innovation management, creating an ambience of all-staff innovation and implementing innovation initiatives.

Mr. Zhou Longshan, Chairman and Executive Director of China Resources Cement said, “2018 is the critical year in transition between the first and second halves of the “Thirteenth Five-Year” Plan in China. The Chinese government will promote development of high quality and intensify supply-side structural reform. We believe that under the supply-side structural reform in China, the cement industry will encounter new opportunities and challenges. Positioning in Southern China, the Group will seek the business opportunities and proactively seize the opportunities in the construction of Guangdong-Hong Kong-Macau Greater Bay Area and the

development of the prefabrication 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 through the control, conversion and distribution of resources. Meanwhile, the Group will proactively fulfil corporate social responsibility and promote waste co-processing projects by use of cement kilns. In terms of marketing, the Group will strengthen brand building and 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 environmental transformation, 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:

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 ³
Guangdong	24	22.5	10	14.4	25	15.7
Guangxi	37	33.2	18	26.5	23	14.0
Fujian	14	10.1	6	7.0	-	-
Hainan	5	4.4	3	3.3	5	3.0
Yunnan	6	6.0	3	4.6	1	0.6
Guizhou	7	5.1	4	3.9	1	0.6
Shanxi	2	2.0	1	1.6	-	-
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	95	83.3	45	61.3	60	36.5

About China Resources Cement Holdings Limited

China Resources Cement Holdings Limited is largest cement and concrete producer in Southern China. As in December 2017, 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 operated 60 concrete batching plants with annual production capacity of 36.5 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, 12.7 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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