



# 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)

股份代號 Stock Code: 1313

# Results Presentation First Quarter 2019

綠色 智造  
Green Development & Intelligent Manufacturing

# Contents



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

	Page
 <b>Industry Overview</b>	<b>2</b>
 <b>Financial Highlights</b>	<b>8</b>
 <b>Operational Review</b>	<b>25</b>
 <b>Outlook &amp; Prospects</b>	<b>34</b>
 <b>Appendix</b>	<b>38</b>



# Industry Overview



# Economic Growth



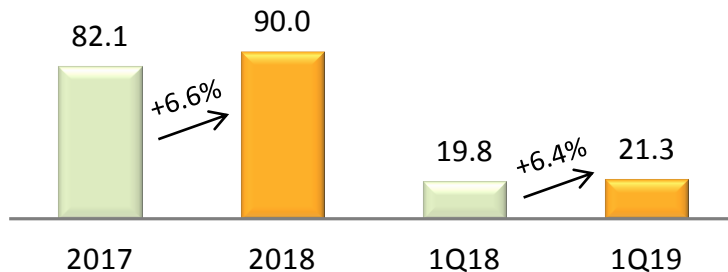
華潤水泥控股有限公司

China Resources Cement Holdings Limited

- The economy in China was generally stable and maintained medium-high growth, and the expected growth target was achieved.
- With complex and challenging external environment and in face of downward pressure on the economy, the Chinese government was committed to the general principle of pursuing progress while ensuring stability. The government also pursued **high-quality development** and deepened the advancement of **supply-side structural reform**.

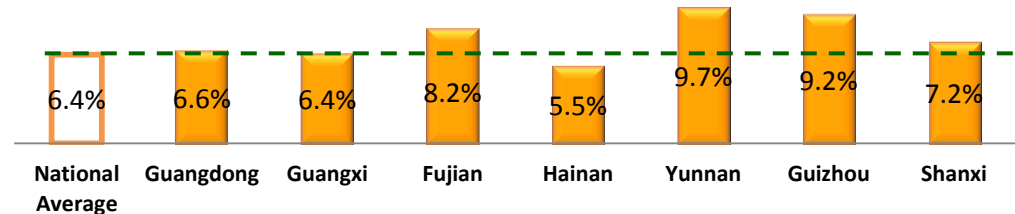
## National GDP

(RMB trillion)



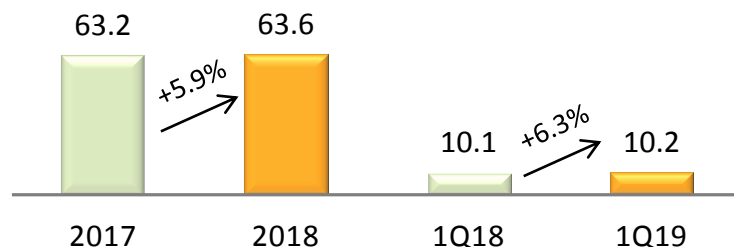
## GDP Growth (1Q19)

National Average: 6.4%



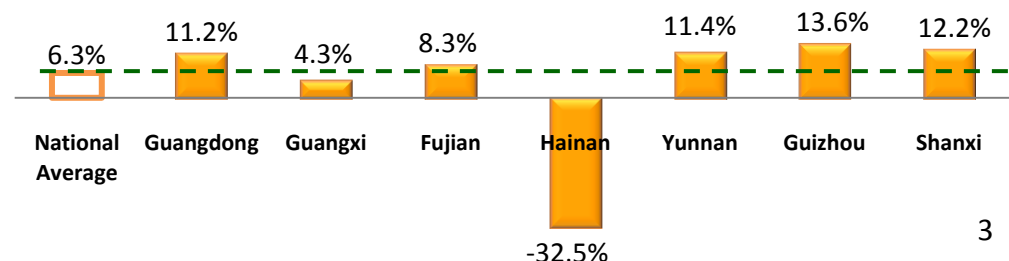
## National FAI (excluding rural households)

(RMB trillion)



## FAI Growth (1Q19)

National Average: 6.3%



Sources: Provincial and National Bureaus of Statistics of China

# Cement Demand Drivers



華潤水泥控股有限公司  
China Resources Cement Holdings Limited

## Infrastructure



- In 1Q19, national infrastructure investments\* increased by +4.4% YoY
  - *Railway: ~RMB101.2 billion, +10.0% YoY*
  - *Highways & waterways: ~RMB372.2 billion, +3.3% YoY*

*\*Note: Excluding the industries for production and supply of electricity, heat, gas and water.*

- On the back of regulation and control policies on property, the housing market in China was stable at large and the growth in real estate investment remained steady.
  - *Real estate investment: RMB2.4 trillion, 11.8% YoY*
  - *Floor space of commodity housing sold: 298.3 million m<sup>2</sup>, -0.9% YoY*

## Real Estate Market



	1Q19	YoY	2018 YoY
Floor space of houses newly started construction (m <sup>2</sup> )	387.3 million	+11.9%	+17.2%
Floor space of houses completed (m <sup>2</sup> )	184.7 million	-10.8%	-7.8%
Floor space under construction by real estate developers (m <sup>2</sup> )	6,994.4 million	+8.2%	+5.2%
Land area purchased by real estate developers (m <sup>2</sup> )	25.4 million	-33.1%	+14.2%

## Rural Market



- Rural revitalization & poverty reduction through transportation infrastructure
  - *The urbanization rate: 59.58% as at the end of 2018*
  - *Total operational length of rural roads increased by 318,000 km (+9.8% YoY) to 4,050,000 km*

# Cement Production



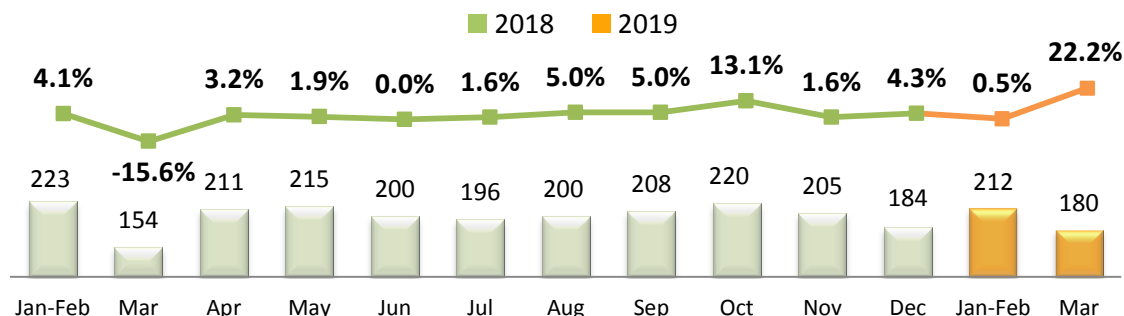
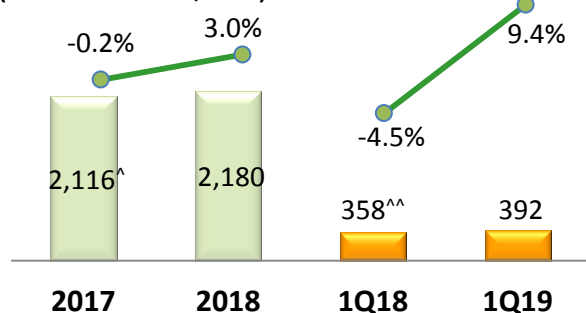
華潤水泥控股有限公司

China Resources Cement Holdings Limited

- In 1Q19, China's cement production was approximately **391.6** million tons\*, +9.4% YoY

## National Cement Production <sup>(1)</sup>

(million tons, YoY)

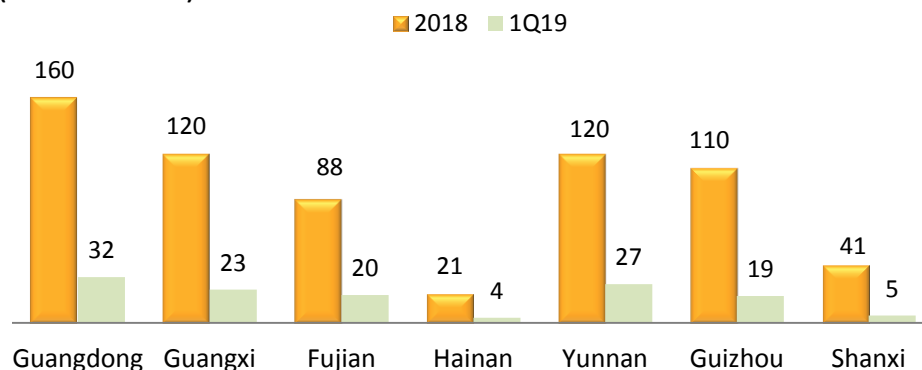


Note: <sup>^</sup> Originally 2,316 million tons but restated as 2,116 million tons in 2018 by the National Bureau of Statistics of China.

<sup>^^</sup> Originally 376 million tons but restated as 358 million tons in 1Q19 by the National Bureau of Statistics of China.

## CRC's operating region Cement Production <sup>(2)</sup>

(million tons)



	2018 YoY	1Q19 YoY
Guangdong	5.6%	-2.0%
Guangxi	6.3%	-5.9%
Fujian	7.6%	9.7%
Hainan	11.8%	-13.1%
Yunnan	5.9%	6.0%
Guizhou	4.8%	-7.0%
Shanxi	15.7%	126.8%

\*Note: Statistics only include enterprises with annual turnover above RMB20 million.

Source: (1) National Bureau of Statistics of China, (2) China Cement Association

# Cement Supply



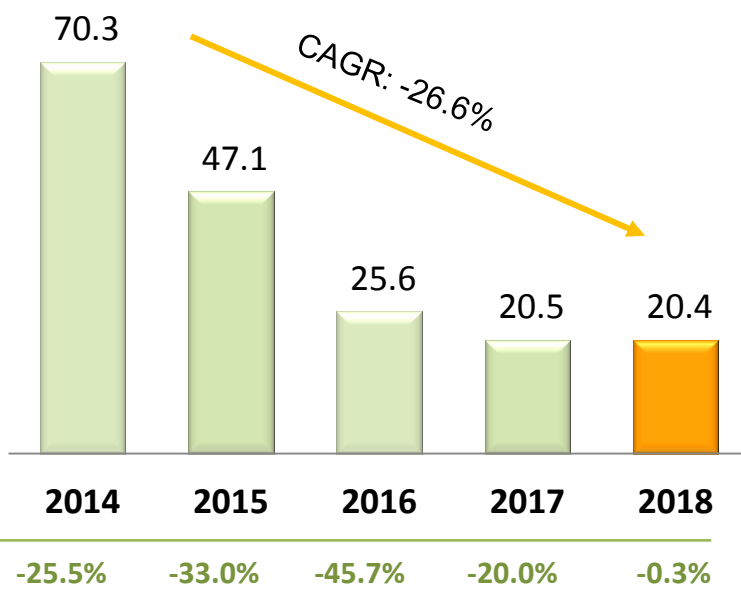
華潤水泥控股有限公司

China Resources Cement Holdings Limited

- In 2018, there were **fourteen** new clinker production lines nationwide with new clinker production capacity of **20.4** million tons in total.
- In **Guangdong** and **Guangxi**, **three** new clinker production lines with new clinker production capacity of **4.7** million tons in total commenced operation.

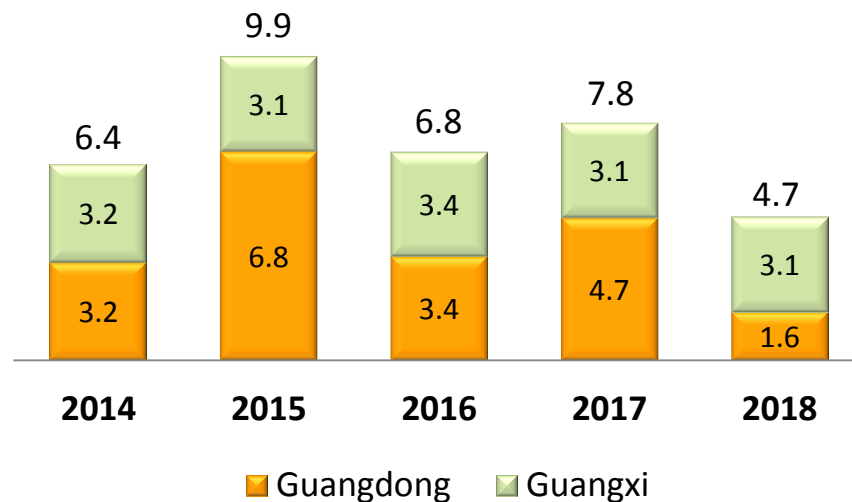
## New Clinker Capacity in China

(million tons)



## New Clinker Capacity in Guangdong & Guangxi

(million tons)



Source: Company information, China Cement Association





- In June 2018, the State Council of China issued national policies including the “**Three-Year Action Plan for Winning the Blue Sky Defense Battle**”.
- Environmental protection law enforcement and supervision were reinforced to further improve industry standardization and promote the sustainable development of the cement industry.



## Blue Sky Defense

### □ Capacity control

- ✓ Expansion of Production Capacity is strictly prohibited
- ✓ Only new production capacity  $\leq$  Replaced production capacity can be added
- ✓ Relocation, Transformation, Closure or Exit of Heavy Polluted Industries in Urban Areas

### □ Off-peak production

- ✓ Major regions:
  - Beijing-Tianjin-Hebei region and surrounding areas
  - Yangtze River Delta region
  - Fen-Wei River Plains

### □ Emission control (target by 2020 vs. 2015)

- ✓ SO<sub>2</sub> & NO<sub>x</sub>: -15% in China
- ✓ PM<sub>2.5</sub>: -18% in cities where PM<sub>2.5</sub> concentrations failed to meet the national standards
- ✓ Special emission limits for air pollutants (Major regions & Guangdong)

### □ To promote prefabricated construction



## Environmental Inspection

### □ Nationwide central environmental protection inspections & revisit

- ✓ Compliance with Emission Standards
- ✓ Pollutants Discharge Permit

### □ Production safety and occupational Health

- ✓ Suspend production or shut down if enterprises failed to complete rectification;
- ✓ Promote production safety accountability systems & standardization



## Sustainable Development

### □ Product upgrade: Abolition of PC32.5R cement

### □ Green Factory & Green Mine

### □ Co-processing - The proportion of co-processing production lines by use of cement kilns shall increase to 15% by 2020.

### □ Carbon emissions





# Financial Highlights



# 1Q19 Results Summary



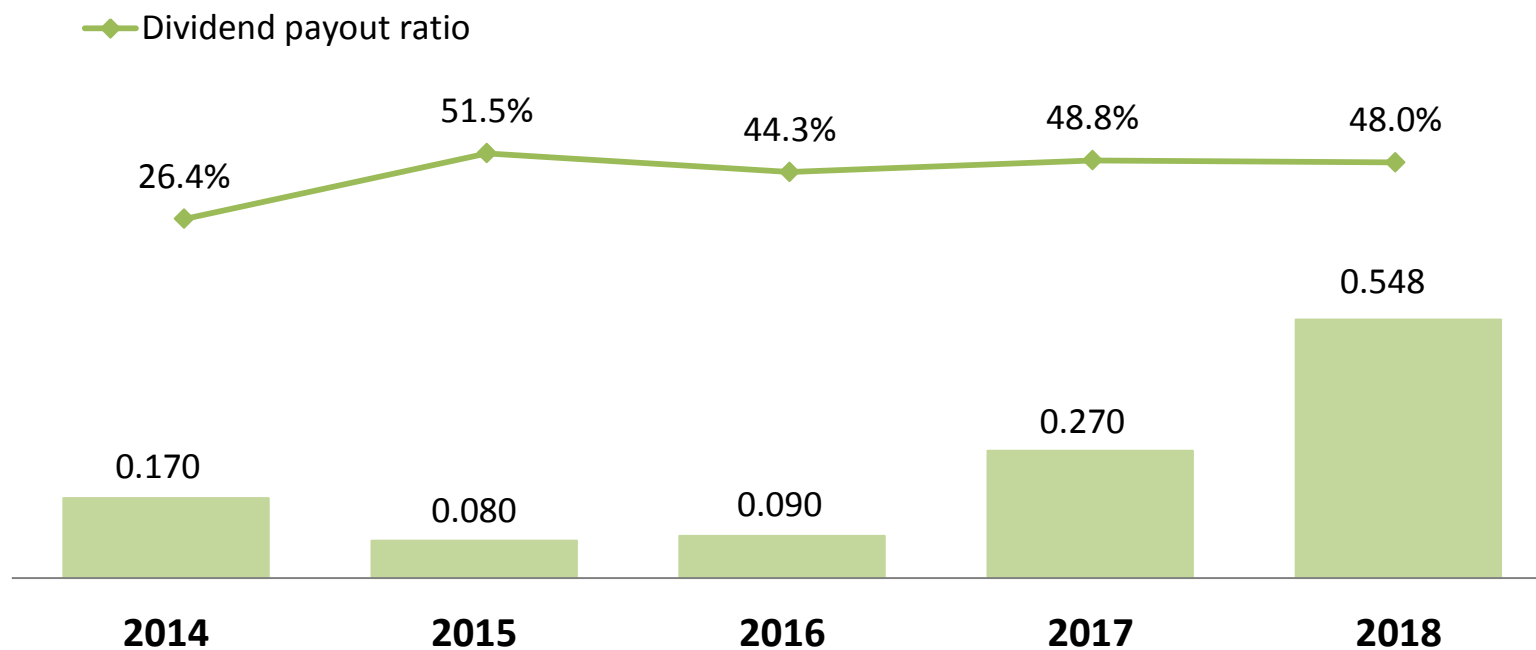
**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

(HK\$ million)	1Q18	1Q19	YoY
Turnover	8,046.7	7,508.5	-6.7%
Gross profit	2,934.4	2,846.7	-3.0%
Gross margin (%)	36.5%	37.9%	+1.4 ppt
Exchange gain	95.1	5.9	-93.8%
Finance costs	(170.1)	(107.7)	-36.7%
Profit attributable to owners of the Company	1,791.7	1,488.9	-16.9%
Basic earnings per share (HK\$)	0.274	0.213	-22.3%

# Dividend Payout (HK\$)



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited



(HK\$)

	2014	2015	2016	2017	2018
Interim	0.07	0.06	0.015	0.115	0.275
Final	0.10	0.02	0.075	0.155	0.273

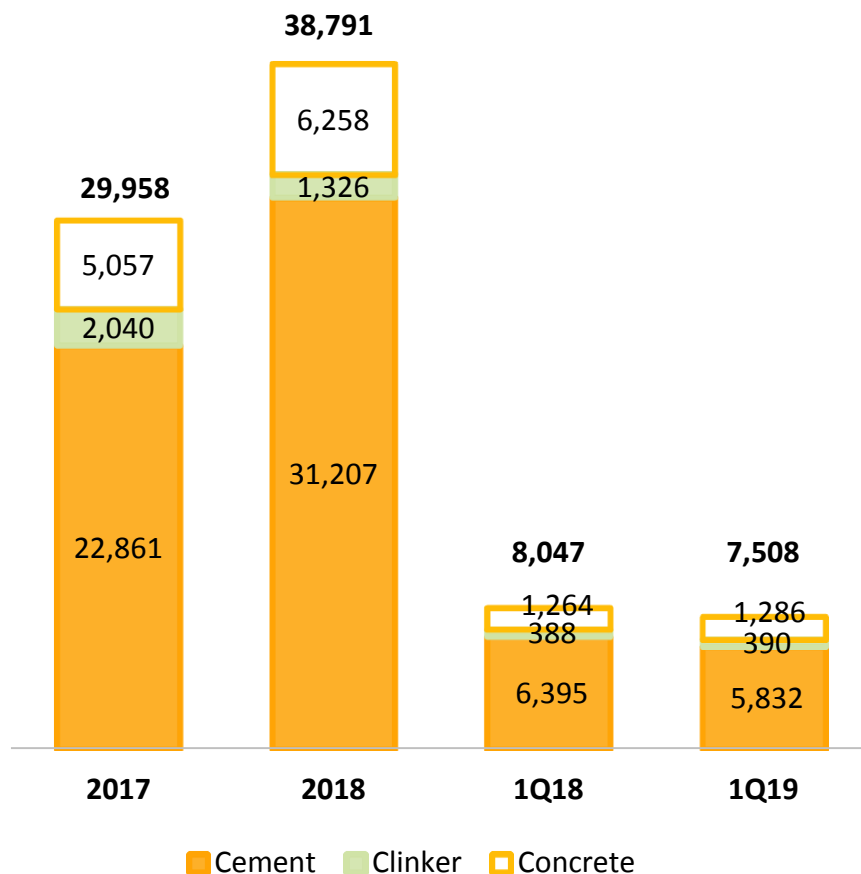
# Turnover

(HK\$ million)



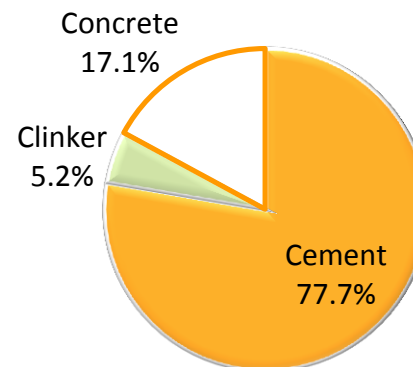
**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

## Turnover by Product



	2018 YoY	1Q19 YoY
Cement	+36.5%	-8.8%
Clinker	-35.0%	+0.6%
Concrete	+23.7%	+1.8%
<b>Total</b>	<b>+29.5%</b>	<b>-6.7%</b>

## 1Q19



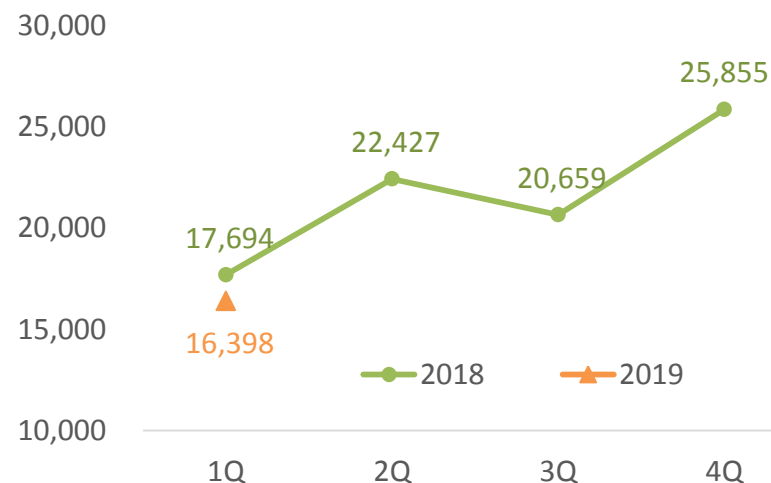
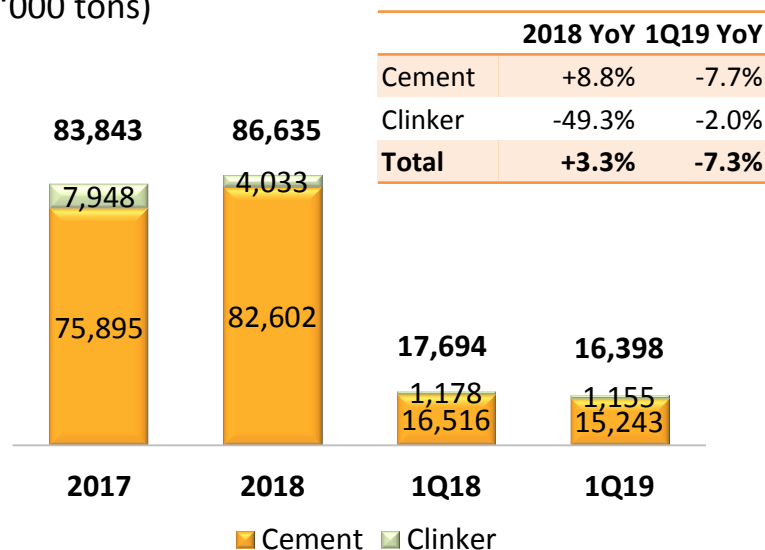
# Sales Volume



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

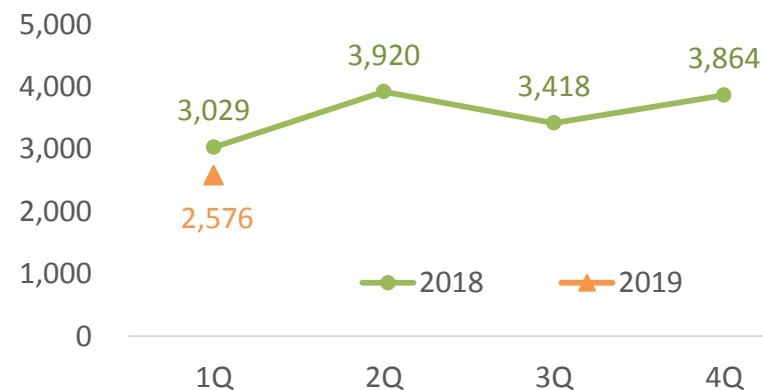
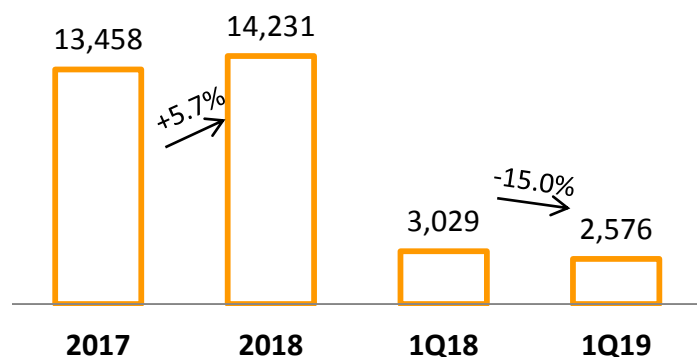
## Cement & Clinker Sales Volume

('000 tons)



## Concrete Sales Volume

('000 m<sup>3</sup>)

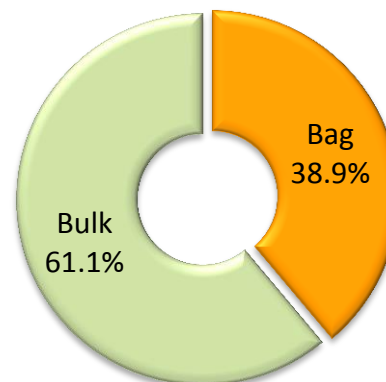
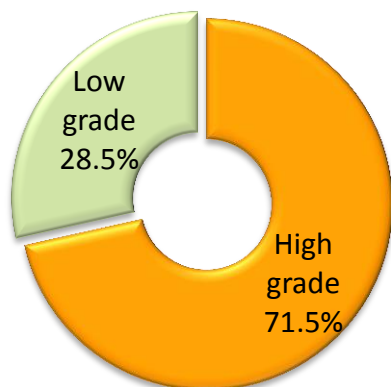


# Breakdown of Cement Sales Volume



華潤水泥控股有限公司  
China Resources Cement Holdings Limited

## By Product Type (2018)

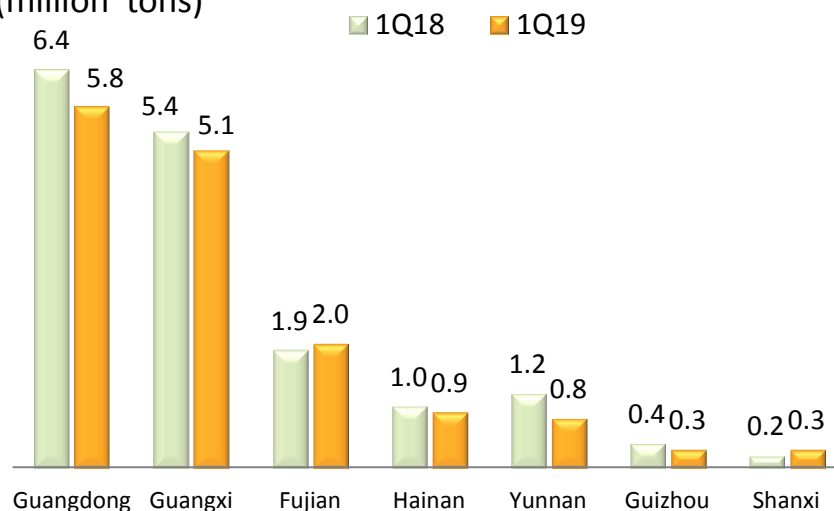


**Note:**

Low grade refers to 32.5 grade cement. High grade refers to 42.5 or higher grade cement.

## By Region (1Q19)

(million tons)



**% of total cement sales  
volume**

Guangdong	38.0%
Guangxi	33.5%
Fujian	13.0%
Hainan	5.7%
Yunnan	5.5%
Guizhou	2.2%
Shanxi	2.1%
<b>Total</b>	<b>100%</b>

# Average Selling Price

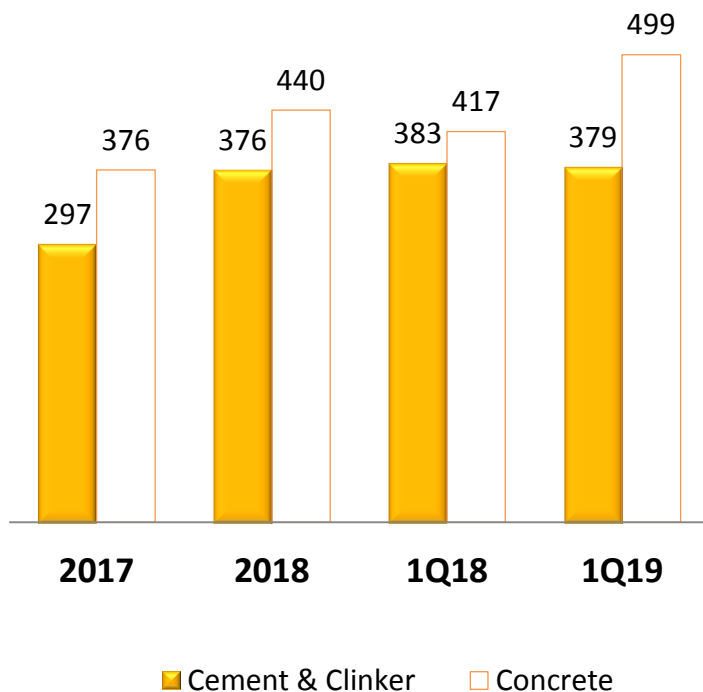


**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

## Average Selling Price

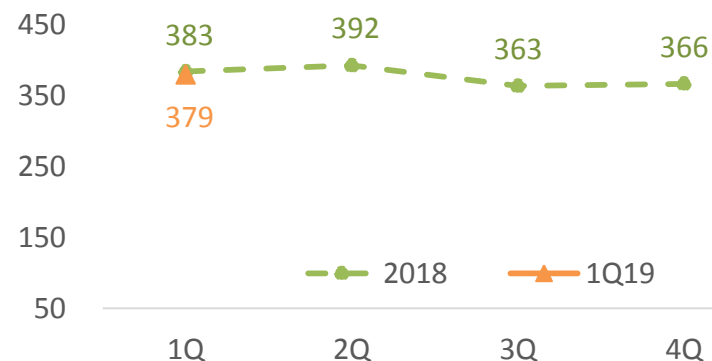
(HK\$ per ton/m<sup>3</sup>)

	2018 YoY	1Q19 YoY
Cement & Clinker	+26.4%	-1.0%
Concrete	+17.0%	+19.6%



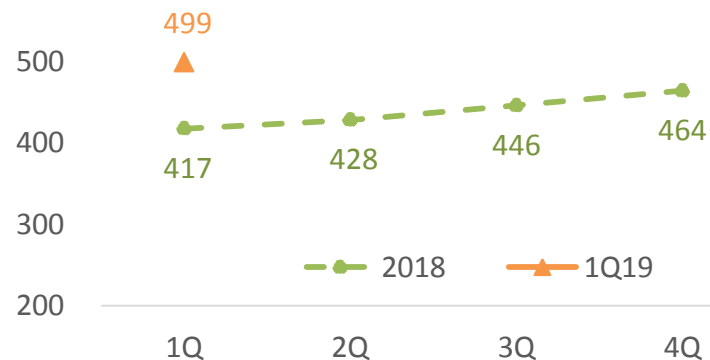
## Cement & Clinker ASP by Quarter

(HK\$ per ton)



## Concrete ASP by Quarter

(HK\$ per m<sup>3</sup>)





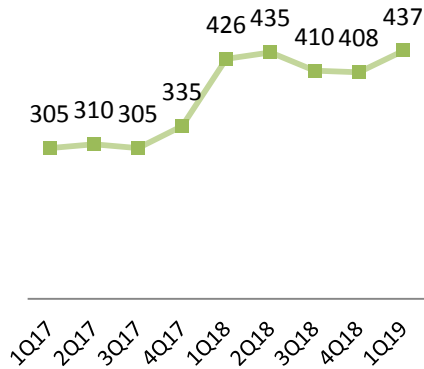
# Cement Selling Price by Region

(HK\$ per ton)

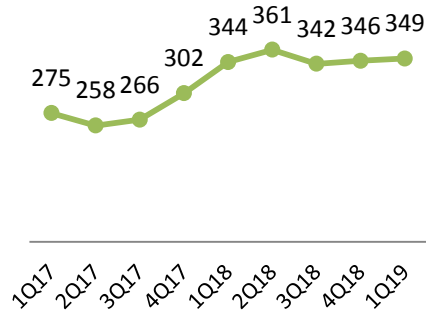


華潤水泥控股有限公司  
China Resources Cement Holdings Limited

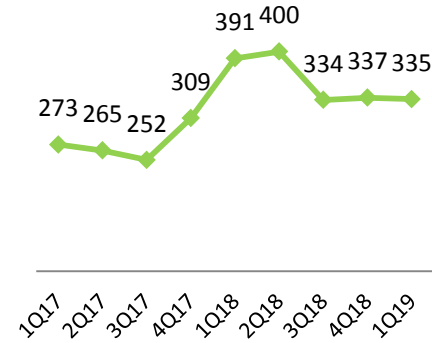
Guangdong



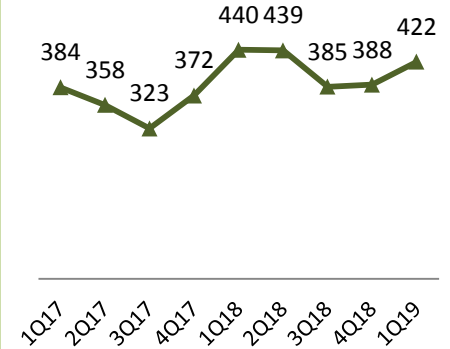
Guangxi



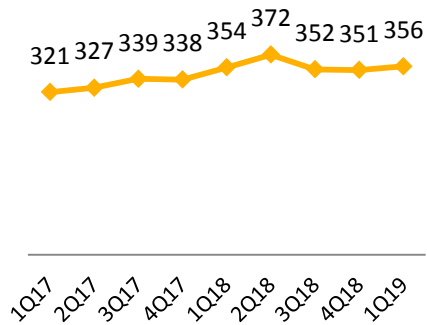
Fujian



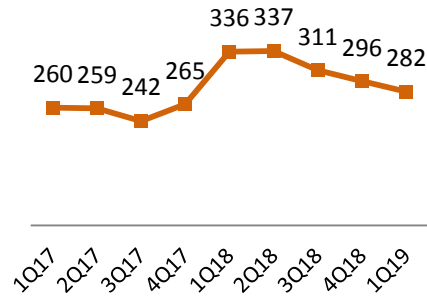
Hainan



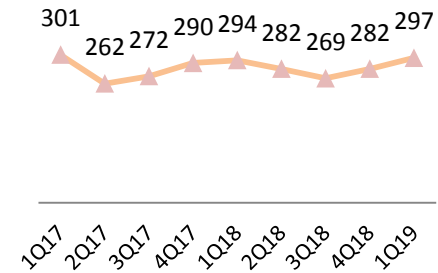
Yunnan



Guizhou



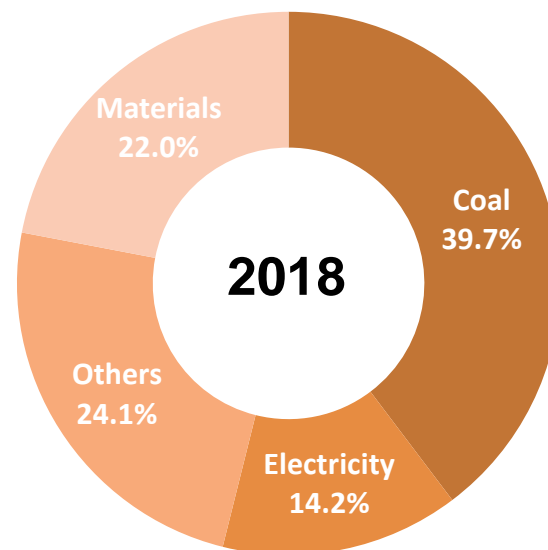
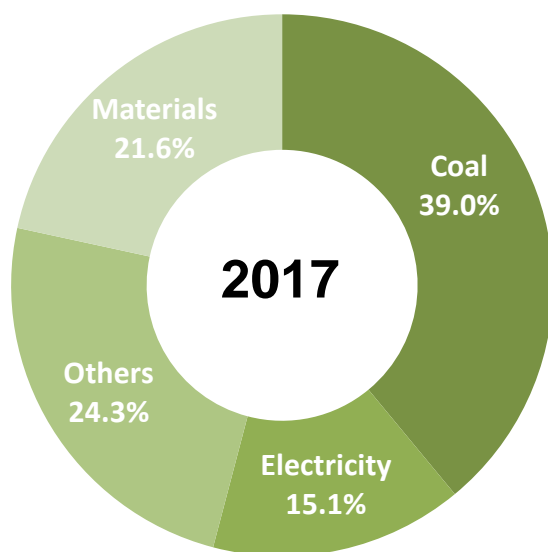
Shanxi



# Cost Structure of Cement Products



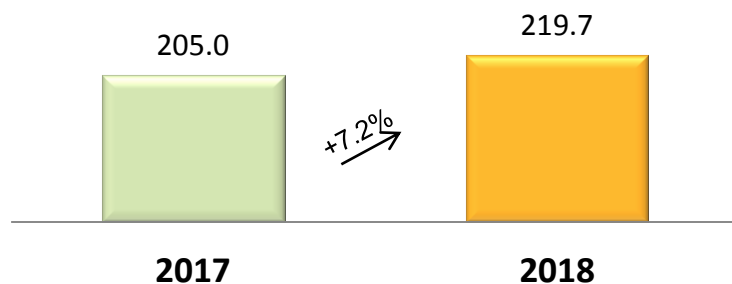
華潤水泥控股有限公司  
China Resources Cement Holdings Limited



*Note: Cement products refer to cement & clinker*

## Unit Cost

(HK\$ per ton)



(HK\$ per ton)	2017	2018	YoY
Coal	80.0	87.2	+9.0%
Electricity	31.0	31.1	+0.3%
Materials	44.3	48.3	+9.0%
Others	49.7	53.1	+6.8%
<b>Total</b>	<b>205.0</b>	<b>219.7</b>	<b>+7.2%</b>

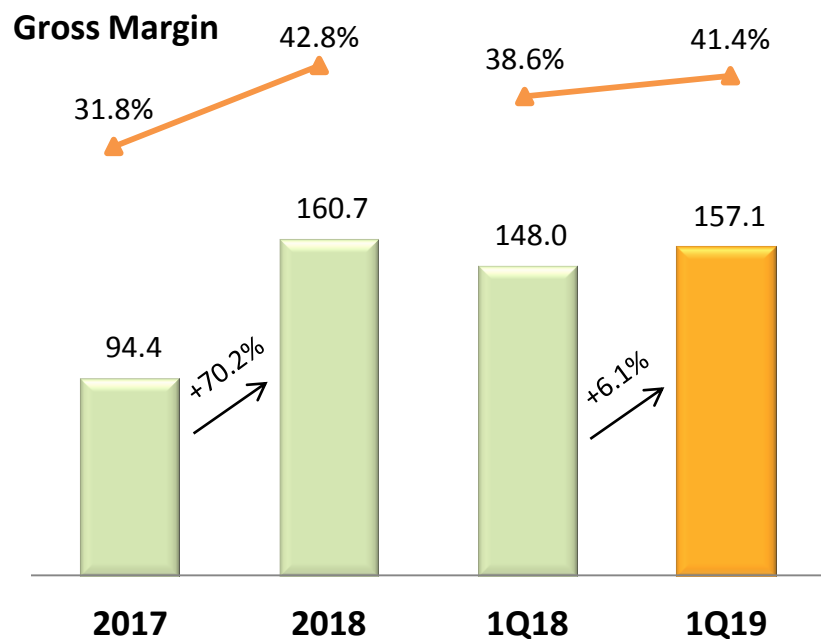
# Gross Profit & Margin



華潤水泥控股有限公司  
China Resources Cement Holdings Limited

## Cement & Clinker

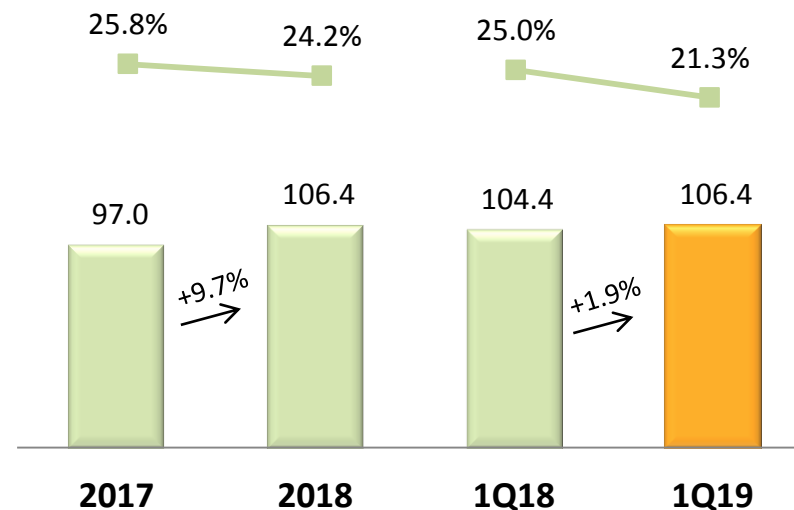
(HK\$ per ton)



## Concrete

(HK\$ per m<sup>3</sup>)

**Gross Margin**

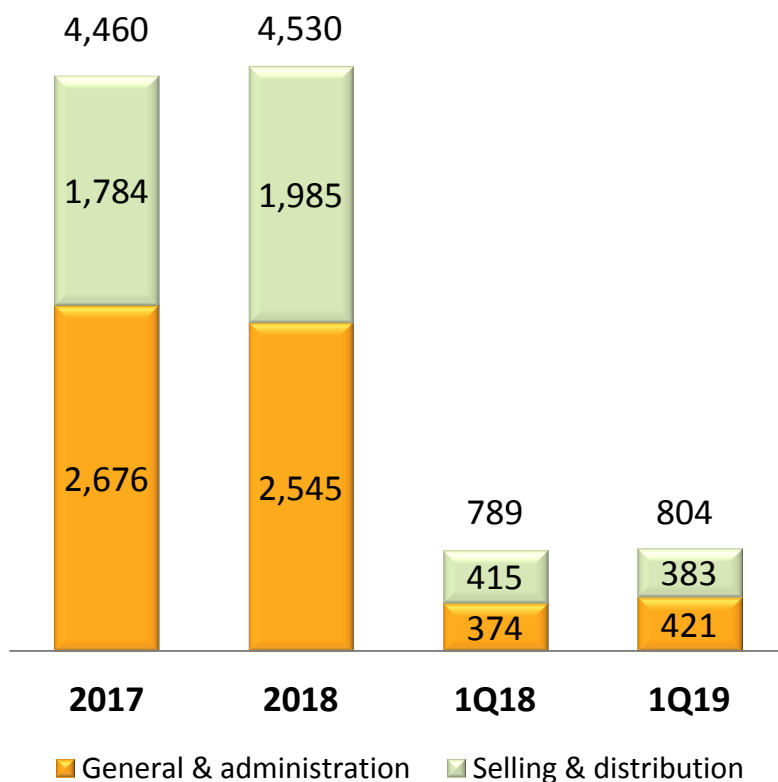


# Selling, General & Administrative Expenses

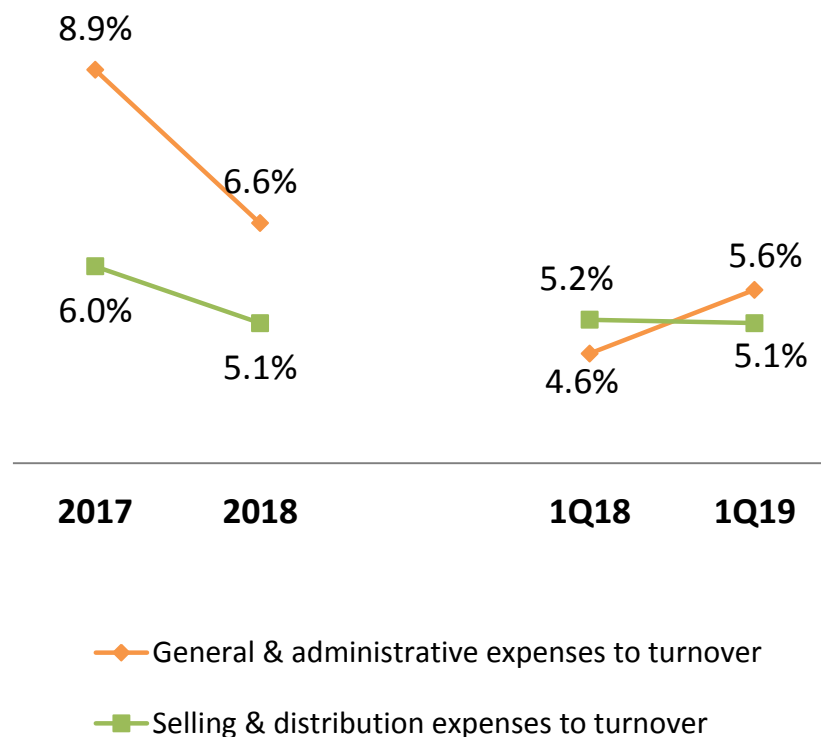
(HK\$ million)



華潤水泥控股有限公司  
China Resources Cement Holdings Limited



	2018 YoY	1Q19 YoY
General & administration	-4.9%	+12.7%
Selling & distribution	+11.3%	-7.7%
<b>Total</b>	<b>+1.6%</b>	<b>+2.0%</b>



# Finance Costs & Exchange Gain

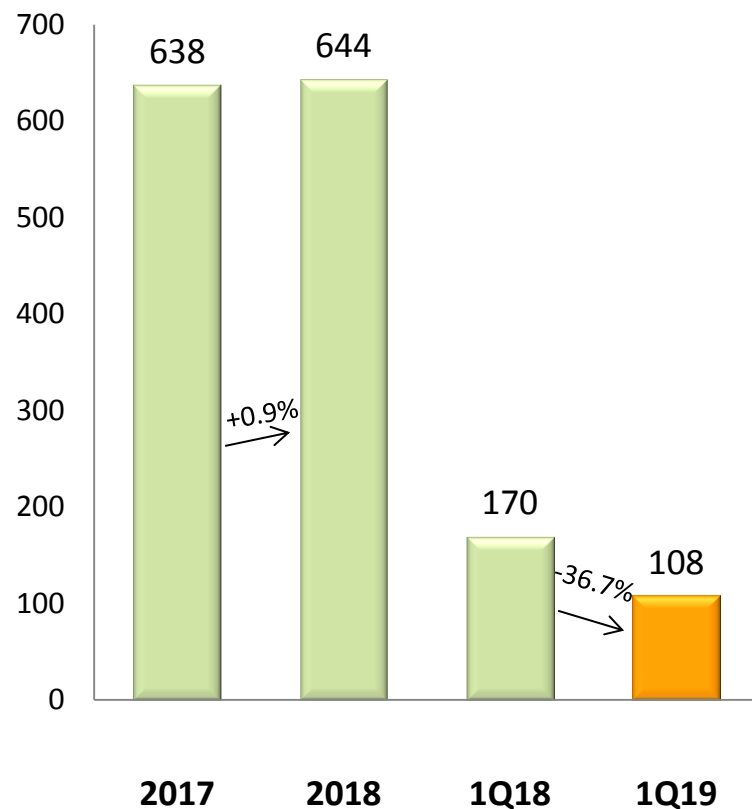
(HK\$ million)



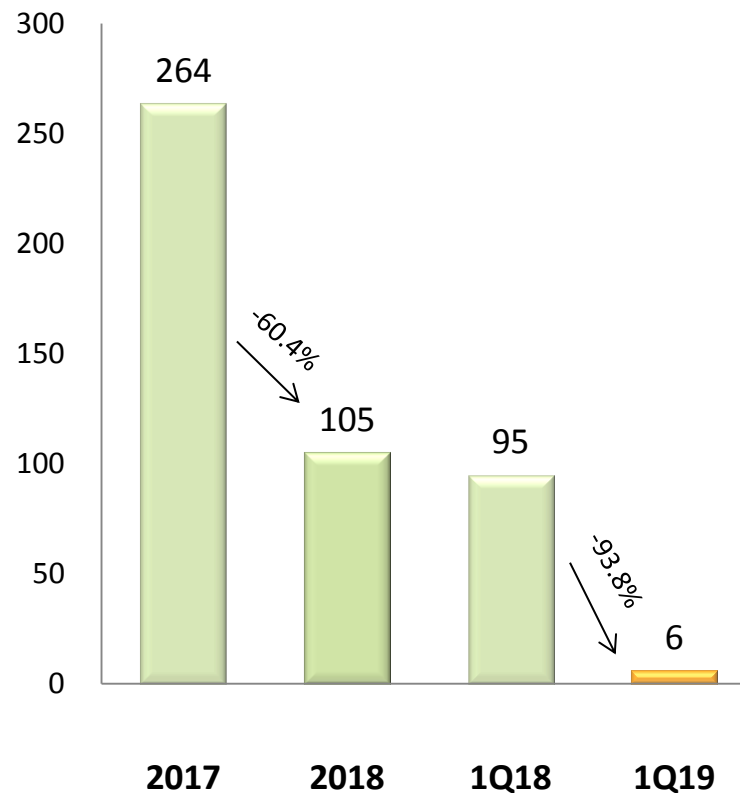
華潤水泥控股有限公司

China Resources Cement Holdings Limited

## Finance costs



## Exchange gain



# Share of results of Associates & JVs



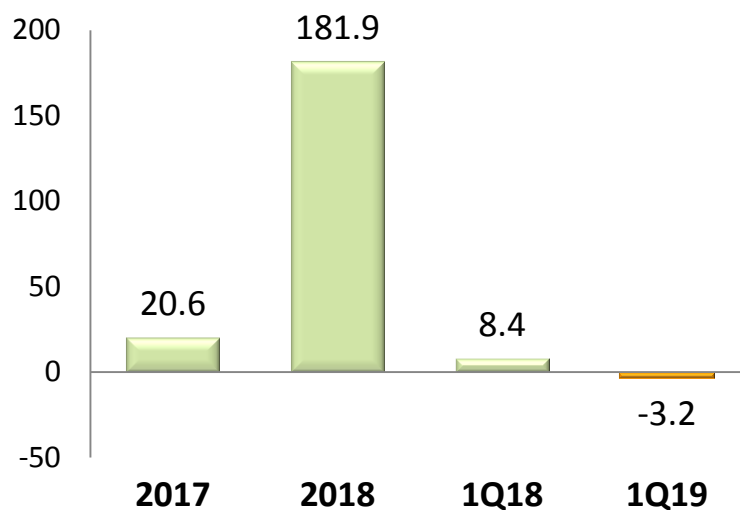
華潤水泥控股有限公司

China Resources Cement Holdings Limited

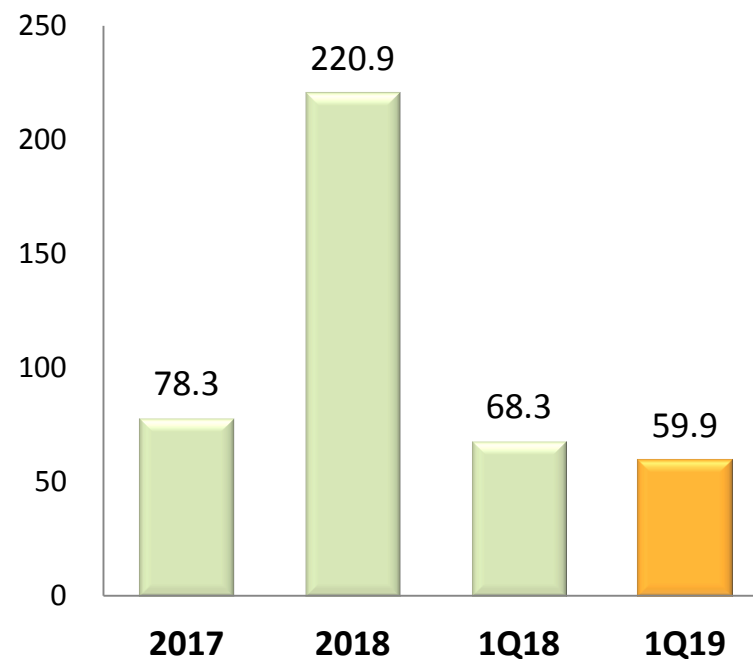
(HK\$ million)

## Share of results of associates

HK\$ million	2017	2018
Fujian	-42.0	26.3
Yunnan	31.8	136.5
Inner Mongolia	28.9	17.0



## Share of results of joint ventures



### Notes:

1. Our Equity Stakes in Associates: 49.0% in Fujian Building Material (Holdings) Company Limited; 40.6% in Inner Mongolia Mengxi Cement Co., Ltd.; 50.0% in Yunnan Cement & Building Materials Group Co., Ltd.; 49% in DongGuan RunYang United Intelligent Manufacturing Company Limited in Dongguan, Guangdong.
2. Our Joint Ventures are principally operating in Guangzhou.



	1Q18	1Q19	YoY
Taxation (HK\$ million)	576.4	621.7	+7.9%
Effective tax rate	26.5%	27.0%	+0.5 ppt

***Note: Effective tax rate excludes the effects of the results of associates and joint ventures, the exchange gain and the deferred tax on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong.***



# Financial Position



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

(HK\$ million)	31 Dec 2018	31 Mar 2019	Change
Cash and bank balances	12,301.5	9,250.4	-24.8%
Total assets	60,506.4	60,585.6	+0.1%
Net borrowings	130.9	2,132.0	+1,528.7%
Net assets per share (HK\$)	5.40	5.72	+5.9%

**Notes:**

- 1. Net borrowings equal to total bank borrowings and unsecured medium term notes less cash and bank balances and pledged bank deposits.*
- 2. Net assets per share is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the period.*

# Cash Flow



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

(HK\$ million)	31 Dec 2017	31 Dec 2018	Change
Net cash generated from operating activities	6,612.9	11,331.0	+71.3%
Net cash used in investing activities	(1,888.2)	(1,075.0)	-43.1%
Net cash used in financing activities	(2,791.5)	(2,803.3)	+0.4%
Net increase in cash and cash equivalents for the year	1,933.2	7,452.7	+285.5%
Cash and cash equivalent at end of the year	5,384.1	12,301.5	+128.5%

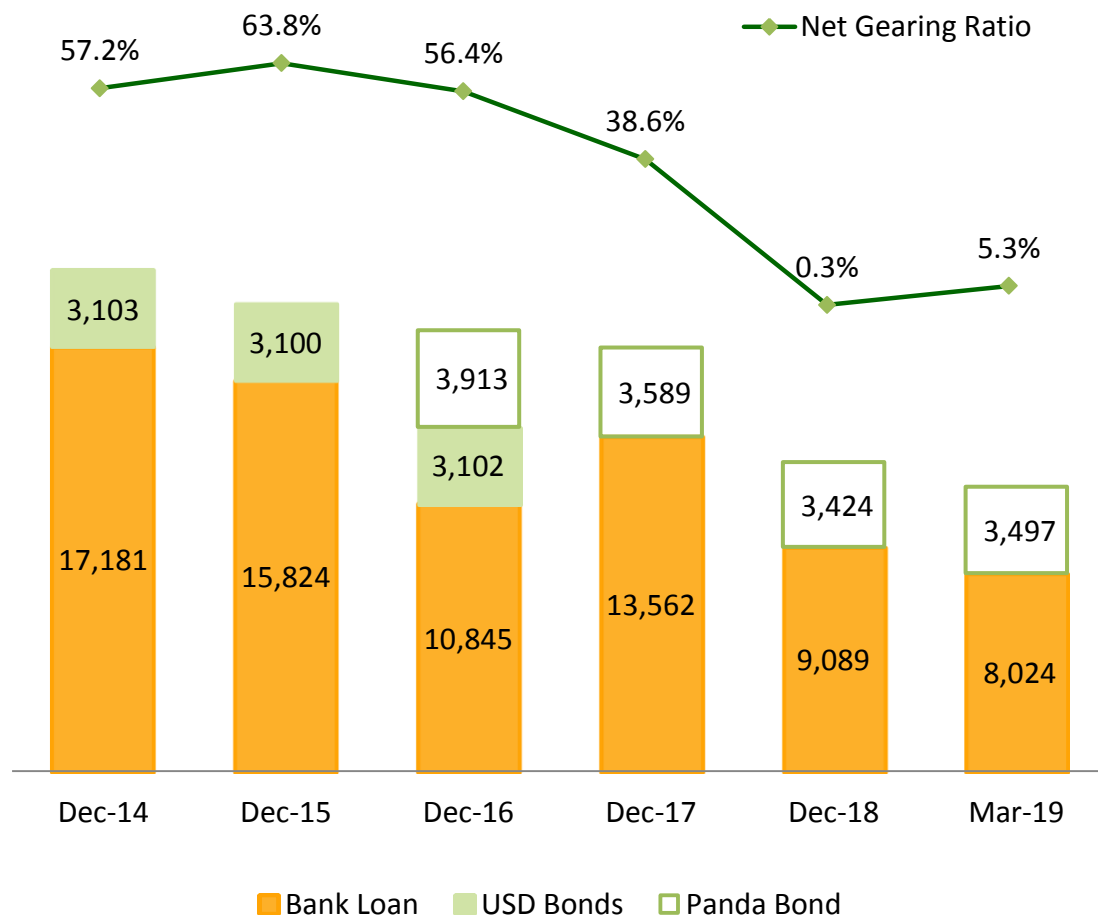
- Total payment for capital expenditure of the Group in 2018 was HK\$1,387.5 million.
- Expected capital expenditures are approximately HK\$1,583.3 million and HK\$1,032.0 million in 2019 and 2020 respectively.

# Debt Structure

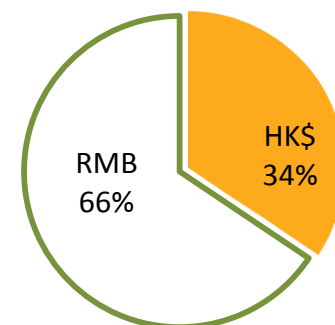
(HK\$ million)



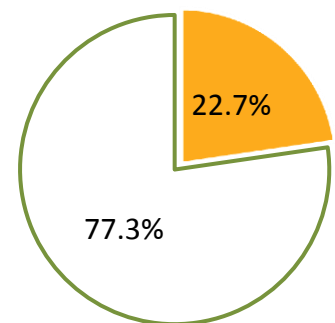
華潤水泥控股有限公司  
China Resources Cement Holdings Limited



## Currency (31 Dec 2018)



## Duration (31 Mar 2019)



### Notes:

1. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.
2. Panda bond encompasses commercial paper and medium term notes. The commercial paper was fully repaid in Sep 2017 and the unsecured medium term notes will expire in Sep 2021.
3. The Company issued 450 million new Shares on 11 June 2018 at a price of HK\$9.30 per Share for net proceeds of approximately HK\$4.18 billion.



# Operational Review



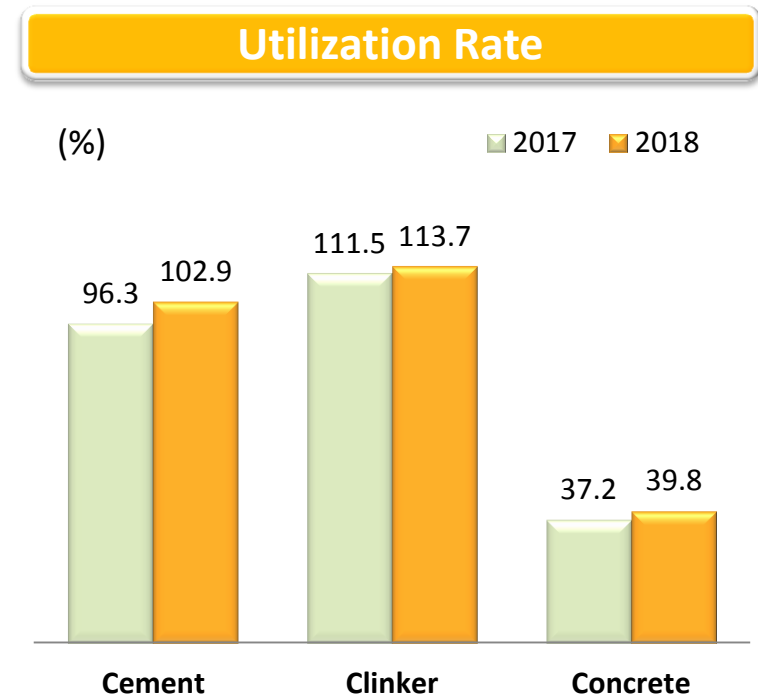
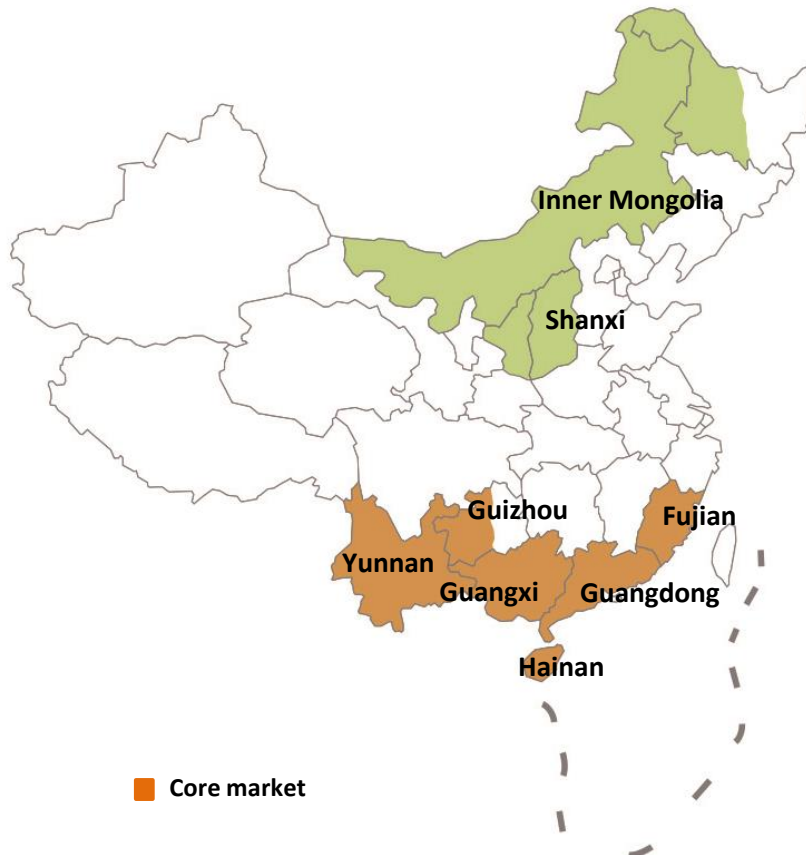
# Production Capacity



華潤水泥控股有限公司

China Resources Cement Holdings Limited

- As at 31 Dec 2018, the Group 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 60 concrete batching plants with annual production capacity of **36.3** million m<sup>3</sup> of concrete.
- The respective annual production capacities attributable to the Company according to equity interests in associates and joint ventures were **20.8** million tons of cement, **11.6** million tons of clinker and **4.4** million m<sup>3</sup> of concrete.



# Energy Consumption

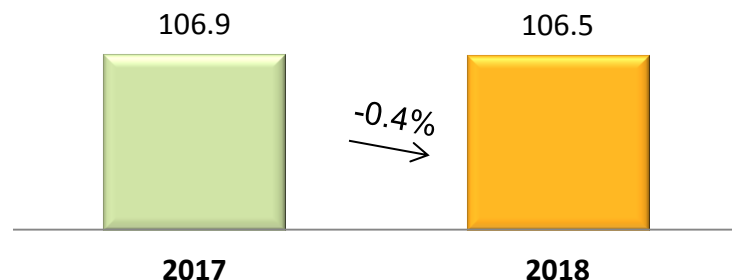


華潤水泥控股有限公司

China Resources Cement Holdings Limited

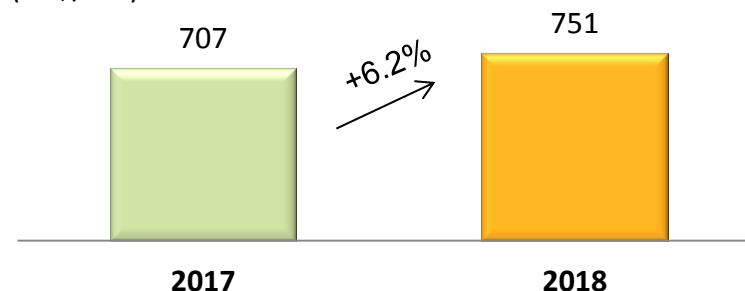
## Standard Coal Consumption

(kg/ton of clinker)



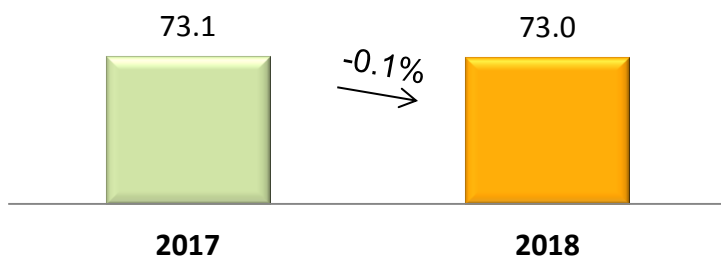
## Average Coal Purchase Price

(HK\$/ton)



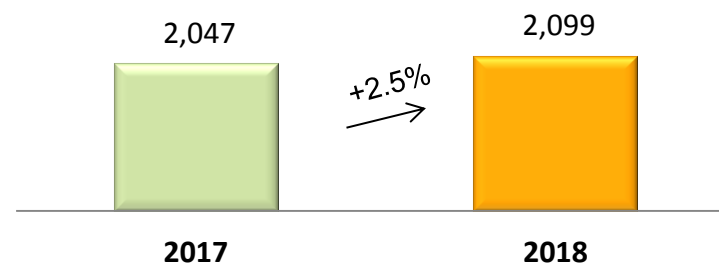
## Electricity Consumption

(kwh/ton of cement)



## Residual Heat Electricity Generated

(million kwh)



- **Coal cost:** Average coal cost per ton of clinker increased by 6.1% to HK\$110.5
- **Electricity cost:**
  - Residual heat recovery generators - **31.7%** of required electricity consumption, representing a cost saving of approx. **HK\$1,036.8 million**
  - Direct power supply agreements and price bidding arrangements – **59.4%** of the total electricity consumption for the production of cement products, representing a cost saving of **HK\$211.0 million**



## Operational Management



### Internal benchmark management

- Optimized performance review indicators
- Offered technological support to production plants
- Implemented 166 technical upgrades

### Lean management

- Control water inrush into the limestone mine of the cement production plant in **Pingnan** caused by cave mining
- Application of new technologies at pilot plants

### Intelligent manufacturing

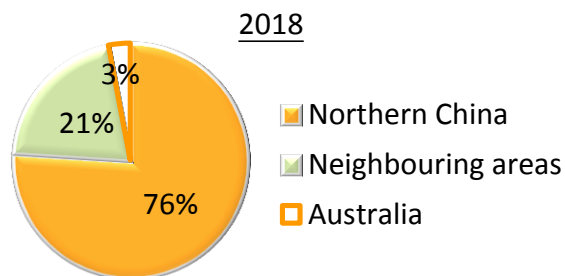
- Launched a pilot project at the cement production plant in Tianyang with Siemens Ltd., China

## Procurement Management



### Coal Procurement

- The Group purchased **10.5 million tons** of coal
- The proportion of direct procurement from coal producers: **79%**
- Strengthen cooperation with large-scale domestic coal suppliers and maintain procurement channels of imported coal to secure a stable supply of high-quality coal



### Supply Chain Management

- SRM system & "Sunshine Procurement"

## Logistics Management



### Shipping and silo capacity

- Annual shipping capacity along Xijiang River: **36.4 million tons**
- **41** silo terminals with annual capacity of approximately **28.4 million tons**

### Optimized resources distribution

- Optimizing the layout of silo terminals
- Introducing self-unloading ship

### IT system

- "**Smart Card**" system: launched at 14 cement production plants
- **Mobile Apps**: rolled out in all operating regions





## Environmental Protection



### Emission reduction

- All clinker production lines - Residual heat recovery generators, Denitration systems and Bag filters
- Emission levels of **NO<sub>x</sub>**, **SO<sub>2</sub>** and **particulate matters** - lower than national standard limits
- **Carbon emission**: Guangdong & Fujian

### Effective use and protection of resources

- **Industrial waste** & **waste limestone**
- Ecological Restoration of **Mines**

### Social recognition - Award:

- “Hong Kong Green Awards 2018 – Environmental, Health and Safety Award (Large Corporation) – Platinum” by the Green Council of Hong Kong

## Production Safety



### Production safety standardization

- First-Class Enterprise in National Production Safety Standardization: **28** cement production plants

### Safety management

- EHS accountability assessment system
- Inspections on mines, production plants and management of counterparties

### Safety training

- Staff and counterparties
- Emergency drills, EHS Knowledge Competition, video learning

## R&D



### R&D Capability

- The laboratory of Technology R&D Centre
  - Conducted optimization projects for production plants
  - Reducing energy consumption and enhancing product quality
- **139 patent licenses**: 22 inventions & 117 utility models

### New Product & New Technology

- **High-performance marine cement** for **Hong Kong-Zhuhai-Macao Bridge**
- High-calcium clinker, Engineered stones, Coal combustion technology, etc.

# Co-Processing Projects



華潤水泥控股有限公司  
China Resources Cement Holdings Limited

- In reliance on independent innovation, CR Cement promotes co-processing projects in the three scopes of **municipal solid waste, urban sludge** and **hazardous industrial waste** in order to fulfil its corporate social responsibility whilst supporting environmental transformation and achieving sustainable corporate development.
- As of the end of 2018, the Group had a total of **7** co-processing projects. The total municipal waste, urban sludge and hazardous waste co-processed by the Group were **166,000 tons**, **49,300 tons** and **8,700 tons**, respectively, in 2018.



The municipal waste co-processing project in Tianyang, Guangxi

Project Location	Type	Daily Processing Capacity	
Binyang, Guangxi	Municipal waste	300 tons	In operation
Tianyang, Guangxi	Municipal waste	500 tons	In operation
Nanning, Guangxi	Urban sludge	300 tons	In operation
Guangzhou, Guangdong*	Urban sludge	300 tons	In operation
Changjiang, Hainan	Hazardous waste	Annual: 30,000 tons	Trial operation
Midu, Yunnan	Municipal waste	300 tons	Trial operation
Fengqing, Yunnan*	Municipal waste	300 tons	Trial operation

*\*Note: These projects are located in the cement production plants of our associates and joint ventures.*



## *Prefabricated Construction*

### □ Prefabricated Construction

- In operation - Dongguan, Guangdong (Associate)
- New projects to start construction in 1H19: Zhanjiang in Guangdong, Nanning and Guigang in Guangxi

## *Aggregate*

### □ Aggregate

- As of Dec 2018, our annual production capacity was approximately 13.0 million tons

## *New Materials*

### □ New Materials

- Shenzhen City Runfeng New Materials Technology Company Limited, which is responsible for the operation and promotion of new products and offers systematic services and solutions to customers.

## *Intelligent Manufacturing*

### □ Intelligent Manufacturing

- Signed a **strategic cooperation agreement** with Siemens Ltd., China whereby both parties shall jointly build a pilot intelligent cement production line in **Tianyang**, Guangxi.

# Prefabricated Construction



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

- On the back of the government's encouragement on the development of prefabricated construction, and in combination with the development strategy for extension of industry chain, prefabricated construction business is one of the key new businesses for the Company's future development.

Project location	Total planned land area (m <sup>2</sup> )	Land acquired (m <sup>2</sup> )	Design annual production capacity (m <sup>3</sup> )	Status
Dongguan, Guangdong*	26,900	26,900	40,000	<ul style="list-style-type: none"> <li>➤ In operation since May 2018;</li> <li>➤ The products are mainly supplied to public housing &amp; commodity housing projects in Shenzhen</li> </ul>
Zhanjiang, Guangdong	210,000	180,000	400,000	<ul style="list-style-type: none"> <li>➤ Completion: Phase I (annual capacity: 200,000m<sup>3</sup>) in mid-2020</li> </ul>
Nanning, Guangxi	200,000	110,000	400,000	<ul style="list-style-type: none"> <li>➤ Completion: Concrete batching plant - by 2019; Precast concrete production lines - by 2021</li> </ul>
Guigang, Guangxi	130,000	130,000	200,000	<ul style="list-style-type: none"> <li>➤ Completion: Concrete batching plant - by 2019; Precast concrete production lines - mid-2020</li> </ul>

\*Note: 49% in DongGuan RunYang United Intelligent Manufacturing Company Limited in Dongguan, Guangdong.

## Precast Concrete Production Plant



**Precast Concrete Production Plant in Dongguan, Guangdong**

## Precast Concrete Product



**Prefabricated Construction Module**



**Precast Concrete Components**

# New Materials



華潤水泥控股有限公司

China Resources Cement Holdings Limited

- As of 16 April 2019, the Group has acquired **40% equity interests** in Universal Marble & Granite (Dongguan) Co., Ltd for approximately **RMB776 million**.
- Universal Marble operates mines, **design, R&D, manufacture and processing** of **engineering stones** and **natural stones**, as well as installation of curtain walls. The company specializes in the manufacture and application of stones and is one of the most renowned brands in the stone industry in China.
- The acquisitions will foster the Company's strategic transformation, create business synergy values and achieve the development strategy for **extension of industry chain**. In the future, the Company will proactively seize the development opportunities in **Guangdong-Hong Kong-Macao Greater Bay Area** and further enhance the advantages of resources positioning in the Southern China.

## Product Applications



China - Beijing Yintai Centre



Overseas - Sheikh Zayed Grand Mosque

## Natural Stone Product



Natural Stone Products in Dongguan, Guangdong

## Engineered Stone Production Plant



Engineered Stone Production Plant in Dongguan, Guangdong





# Outlook & Prospects



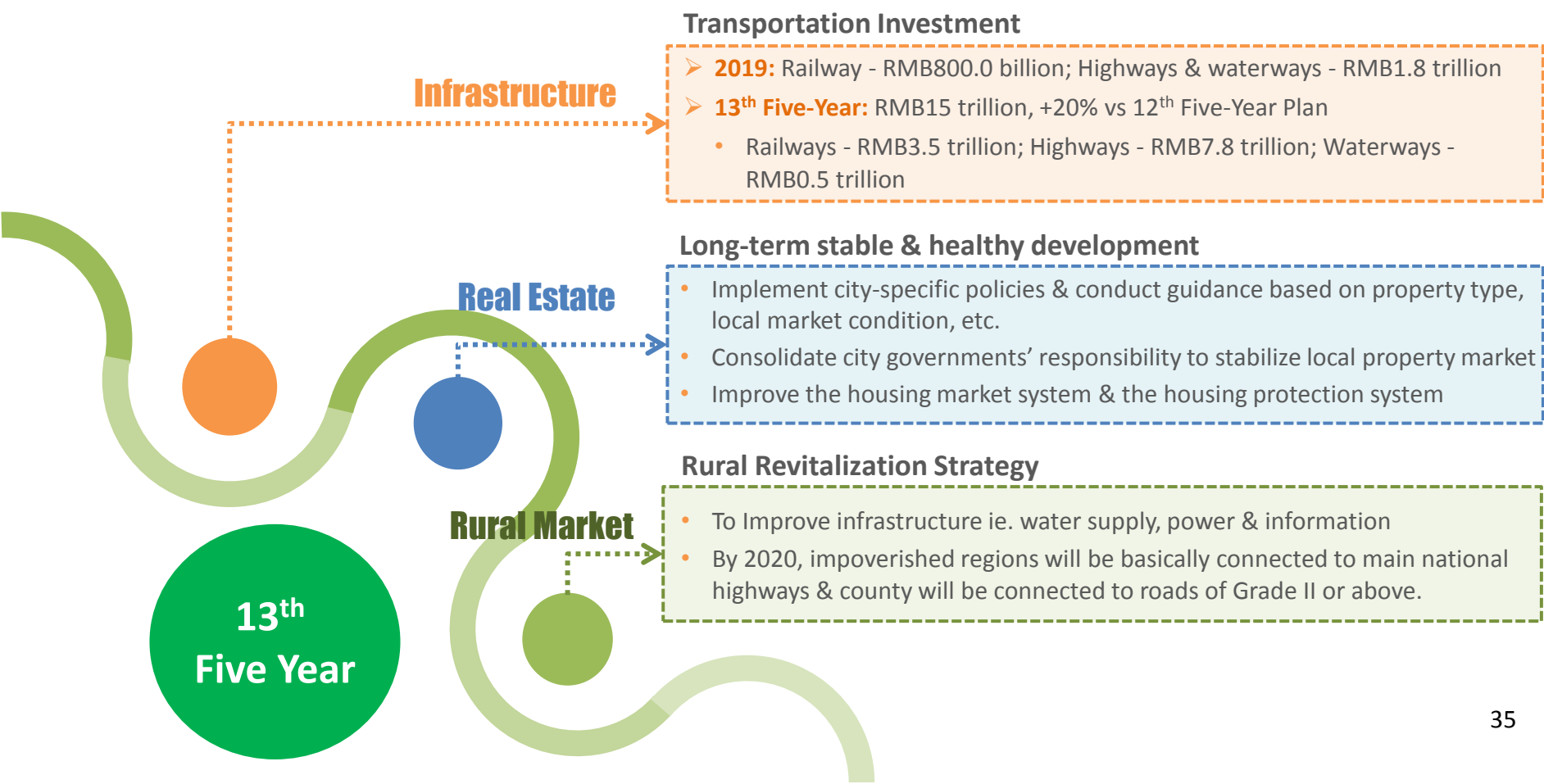
# Macroeconomic Outlook



華潤水泥控股有限公司

China Resources Cement Holdings Limited

- **Supply-side structural reform** - To eliminate excess capacity, destock, deleverage, lower costs & bolster areas of weakness
- **Three Critical Battles** – To prevent and resolve the major risks, conduct targeted poverty reduction and control pollution
- Maintain the economy operating within a reasonable range – **2019 GDP target: 6.0%-6.5%**





# Greater Bay Area



華潤水泥控股有限公司

China Resources Cement Holdings Limited

- February 2019, Chinese government promulgated the **Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area**
- Total Area:** 56,000 km<sup>2</sup>, including **Hong Kong, Macau** and 9 cities in **Guangdong**
- 2017: Population:** 70 million, **GDP:** RMB10 trillion
- ✓ By 2020: To form the framework for an international first-class bay area and world-class city cluster
- ✓ By 2035: Meeting first-class global standards for innovation, international competitiveness, commerce and liveability



Cement and clinker production plants



Cement and clinker production plants owned by joint ventures



Cement grinding lines

## CR Cement's Production Facilities



Concrete batching plants



Concrete batching plants owned by joint ventures

# Strategies and Prospects

- **Three Core Strengths** - “Lowest total costs, Leading market position in the region, Innovation-driven development”
- **Green Development** - Promote waste co-processing projects by use of cement kilns
- **Opportunities** - Development of **Greater Bay Area** and **Prefabricated Construction Industry**, accelerate the pace of transformation and innovation, explore the opportunities of upstream and downstream expansion along the industry chain



Photo source: Hong Kong-Zhuhai-Macao Bridge Hong Kong Section Website  
(<https://www.hzmb.gov.hk/tc/index.html>)



# Appendix





# *Our vision*

*To become a respected world-class cement company*



# Company Profile



華潤水泥控股有限公司

China Resources Cement Holdings Limited

- ◆ One of **5** major industrial sectors of China Resources Group (holding 68.72% of issued shares)

- ◆ The largest **cement, clinker & concrete producer** in Southern China



## Subsidiary of CR Group

## Market Position

## Environment, Health & Safety

## Development Strategy

- ◆ Environmental protection: Denitration, Desulphurization & Dust collection system
- ◆ Production safety & occupational health
- ◆ **Municipal solid waste, Urban sludge & Hazardous industrial waste** Co-processing projects

- ◆ Lowest total cost
- ◆ Leading position in regional market
- ◆ Innovation-driven development



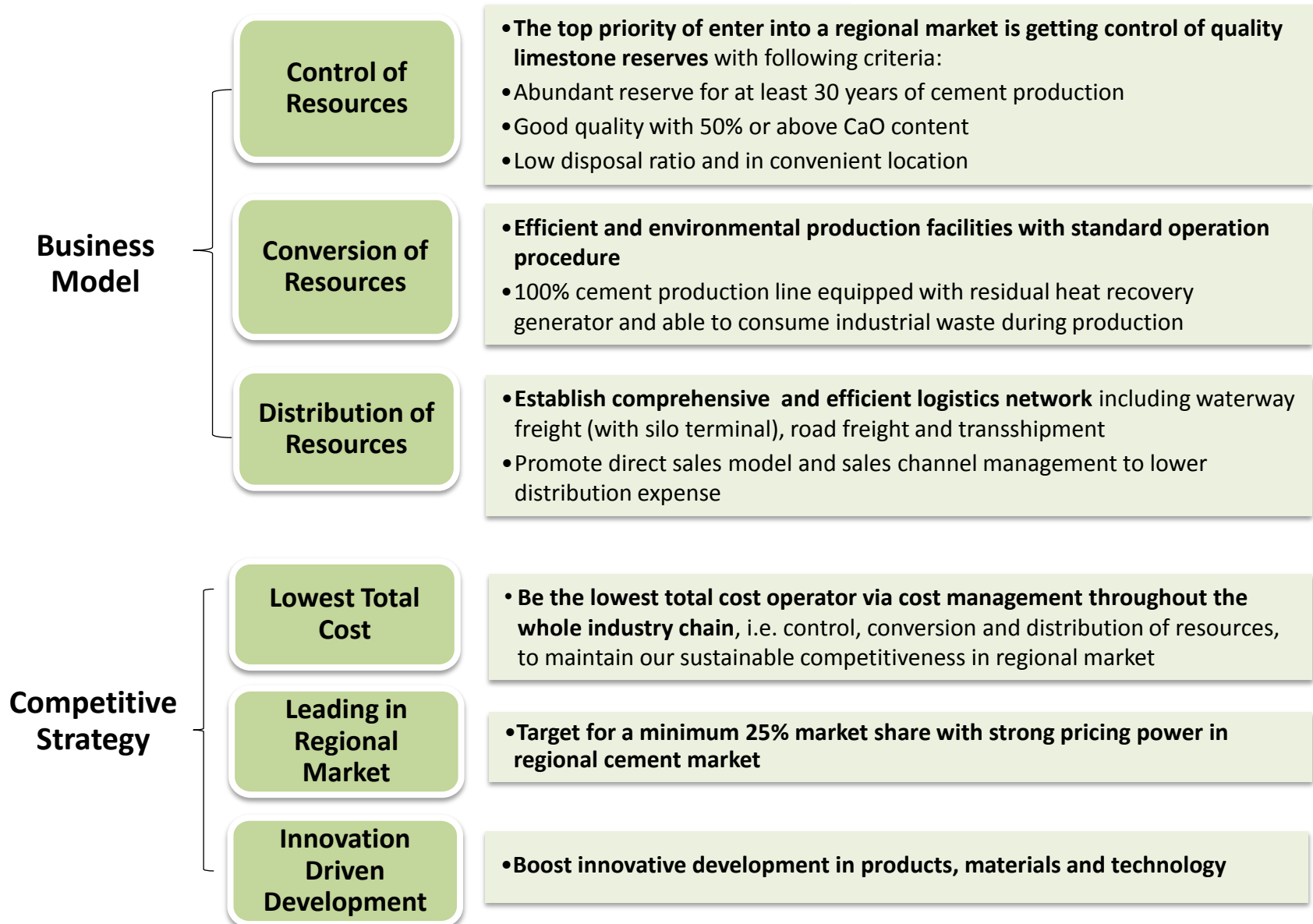


# CR Cement Development Strategy



華潤水泥控股有限公司

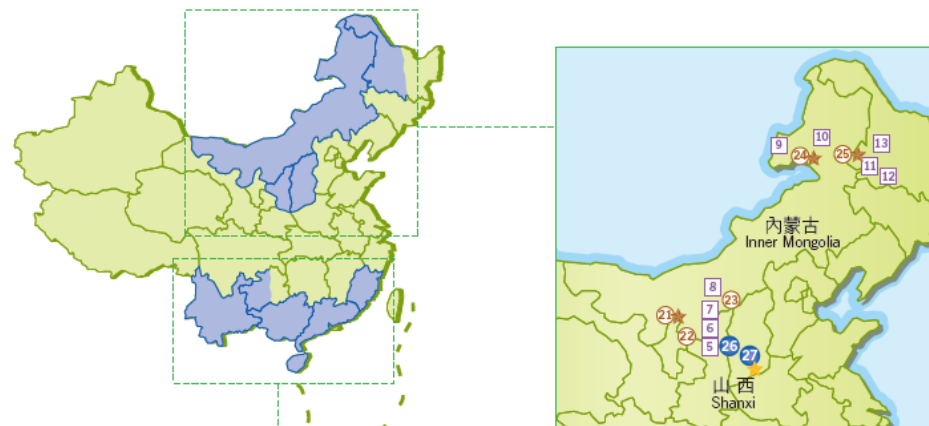
China Resources Cement Holdings Limited



# Production Capacity Map



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited



● 水泥·熟料生產基地

The cement and clinker production plants

- |              |                 |                        |                 |
|--------------|-----------------|------------------------|-----------------|
| 1 鶴慶 Heqing  | 11 合浦 Hepu      | 18 羅定 Luoding          | 24 龍岩 Longyan   |
| 3 金沙 Jinsha  | 12 陸川 Luchuan   | 19 陽春 Yangchun         | 25 漳平 Zhangping |
| 4 安順* Anshun | 13 平南 Pingnan   | 20 惠州 Huizhou          | 26 福龍 Fulong    |
| 6 上思 Shangsi | 14 富川 Fuchuan   | 21 龍岩礮石 Longyan Yanshi | 27 長治 Changzhi  |
| 9 貴港 Guigang | 16 廉江 Lianjiang | 22 龍岩曹溪 Longyan Caixi  |                 |
| 10 武宣 Wuxuan | 17 封開 Fengkai   | 23 永定 Yongding         |                 |

\*在建中 Under construction

● 設有協同處置項目的水泥·熟料生產基地

The cement and clinker production plants with co-processing projects

- |               |                  |                  |
|---------------|------------------|------------------|
| 2 彌渡 Midu     | 7 南寧 Nanning     | 15 昌江 Changjiang |
| 5 田陽 Tianyang | 8 紅水河 hongshuihe |                  |

■ 水泥粉磨線

The cement grinding lines

- |                     |                |               |                |
|---------------------|----------------|---------------|----------------|
| 1 防城港 Fangchenggang | 3 金江 Jinjiang  | 5 東莞 Dongguan | 7 泉州 Quanzhou  |
| 2 五指山 Wuzhishan     | 4 湛江 Zhanjiang | 6 汕頭 Shantou  | 8 連江 Lianjiang |

★ 混凝土攪拌站

The concrete batching plants

○ 聯營及合營公司擁有的水泥·熟料生產基地

The cement and clinker production plants owned by associates and joint ventures

- |                   |                |                        |                   |
|-------------------|----------------|------------------------|-------------------|
| 1 香格里拉 Shangri-Ha | 8 普河 Puer      | 15 越堡 Yuebao           | 21 烏海 Wuhai       |
| 2 怒江 Nujiang      | 9 峨山 Eshan     | 16 安砂建福 Ansha Jianfu   | 22 棋盤井 Qipanjiang |
| 3 保山 Baoshan      | 10 安寧 Kunming  | 17 永安建福 Yong'an Jianfu | 23 清水河 Qingshuihe |
| 4 盈江 Yingjiang    | 11 昭通 Anning   | 18 金銀湖 Jingyinhu       | 24 海拉爾 Hailar     |
| 5 鎮康 Zhenkang     | 12 曲靖 Qujing   | 19 煉石 Lianshi          | 25 阿榮旗 Arongqi    |
| 6 漾濞 Cangyuan     | 13 建水 Jianshui | 20 海峽 Haixia           |                   |

○ 聯營及合營公司擁有的設有協同處置項目的水泥·熟料生產基地

The cement and clinker production plants with co-processing projects owned by associates and joint ventures

- |               |               |
|---------------|---------------|
| 7 鳳慶 Fengqing | 14 珠水 Zhushui |
|---------------|---------------|

□ 聯營及合營公司擁有的水泥粉磨線

The cement grinding lines owned by associates and joint ventures

- |                       |                          |                 |              |
|-----------------------|--------------------------|-----------------|--------------|
| 1 巍山 Weishan          | 5 榆林 Yulin               | 9 滿洲里 Manzhouli | 13 克東 Kedong |
| 2 楚雄 Chuxiong         | 6 東勝 Dongsheng           | 10 牙克石 Yakeshi  |              |
| 3 福州礮石 Fuzhou Lianshi | 7 伊金霍洛旗 Ejin Horo Banner | 11 齊齊哈爾 Qiqihar |              |
| 4 寧德建福 Ningde Jianfu  | 8 包頭 Baotou              | 12 大慶 Daqing    |              |

★ 聯營及合營公司擁有的混凝土攪拌站

The concrete batching plants owned by associates and joint ventures



Note: Please refer to 2018 annual report for details.

# CR Cement's Production Capacity



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

## Controlled by the Group

(As at 31 Dec 2018)

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	23	14.3
Guangxi	37	33.2	18	26.5	25	15.2
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
<b>Total</b>	<b>95</b>	<b>83.3</b>	<b>45</b>	<b>61.3</b>	<b>60</b>	<b>36.3</b>

## Controlled by associates and joint ventures

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	8	7.3	2	3.7	-	-
Fujian	13	10.8	7	7.9	9	5.4
Yunnan	36	24.4	15	15.5	1	0.3
Inner Mongolia	22	17.8	6	8.5	5	1.5
Hong Kong	-	-	-	-	5	2.3
<b>Total</b>	<b>79</b>	<b>60.3</b>	<b>30</b>	<b>35.6</b>	<b>20</b>	<b>9.5</b>
<b>Attributable</b>	<b>-</b>	<b>20.8</b>	<b>-</b>	<b>11.6</b>	<b>-</b>	<b>4.4</b>



# Cement Capacity

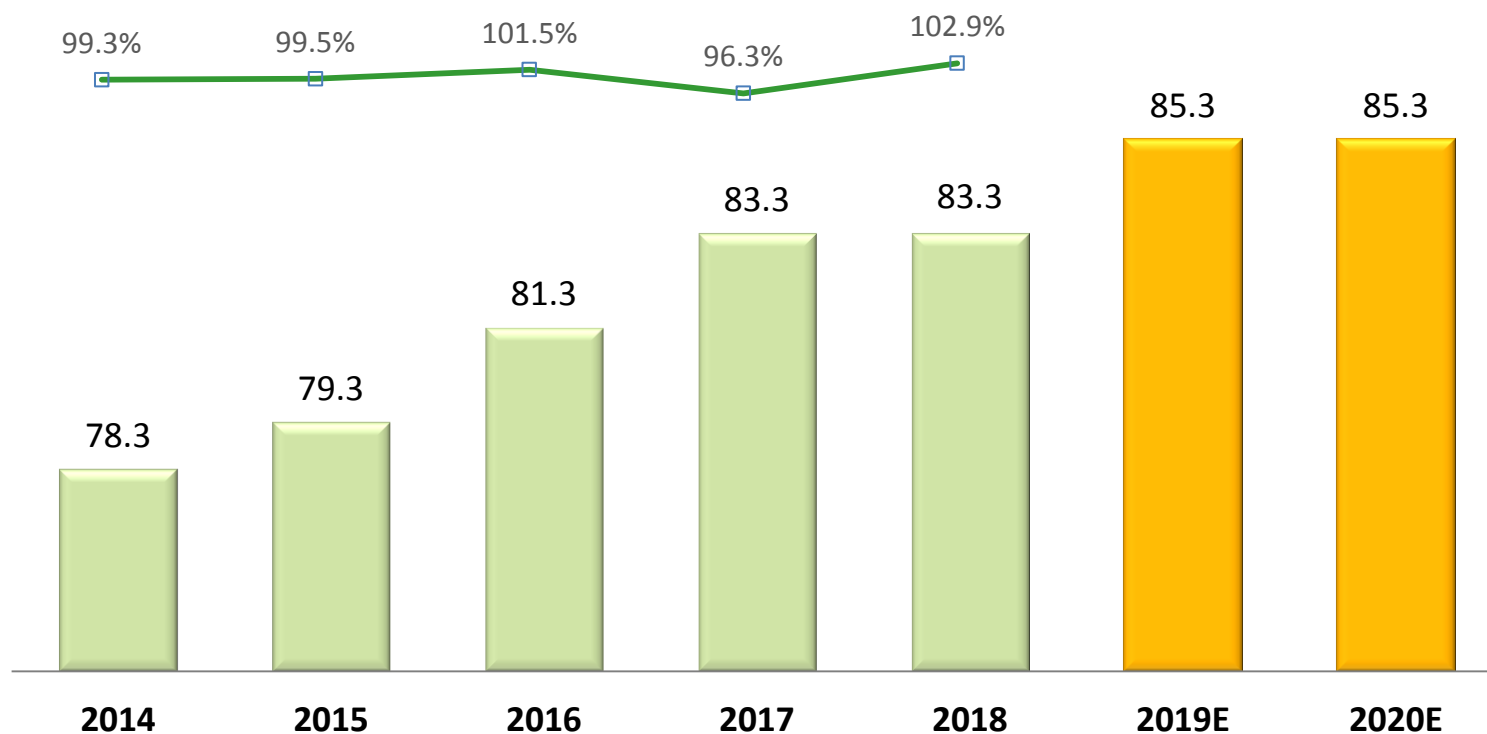
(million tons)



華潤水泥控股有限公司

China Resources Cement Holdings Limited

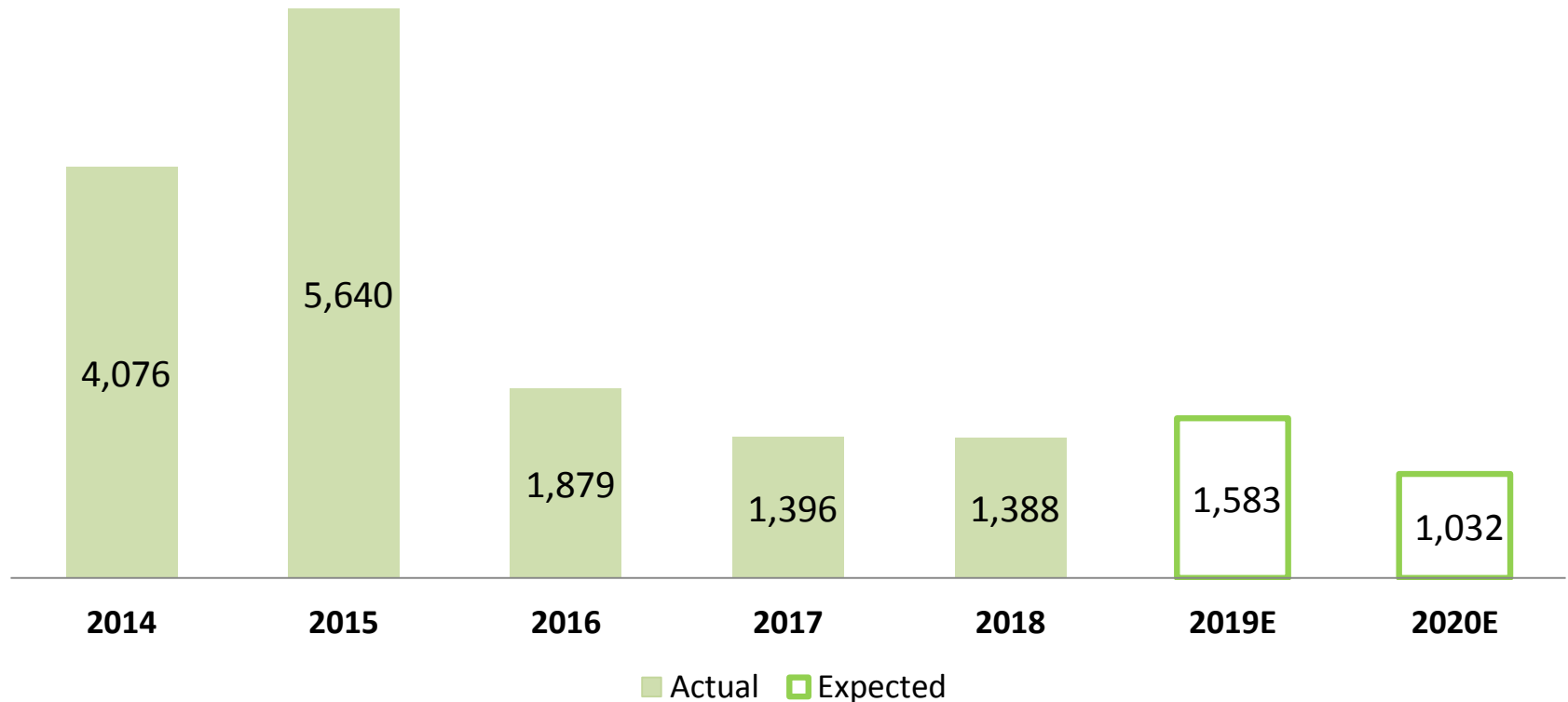
## Utilization rate





# Capital Expenditure

(HK\$ million)



## Prefabricated construction business:

- Total payment for capital expenditure in 2018 was HK\$117.5 million.

# Prefabricated Construction



華潤水泥控股有限公司

China Resources Cement Holdings Limited



## Government Policy\*

- **Blue Sky Defense:** To strengthen dust control & steadily develop prefabricated construction with adaptations to local environment
- In China, the proportion of floor space of prefabricated buildings to newly constructed buildings is aim to achieve **+15% by 2020**, with key development areas:
  - ✓ Pearl River Delta, Yangtze River Delta, Beijing-Tianjin-Hebei – 20%
  - ✓ Greater Bay Area – 20%; Shenzhen/Guangzhou: 30%
  - ✓ Guangxi - Nanning: 20%, together with Liuzhou, Hezhou and Yulin are classified as pilot cities
- **Preferential policies** in Guangdong and Guangxi:
  - ✓ Award of additional floor space for construction
  - ✓ Extension on implementation scope of pre-sale



Prefabricated Building  
in Shenzhen:  
Shenzhen Vanke Yuncheng

## Prefabricated Construction

- Components are prefabricated at factories and then assembled at the work site
- Advantage compared to traditional construction:
  - ✓ Reduce construction waste, energy consumption, noise and dust pollution

\*Source:

- “13th Five-Year Action Plan for Prefabricated Construction” issued by the Ministry of Housing and Urban-Rural Development of China
- “Guidelines for Prefabricated Building Special Planning in Guangdong Province (Trial)” released by the Guangdong Municipal Housing and Urban-Rural Construction Bureau
- Plan for Prefabricated Construction Development issued by Shenzhen, Guangzhou, Nanning and Guangxi government

# Financial Summary



**華潤水泥控股有限公司**  
China Resources Cement Holdings Limited

(HK\$ million)	2018	2017	2016	2015	2014	2013	2012	2011
Turnover	38,791	29,958	25,648	26,779	32,669	29,341	25,345	23,240
EBITDA	13,730	7,433	4,882	3,838	8,285	6,698	5,236	6,634
Profit attributable to owners of the Company	7,975	3,617	1,326	1,015	4,206	3,338	2,324	4,179
Basic earnings per share (HK\$)	1.179	0.554	0.203	0.155	0.644	0.512	0.357	0.641
Total Assets	60,506	56,527	52,157	54,217	57,537	54,180	52,159	50,580
Equity attributable to owners of the Company	37,691	30,309	26,007	26,557	28,180	24,821	21,376	19,299
Net borrowings	131	11,707	14,668	16,945	16,113	17,618	18,642	17,626
Net assets per share (HK\$)	5.40	4.64	3.98	4.07	4.31	3.80	3.28	2.96

(HK\$ million)	2018	2017	2016	2015	2014	2013	2012	2011
Net cash generated from operating activities	11,331	6,613	4,112	4,834	6,859	5,121	4,305	5,151
Net cash used in investing activities	(1,075)	(1,888)	(1,671)	(4,642)	(4,557)	(3,317)	(4,500)	(13,290)
Net cash (used in) generated from financing activities	(2,803)	(2,792)	(1,035)	(2,245)	(972)	(2,643)	20	7,571
Cash and cash equivalent at end of the year	12,302	5,384	3,159	1,938	4,148	2,822	3,562	3,738

## Notes:

1. Net borrowings equal to total bank borrowings, unsecured bonds, unsecured commercial paper and unsecured medium term notes less cash and bank balances and pledged bank deposits.
2. Net assets per share is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the year.



## Investor Relations Contact

Tel: (852) 3118 6800

E-mail: [crcement@crc.com.hk](mailto:crcement@crc.com.hk)

Website: [www.crcement.com](http://www.crcement.com)

Website for Corporate Communications: [www.irasia.com/listco/hk/crcement/index.htm](http://www.irasia.com/listco/hk/crcement/index.htm)

Address: Room 4608-08, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

## Important Shareholders' Dates

Events	Dates
Annual General Meeting	10 May 2019
Ex-dividend Date for 2018 Final Dividend	15 May 2019
Payment for 2018 Final Dividend	29 May 2019*
2019 Interim Results Announcement	9 August 2019*
2019 Three Quarters Results Announcement	25 October 2019*

\*Tentative dates



# Disclaimer

This document is prepared by China Resources Cement Holdings Limited (the “Company”) solely for this investor presentation. Copying or redistribution of this document to any person is strictly prohibited. The distribution of this document in other jurisdiction may be restricted by laws of that jurisdiction, and persons who possess this document should observe such restriction. Apart from the figures extracted from our Annual Reports, other financial information or data has not been reviewed or audited by our independent auditor. The information contained in this document has not been independently verified. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The purpose of this document is not for complete or fully analysis made to the financial or trading position or prospect of the Company, and any person who will in possession of this document shall be aware that no reliance should be placed on the content contained herein. The information and opinions contained in this document are subject to change without notice. This document is not intended to constitute an offer to, or a solicitation for offer to sell, purchase or subscribe the securities of the Company. The Company or any of their respective affiliates, advisors or representatives shall not have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.

This document may contain forward-looking statements that reflect risks and uncertainties. These forward-looking statements are generally expressed in forward-looking expressions, such as expectations, estimation, planning, projections, goals, the possibilities, probabilities or so on to reflect the actions that the Company expects to or may take in future or the results from these actions. You should not have excess reliance on these forward-looking statements, which are based on our own information and other source of information that we consider reliable. Our actual results may differ from these forward-looking statements which may lead to the fluctuation of the share price of the Company.