



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

Investor Presentation

Third Quarter Results

2020



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China Resources Cement Holdings Limited

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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 - **Urban Construction and Operation**
- ◆ CR Group is holding approx. **68.72%** of the Company's issued shares

Subsidiary of CR Group

- ◆ One of the large-scale and competitive **Cement, Clinker & Concrete producers** in Southern China



Market Position

Environment, Health & Safety

- ◆ **Production Safety & Occupational Health**
- ◆ **Emission Reduction** - Denitration, Desulphurization & Dust collection system
- ◆ **Co-processing Projects** - Municipal solid waste, Urban sludge & Hazardous industrial waste

Future Development

- ◆ **Three Core Strengths:** Lowest total cost, leading position in regional market & Innovation-driven development
- ◆ **Vertical Integration:** Aggregates, New Materials, Prefabricated Construction



Financial Performance

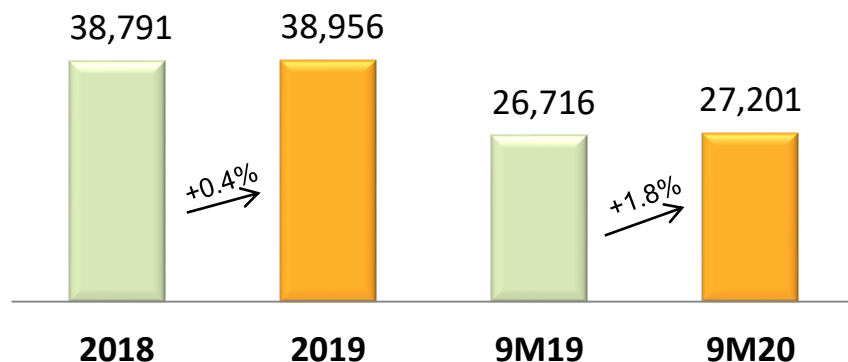


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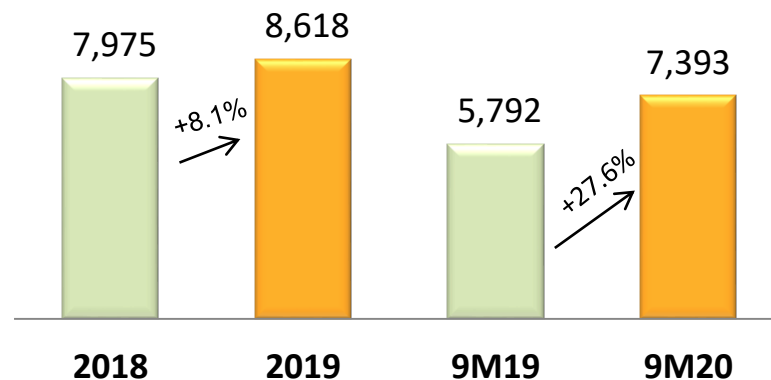
Turnover

(HK\$ million)



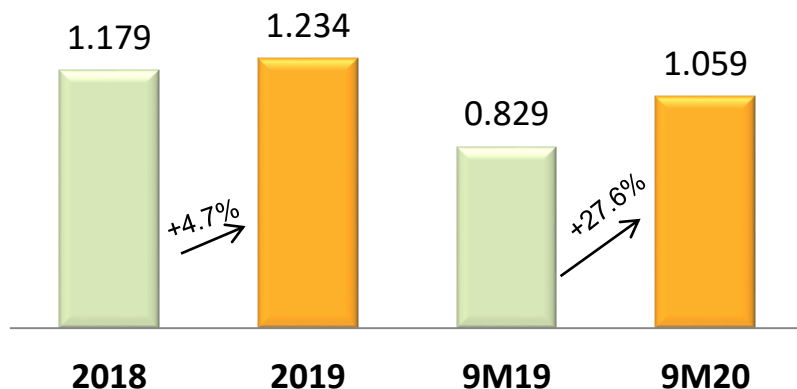
Profit attributable to owners of the Company

(HK\$ million)



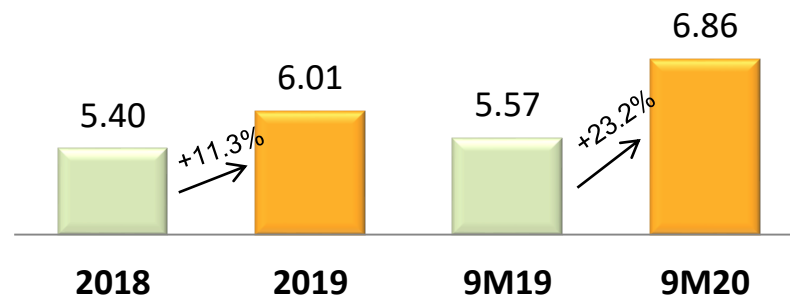
Earnings per share

(HK\$)



Net assets per share

(HK\$)





Industry Overview



Economic Growth



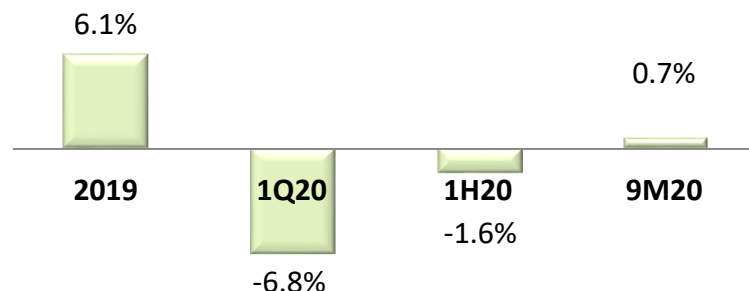
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China Resources Cement Holdings Limited

- In the face of the severe challenges posed by the novel coronavirus epidemic, the Chinese government introduced a series of measures and policies to launch epidemic prevention and control, as well as promote the orderly resumption of operation, production, business and markets.
- In 9M20, National GDP was **RMB 72.3 trillion**, **+0.7%** YoY. National FAI was **RMB 43.7 trillion**, **+0.8%** YoY.

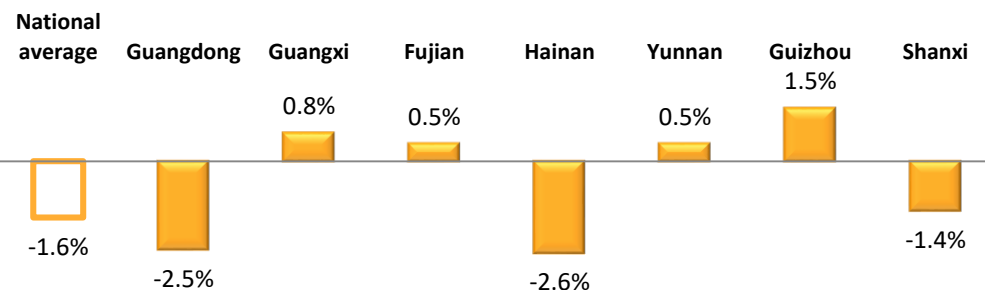
National GDP

9M20: RMB 72.3 trillion



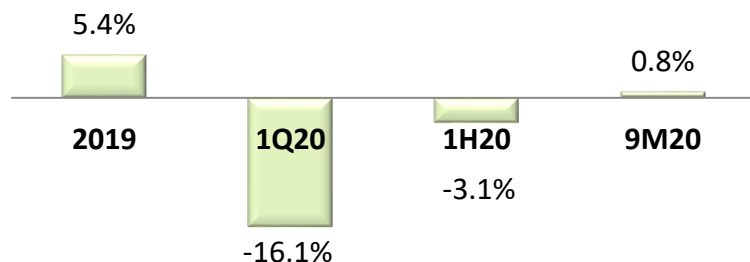
GDP Growth (1H20)

(YoY)



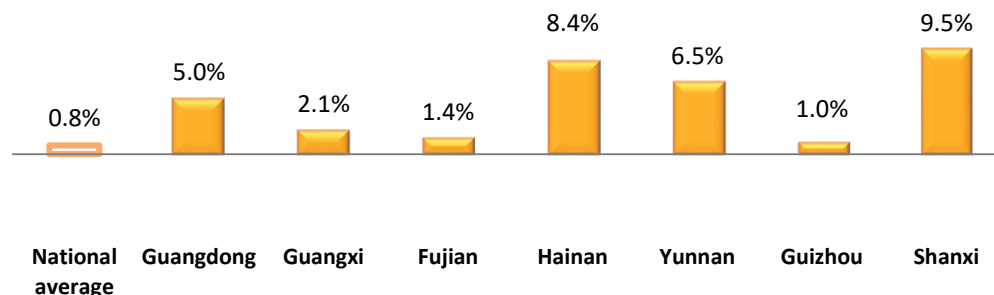
National FAI (excluding rural households)

9M20: RMB 43.7 trillion



FAI Growth (9M20)

(YoY)



Sources: National Bureau of Statistics of China, Provincial Bureaux of Statistics of China

Cement Demand Drivers



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Infrastructure

- In 9M20, national infrastructure investments* increased by 0.2% YoY vs -2.7% in 1H20.

(RMB)	9M20	YoY	1H20 YoY	1Q20 YoY
Railway	553.1 billion	-0.3%	+1.2%	-21.0%
Highways & waterways	1.88 trillion	+12.8%	+7.8%	-22.9%

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



Real Estate Market

- Real estate investment's growth was +5.6% in 9M20 vs +1.9% in 1H20.

(Million m ²)	9M20	YoY	1H20 YoY	1Q20 YoY
Floor space of commodity housing sold	1,171	-1.8%	-8.4%	-26.3%
Floor space of houses newly started construction	1,601	-3.4%	-7.6%	-27.2%
Floor space of houses completed	413	-11.6%	-10.5%	-15.8%
Floor space under construction by real estate developers	8,598	+3.1%	+2.6%	+2.6%
Land area purchased by real estate developers	150	-2.9%	-0.9%	-22.6%



Rural Market

- New-type Urbanization Construction and Development of Urban-Rural Integration
- Urbanization rate: 60.6% as at the end of 2019

Cement Production



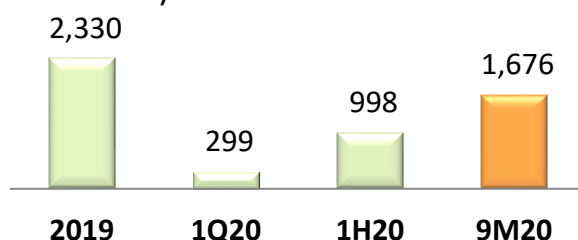
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China Resources Cement Holdings Limited

- In 9M20, China's cement production was approximately **1.7 billion tons***, **-1.1% YoY**, and the decline had been narrowed by **3.7 ppt** compared to 1H20.

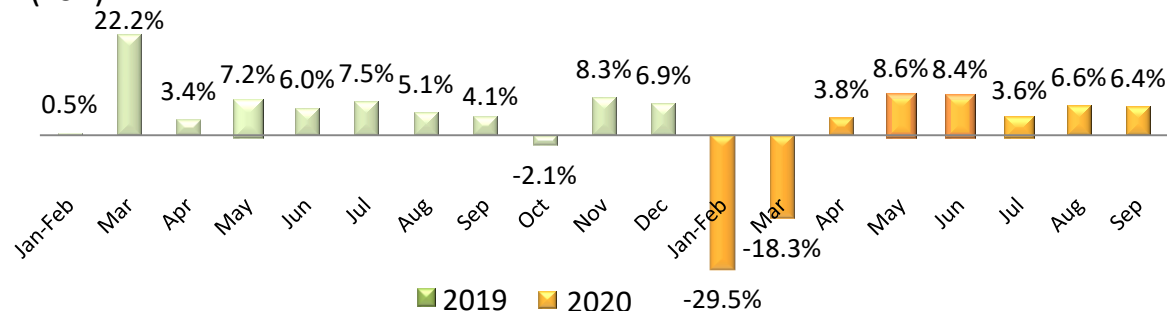
National Cement Production (1)

(million tons)



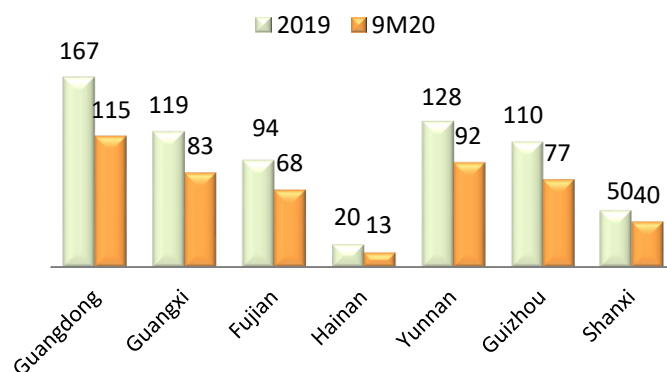
YoY change	+6.1%	-23.9%	-4.8%	-1.1%
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(YoY)

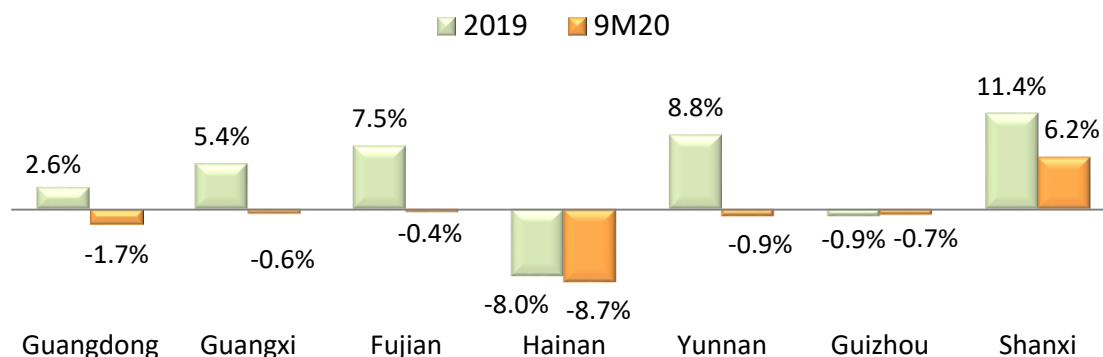


CRC's operating region (2)

(million tons)



(YoY)



* 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



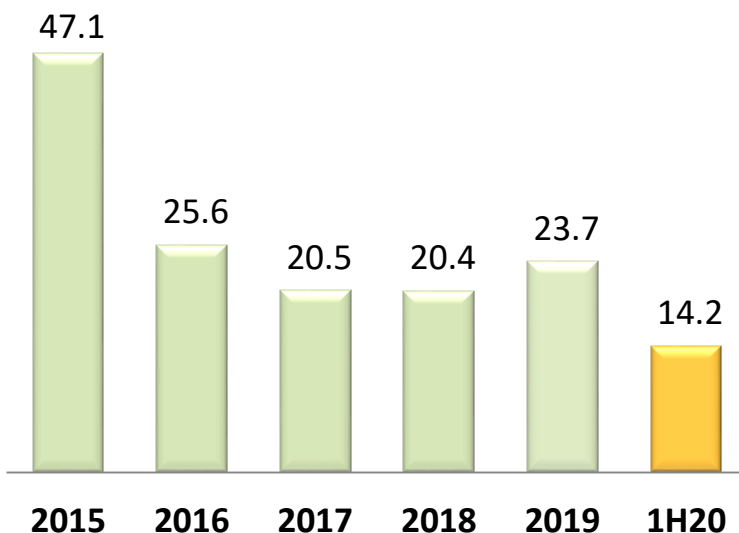
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- In 1H20, there were **9** new clinker production lines nationwide with new annual clinker production capacity of **14.2** million tons in total.
- One new clinker production line was added in each of Guangdong and Guangxi, with new annual clinker production capacity of approximately **3.9** million tons in total.

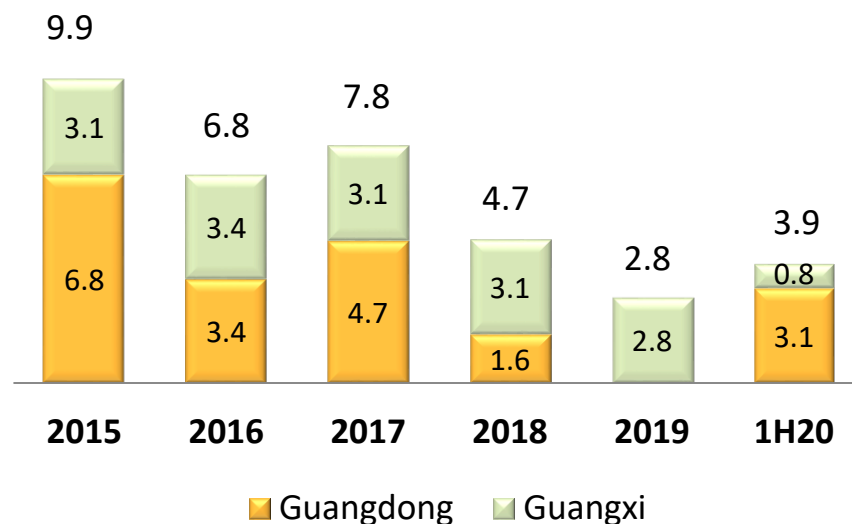
New Clinker Capacity in China

(million tons)



New Clinker Capacity in Guangdong & Guangxi

(million tons)



Source: Company information, China Cement Association



- **Blue Sky Defense Battle** – 2020 is the closing year of the Three-Year Action Plan. The Chinese government further tightened the capacity replacement policies, enhanced standards and regulations, continuously advanced prevention and treatment of pollution, production safety and occupational health for promoting the high-quality and sustainable development of the cement industry.

Capacity Control

- **Replacement Ratio:** Exchange old capacity quota for new capacity swap production line at ratio of 1.25-1.5:1 or above
- **Tightening Requirements:** Effective from 2021, it is not allowed to use capacity quota of production line which has been suspended for 2 years or operating not more than 1 out of 3 consecutive years
- **Guangxi (Draft for Solicitation of Comments):** Strict requirements for new replacement projects; cancellation for projects that had not completed the procedure or construction within a limited time frame.

Green Development

- **Off-peak Production**
- **Nationwide Central Environmental Protection Inspections & Revisit: Second Round (2019-2023)**
- **Upgrade for Ultra-low Emissions**
- **Green Factory & Green Mine**
- **Co-processing:** The proportion of co-processing production lines shall increase to 15% by 2020

Production Safety

- **Three-year Action Plan for Special Rectifications of National Work Safety**
 - **Non-coal mine:**
 - shut down small mines that do not meet the requirements for production safety
 - Enhance safety training & improve the level of mechanization
- **Overloading Problem:** Strengthen monitoring and law enforcement



Financial Highlights



3Q20 Results Summary



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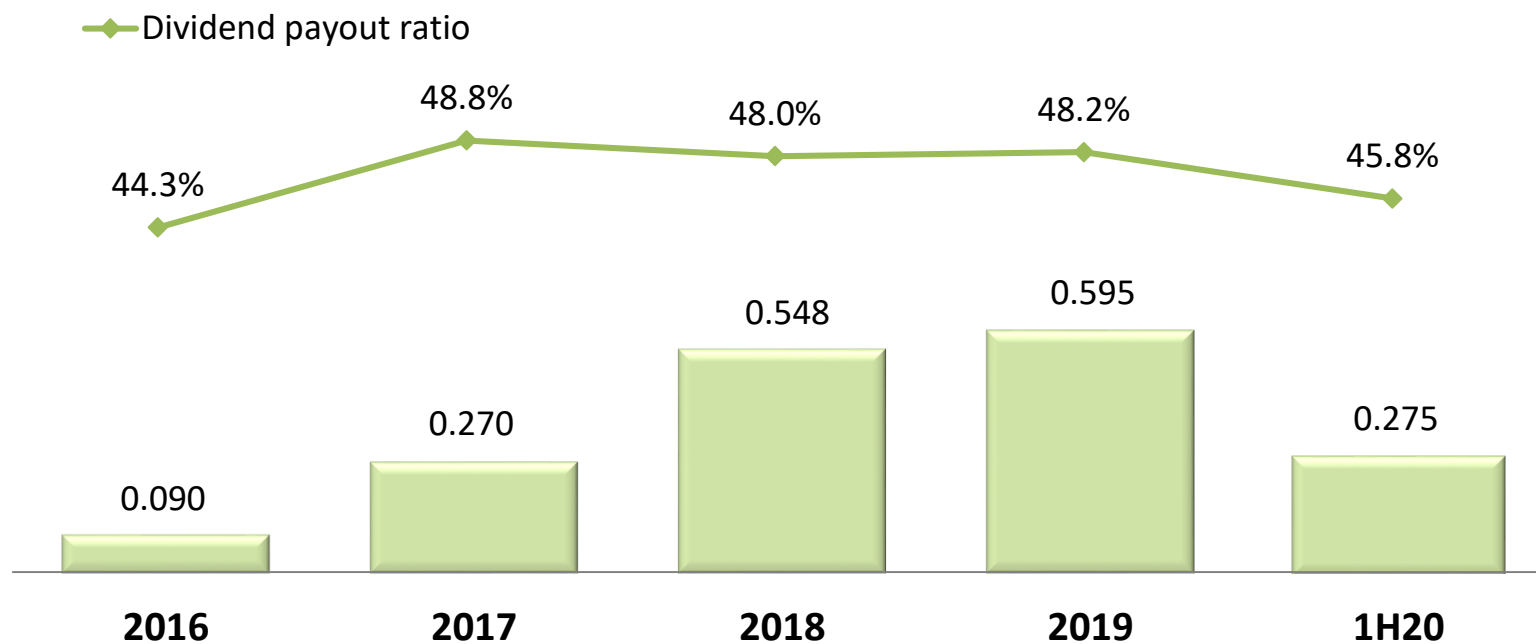
(HK\$ million)	9M19	9M20	YoY
Turnover	26,716.0	27,201.1	+1.8%
Gross profit	10,425.6	10,968.4	+5.2%
Gross margin (%)	39.0%	40.3%	+1.3 ppt
Exchange (loss) gain	(25.3)	40.2	N/A
Finance costs	(335.2)	(203.3)	-39.4%
Profit attributable to owners of the Company	5,791.9	7,392.5	+27.6%
Net margin* (%)	22.0%	27.4%	+5.4 ppt
Basic earnings per share (HK\$)	0.829	1.059	+27.6%

*Notes: Net margin is calculated by dividing profit for the period by turnover.

Dividend Payout (HK\$)



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(HK\$)

Interim	0.015	0.115	0.275	0.260
Final	0.075	0.155	0.273	0.335

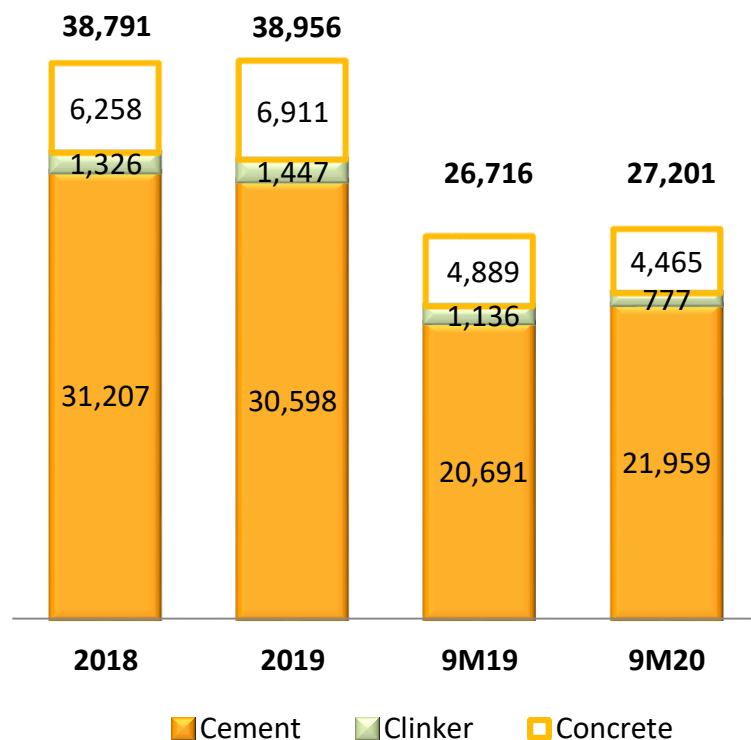
Turnover



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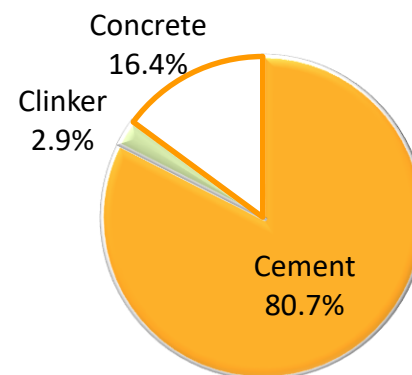
Turnover by Product

(HK\$ million)



	2019 YoY	9M20 YoY
Cement	-2.0%	+6.1%
Clinker	+9.1%	-31.6%
Concrete	+10.4%	-8.7%
Total	+0.4%	+1.8%

9M20



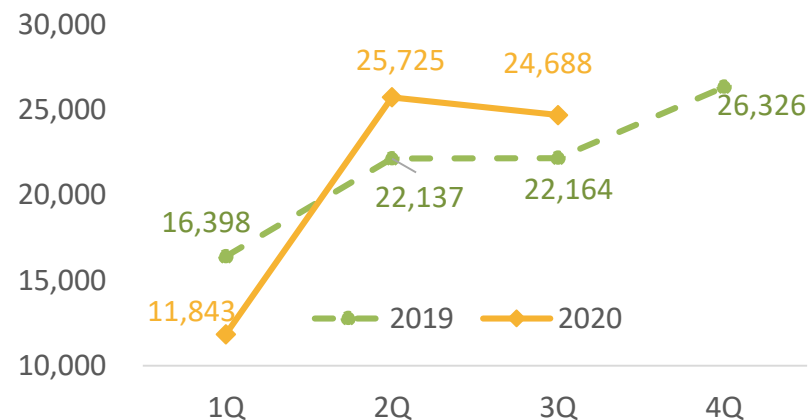
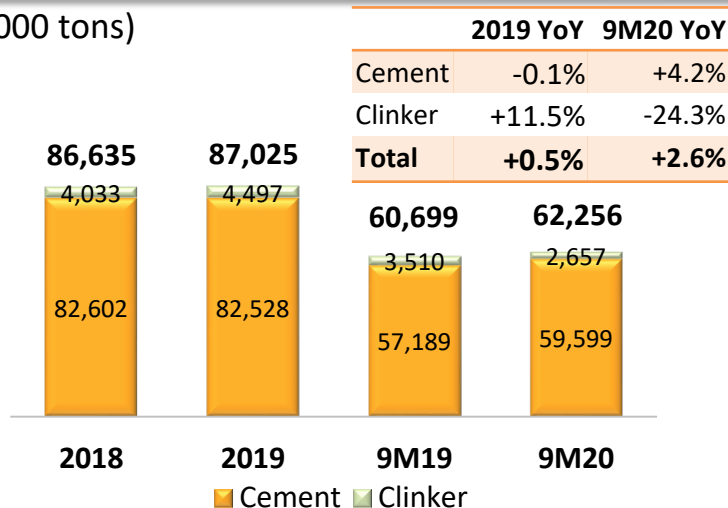
Sales Volume



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Cement & Clinker Sales Volume*

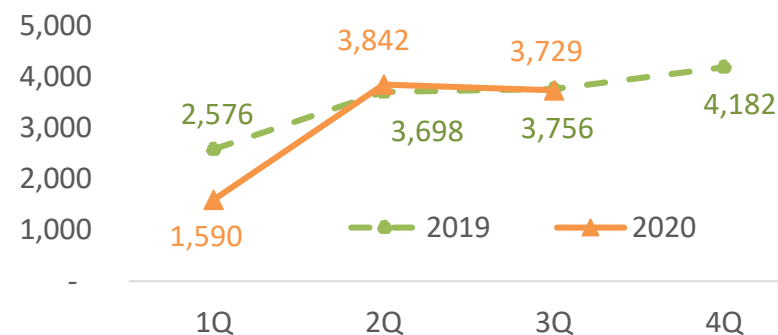
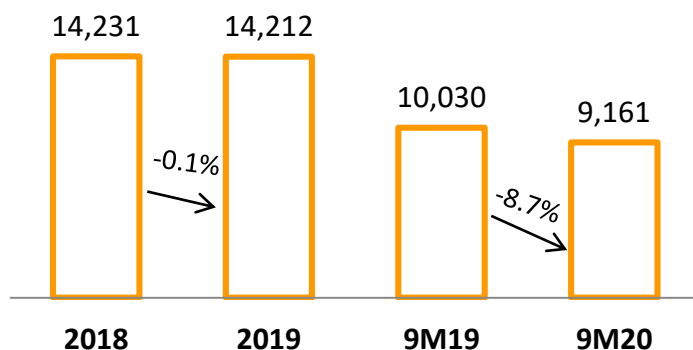
('000 tons)



*Note: Inclusive of sales volume of 2.7 million tons of cement from related parties (9M19: Nil).

Concrete Sales Volume

('000 m³)



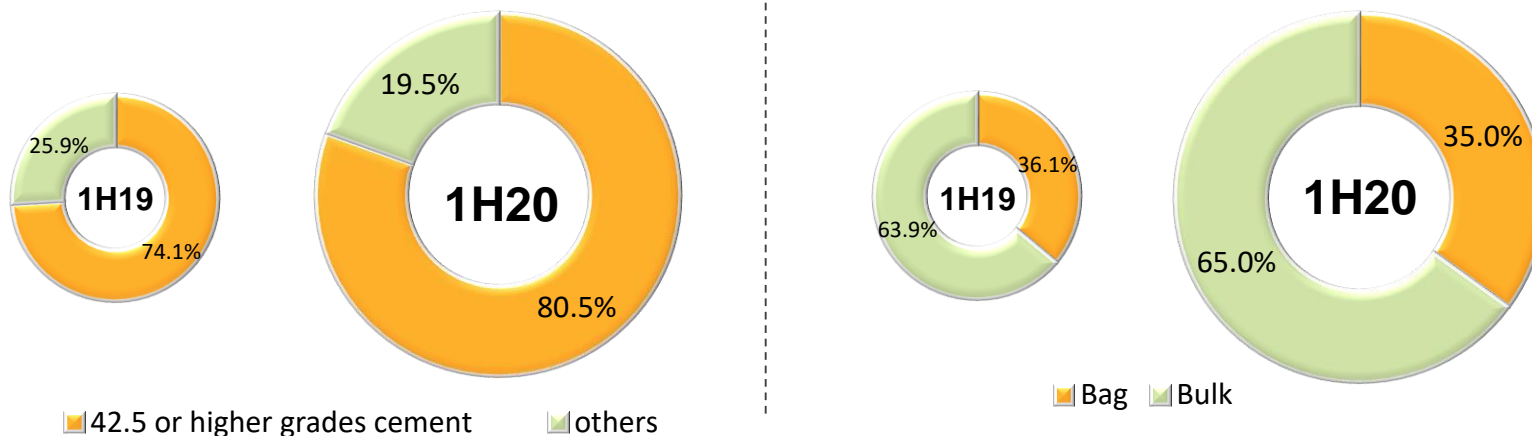
Breakdown of Cement Sales Volume



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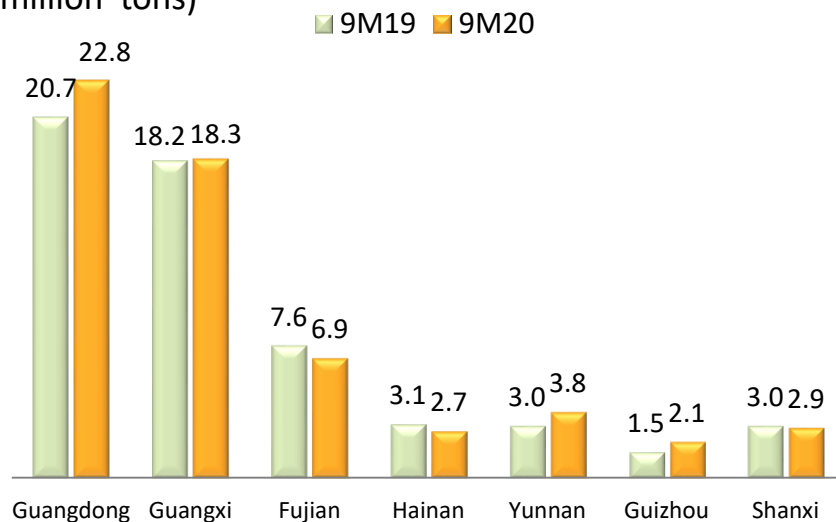
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By Product Type



By Region

(million tons)



	% of total cement sales volume
Guangdong	38.2%
Guangxi	30.7%
Fujian	11.7%
Hainan	4.6%
Yunnan	6.4%
Guizhou	3.5%
Shanxi	4.9%
Total	100.0%

Average Selling Price

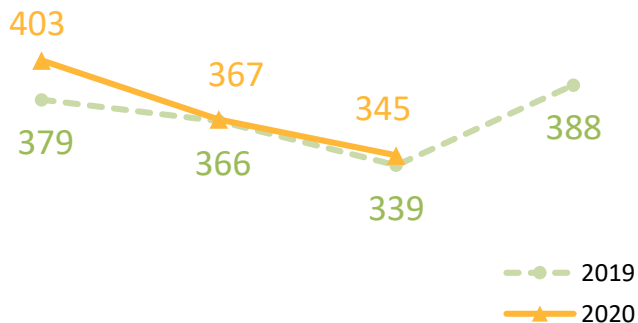


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Cement & Clinker

(HK\$ per ton)

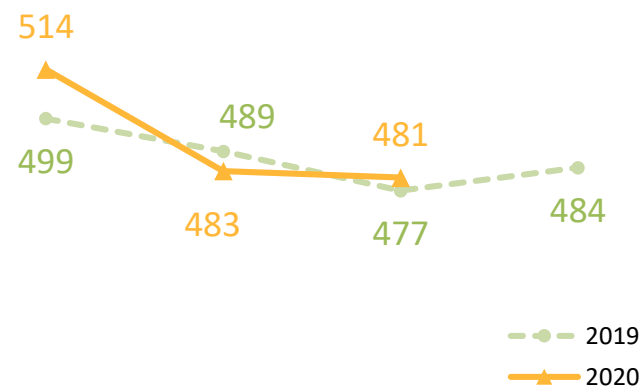
	2019	YoY	9M20	YoY
Cement & Clinker	368	-1.9%	365	+1.6%



Concrete

(HK\$ per m³)

	2019	YoY	9M20	YoY
Concrete	486	+10.6%	487	+0.0%



Cement Selling Price by Region

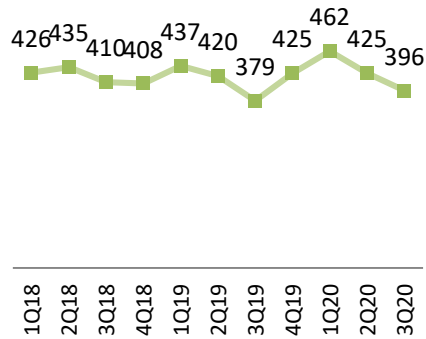
(HK\$ per ton)



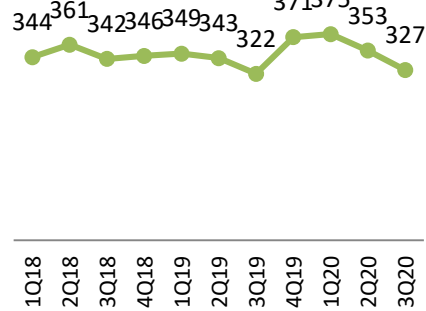
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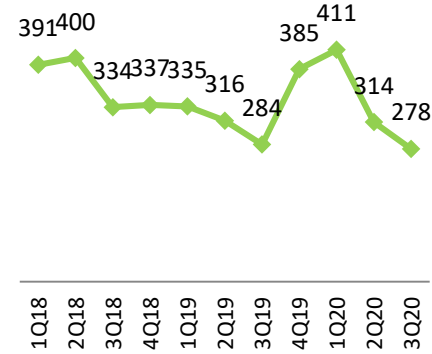
Guangdong



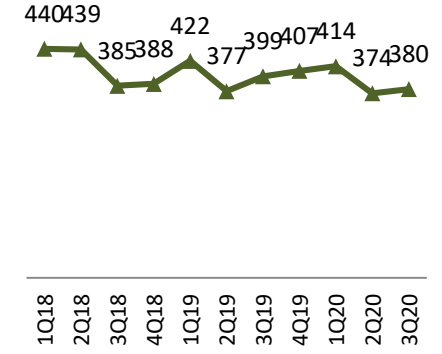
Guangxi



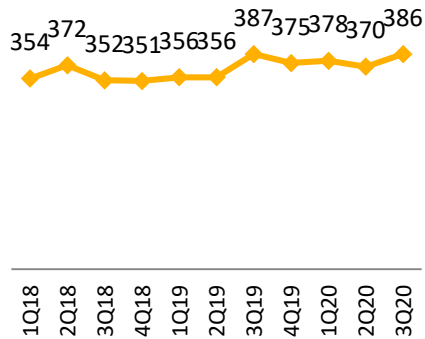
Fujian



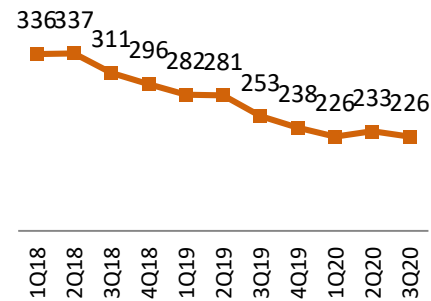
Hainan



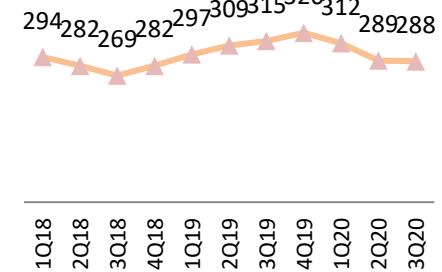
Yunnan



Guizhou



Shanxi



Cost Structure of Cement Products

Cement products refer to cement & clinker

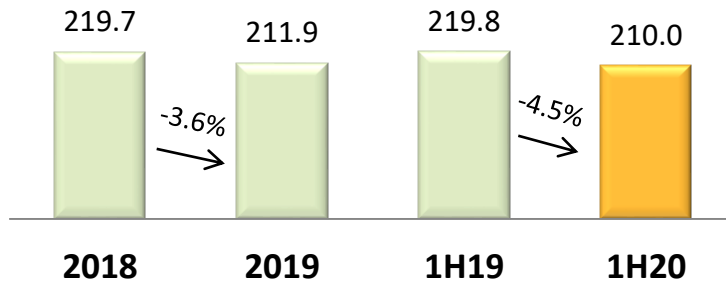


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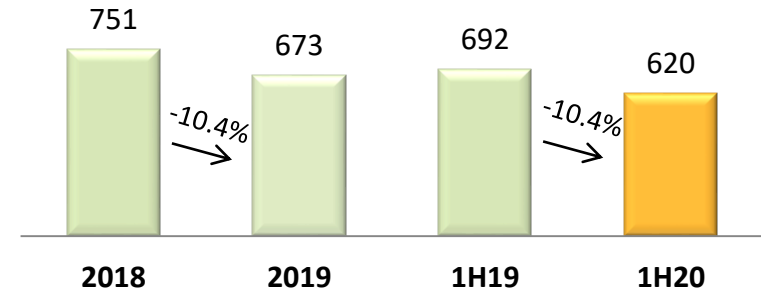
Unit Cost

(HK\$ per ton)

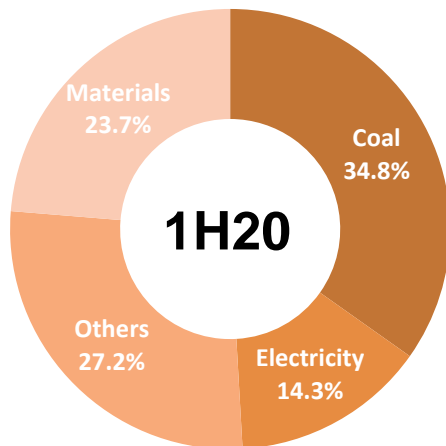


Average Coal Purchase Price

(HK\$ per ton)



Unit Cost Breakdown



(HK\$ per ton)	1H19	1H20	YoY
Coal	82.4	73.0	-11.4%
Electricity	31.0	30.0	-3.2%
Materials	49.7	49.7	0%
Others	56.7	57.3	+1.1%
Total	219.8	210.0	-4.5%

Notes:

1. Exclusive of sales from related parties;
2. Others: Staff, depreciation, repairs and maintenance costs and other indirect costs accounting for 7.3%, 8.7%, 7.4% and 3.8% respectively of total unit cost.

Gross Profit & Margin



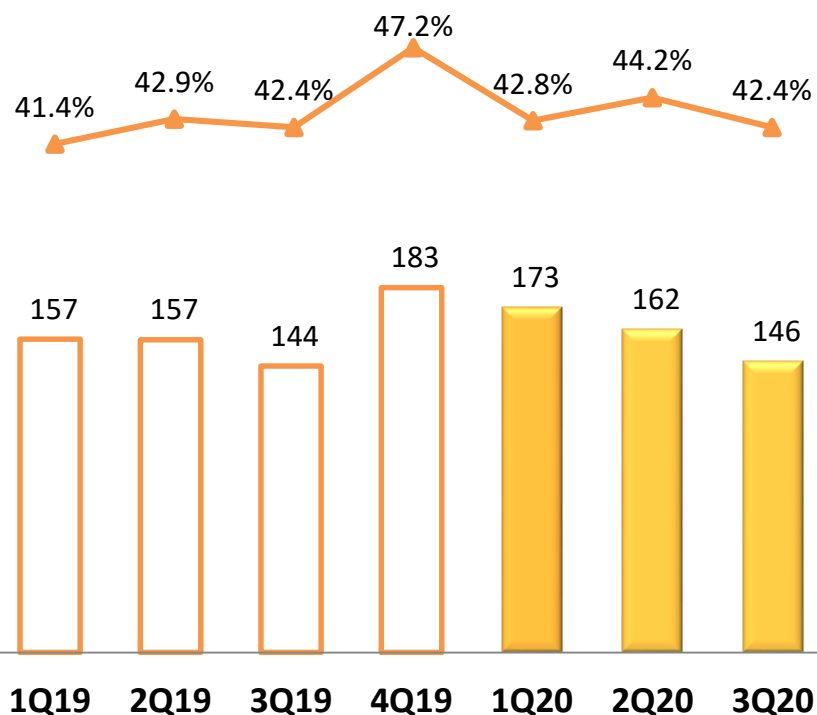
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Cement & Clinker

(HK\$ per ton)

2019 9M20

Gross Profit	162	158
Gross Margin	43.9%	43.2%

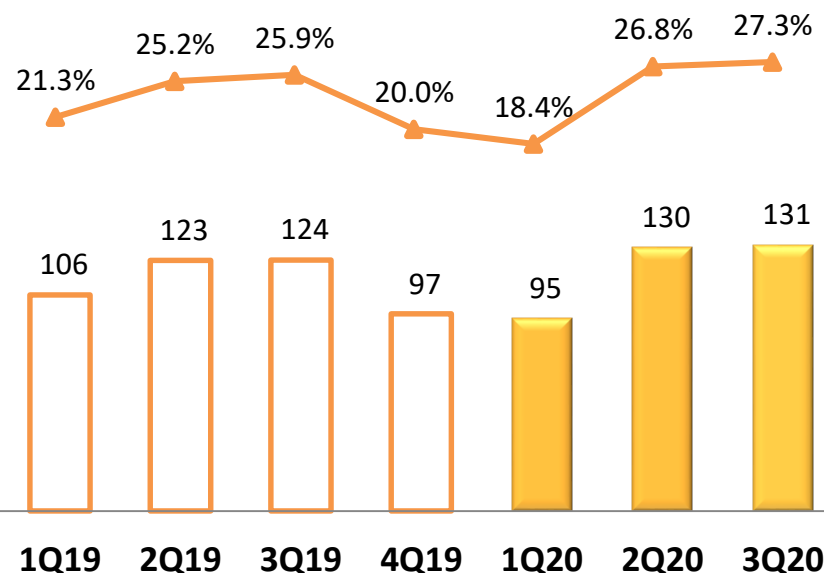


Concrete

(HK\$ per m³)

2019 9M20

Gross Profit	113	124
Gross Margin	23.1%	25.5%



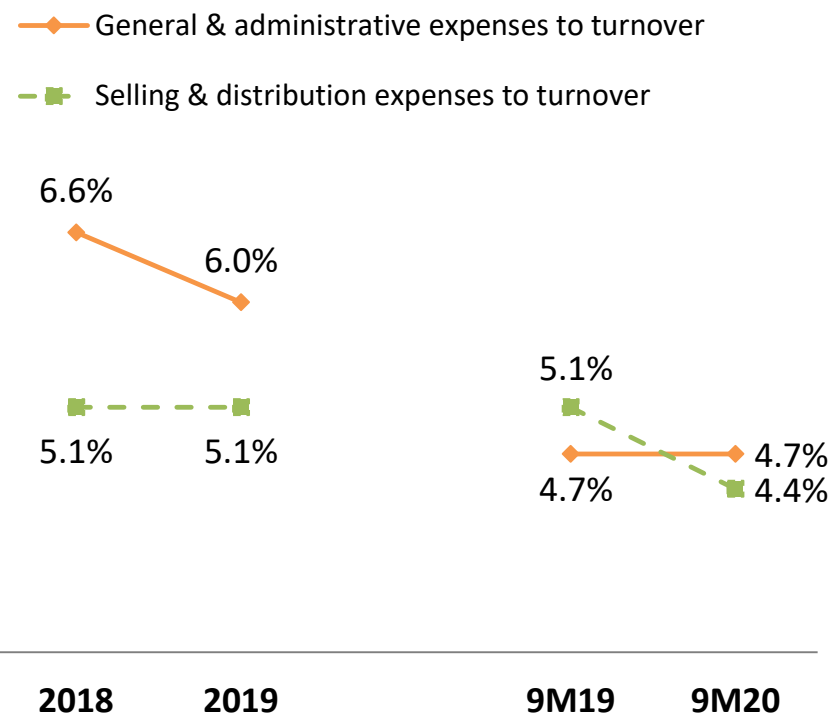
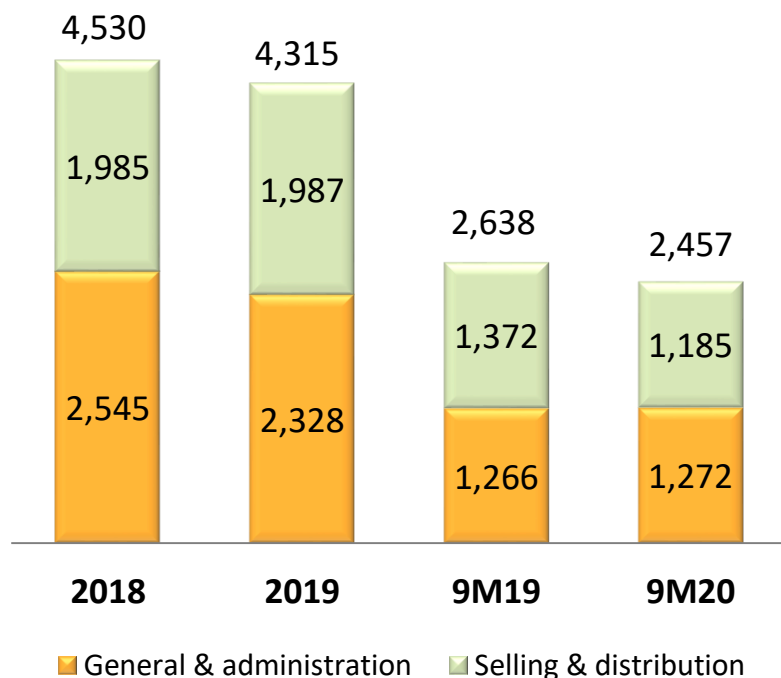
Selling, General & Administrative Expenses

(HK\$ million)



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	2019 YoY	9M20 YoY
General & administration	-8.5%	+0.5%
Selling & distribution	+0.1%	-13.6%
Total	-4.7%	-6.8%



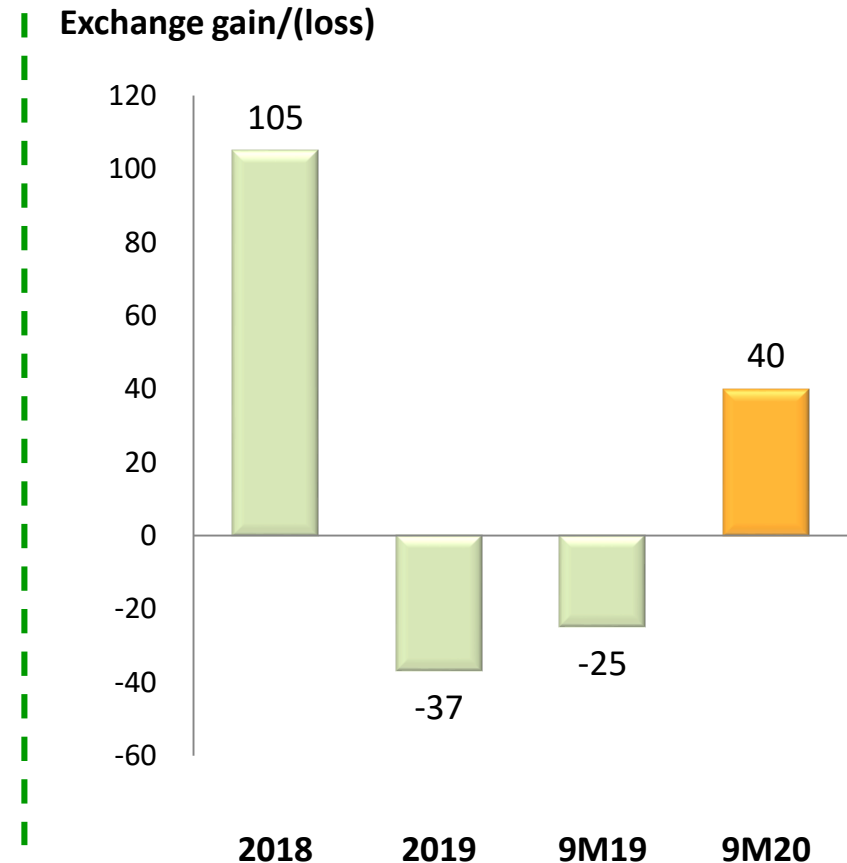
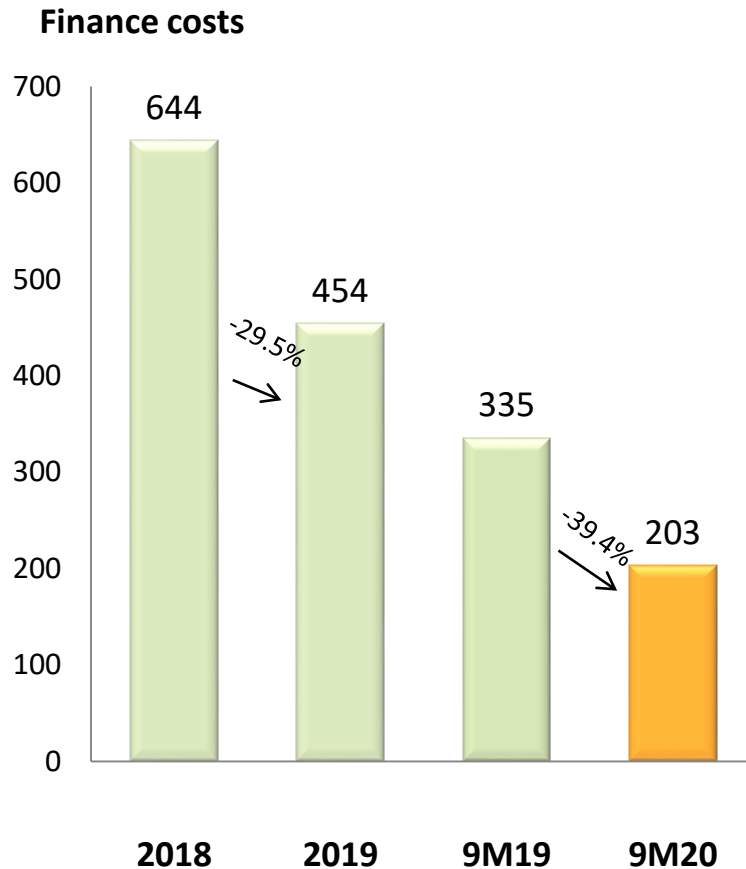
Finance Costs & Exchange Gain

(HK\$ million)



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Share of results of Associates & JVs

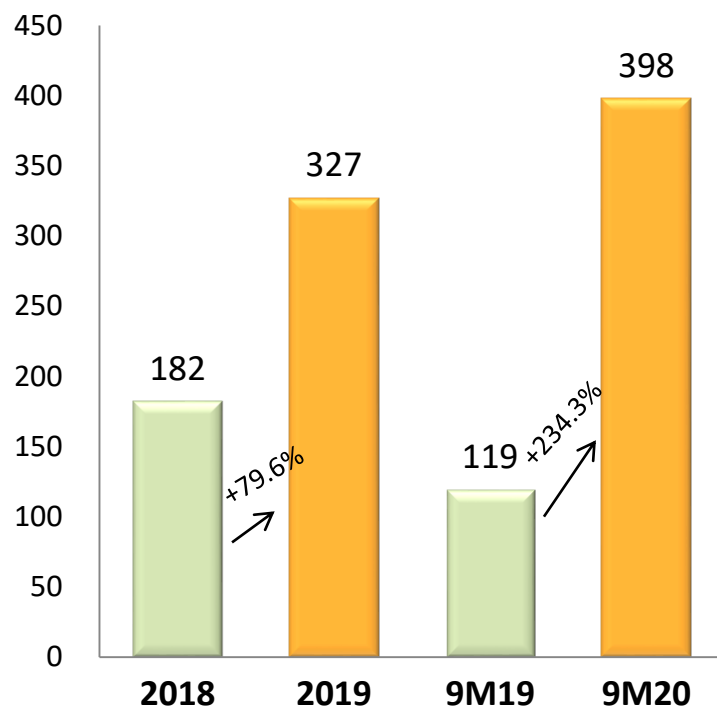


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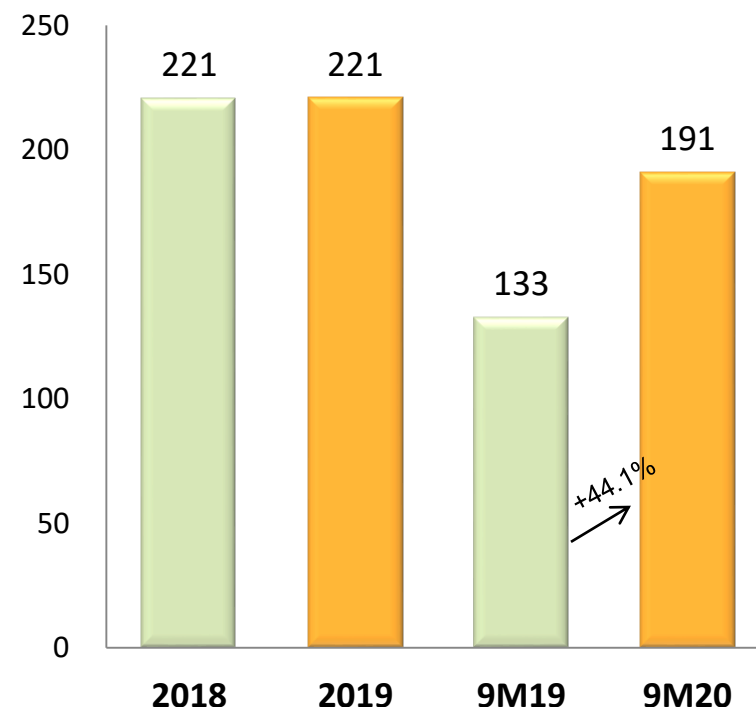
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(HK\$ million)

Share of results of associates



Share of results of joint ventures



Notes:

1. CR Cement holds 49.0%, 50.0%, 40.6%, in our cement-related Associates in Fujian, Yunnan and Inner Mongolia respectively. CR Cement also has holdings in Associates in Guangdong, which includes 40.0% and 49.0% in our new materials-related and prefabricated construction-related Associates.

2. CR Cement holds 50.0% in our cement-related Joint Ventures, principally operating in Guangzhou area.



	9M19	9M20	YoY
Taxation (HK\$ million)	2,253.7	2,021.2	-10.3%
Effective tax rate	25.0%	25.9%	+0.9 ppt

Note:

- 1. The withholding tax calculated at 5% (9 months ended 30 September 2019: 10%) on dividends in the Chinese Mainland, and the deferred tax calculated at 5% (9 months ended 30 September 2019: 10%) on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong. Such changes in tax rates contributed to a decrease of approximately HK\$474.2 million in taxation during the Period.*
- 2. Effective tax rate excludes the effects of the results of associates and joint ventures, the exchange difference, as well as the withholding tax in the Chinese Mainland for dividends 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 2019	30 Sep 2020	Change
Cash and bank balances	12,847.8	13,589.5	+5.8%
Total assets	61,170.9	66,313.9	+8.4%
Gearing ratio	18.9%	16.5%	-2.4 ppt
Net assets per share (HK\$)	6.01	6.86	+14.1%

Notes:

- 1. Gearing ratio is calculated by dividing the total bank borrowings and unsecured medium term notes by equity attributable to owners of the Company.*
- 2. Net assets per share – book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the relevant reporting period.*

Cash Flow



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(HK\$ million)	30 June 2019	30 June 2020	Change
Net cash generated from operating activities	1,030.6	1,538.8	+49.3%
Net cash used in investing activities	(1,477.0)	(591.4)	-60.0%
Net cash used in financing activities	(3,070.6)	(888.2)	-71.1%
Net (decrease) increase in cash and cash equivalents for the period	(3,516.9)	59.2	N/A
Cash and cash equivalent at end of the period	8,797.0	12,658.0	+43.9%

- Total payment for capital expenditure of the Group in 1H20 was HK\$865.1 million.
- Expected capital expenditures are approximately HK\$610.9 million and HK\$1,721.3 million in 2H20 and 2021 respectively.



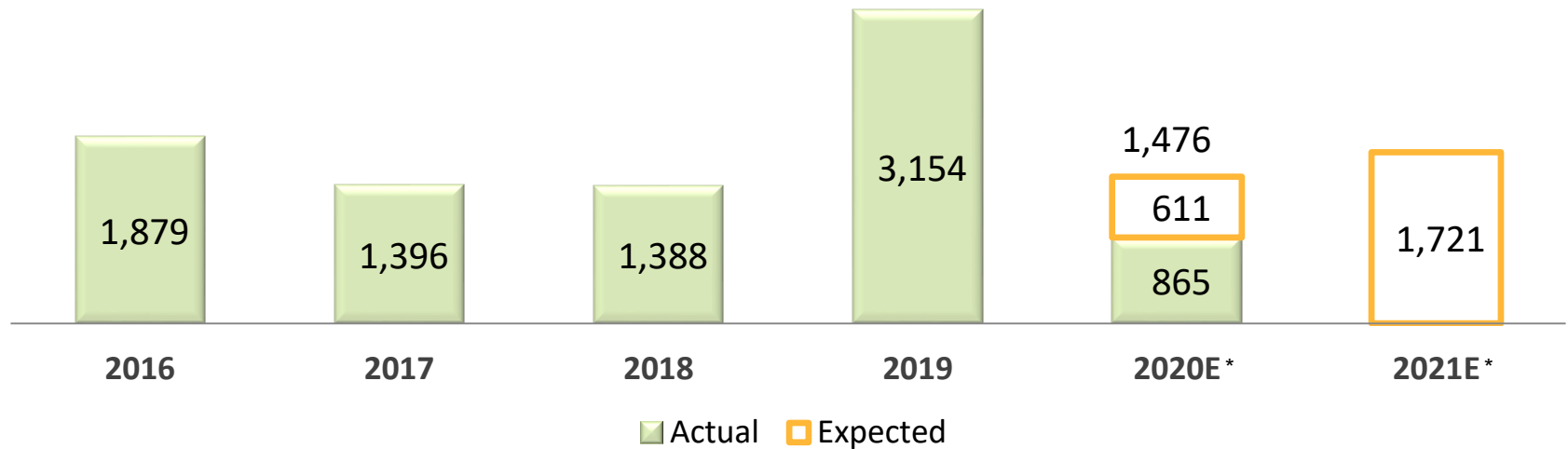
Capital Expenditure

(HK\$ million)

New Business Segment

(HK\$ Million)	2019	1H20
Aggregates	182.1	140.1
Prefabricated Construction	112.3	210.8
New Materials*	906.5	-

*Note: Acquisition of 40% equity interests of Universal Marble



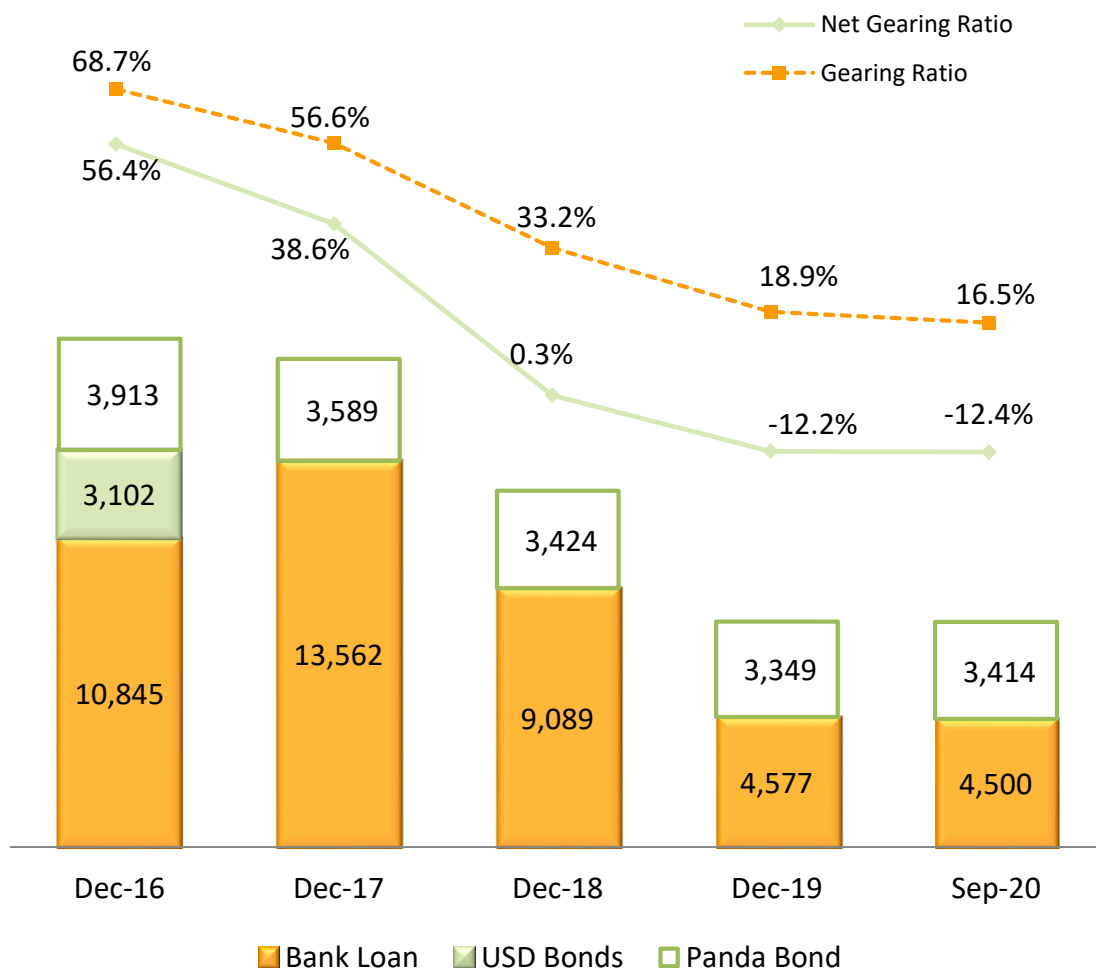
Note: Exclusive of Dapai, Fengkai aggregates project

Debt Structure

(HK\$ million)



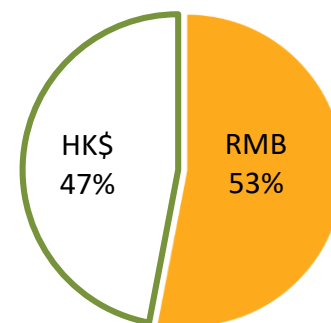
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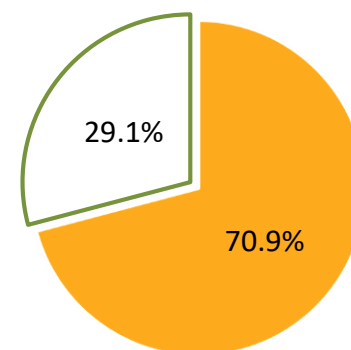
Notes:

1. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.
2. Gearing ratio is calculated by dividing the total bank borrowings, unsecured bonds, unsecured commercial paper and unsecured medium term notes by equity attributable to owners of the Company.
3. 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.
4. 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.

Currency (30 Jun 2020)



Duration (30 Sep 2020)



Due within 1 year (Orange), Due after 1 year (Green)



Business Development



Aggregates – Dapai Mining



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- On 16 October 2020, Zhaoqing Runxin New Materials Limited (“Zhaoqing Runxin”), a subsidiary of CR Cement, won the bid for the mining rights of the granite quarry for construction in Dapai Mining Concession, **Fengkai County, Guangdong Province**.
- The project will utilize the logistical and synergetic advantages, **cover the markets in the Guangdong-Hong Kong-Macao Greater Bay Area**.



Project details:

- Resource reserve: approx. 425 million tons
- Planned annual production capacity: approx. 30 million tons
- Consideration: RMB3,210 million (approx. HK\$3,690 million)
- Equity interests:
 - CR Cement - 65%
 - Zhaoqing Jiaotou Yirun Mineral Resources Co., Ltd. - 35%

Image source: Constitutional and Mainland Affairs Bureau of Hong Kong, https://www.cmab.gov.hk/en/issues/bay_area.htm

Aggregates



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China Resources Cement Holdings Limited

- **Aggregates** are granular materials that constitute the skeleton and filler in concrete and mortar. Products are divided into fine aggregate and coarse aggregate.
- As of the end of June 2020, the Group's annual production capacity of aggregate was approximately **10.6 million tons**, excluding the newly acquired quarries in 2019 and 2020 shown below:

Project	Planned annual production capacity (tons)	Resource reserve (tons)	Total CAPEX (HK\$ mil)	Expended capital (HK\$ mil)	Mining rights acquisition	Completion
Wuping, Fujian	2,000,000	56,000,000	446.8	174.5	Nov 2019	2021
Shangsi, Guangxi	5,000,000	65,000,000	437.2	78.7	Mar 2020	2021
Tianyang, Guangxi	5,000,000	61,000,000	433.5	55.2	Jun 2020	2021

Production Line



Aggregate Production Line in Guigang, Guangxi

Aggregates



Coarse Aggregate



Manufactured Gravel

Prefabricated Construction



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China Resources Cement Holdings Limited

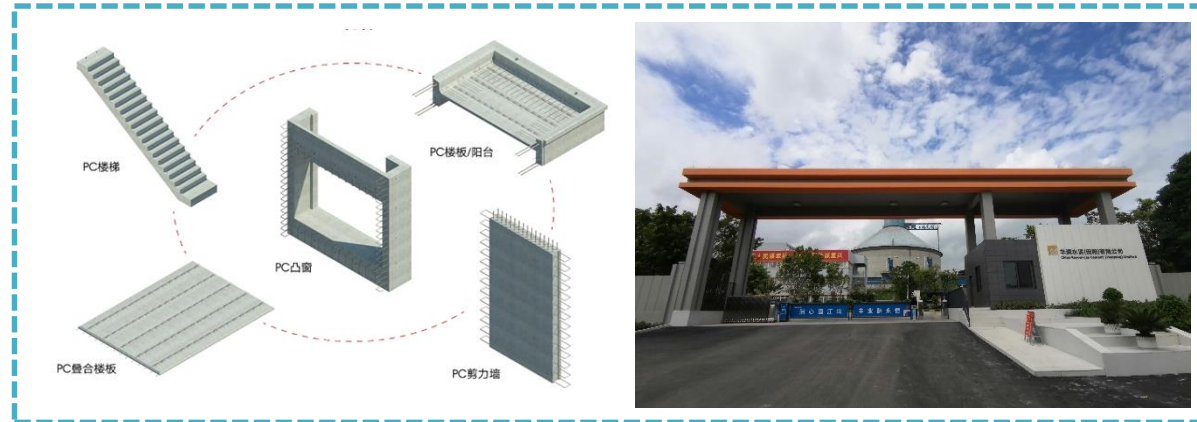
- **Prefabricated construction** components are produced in factories for prefabricated buildings, and transported to the construction site and assembled onsite. The products generally are floor slabs, walls, stairs and balconies etc.
- **Advantages** include:
 - ✓ Improve project quality and construction efficiency
 - ✓ Reduce resource usage, energy consumption and construction waste
 - ✓ Shorten construction time and improve labor productivity
 - ✓ Reduce construction site accident and construction delay due to poor weather

Precast Concrete Production Plant



Precast Concrete Production Plant in Dongguan Runyang

Precast Concrete Product



Precast Concrete Components



Prefabricated Entrance in Tianyang, Guangxi

Prefabricated Construction (cont'd)



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China Resources Cement Holdings Limited

Project	Design annual production capacity (m ³)	Total CAPEX (HK\$ mil)	Expended capital (HK\$ mil)	Status	Remarks
Guangdong					
Dongguan Runyang*	40,000	N/A	N/A	Operation	➤ Mainly supplies to Shenzhen, Zhuhai, Guangzhou
Zhanjiang Runyang	400,000	447.6	110.7	Under construction	➤ Completion: Phase I (annual capacity: 200,000 m ³) - 2021
Jiangmen Runfeng	50,000	224.1	68.8	Planning	➤ Completion: Precast concrete production lines & concrete batching plant - 2021
Guangxi					
Nanning Hongji*	15,000	N/A	N/A	Operation	➤ Mainly supplies to Nanning & neighbouring cities
Nanning Wuhe	400,000	537.6	98.1	Under construction	➤ Concrete batching plant commenced operation in Dec 2019; ➤ Completion: Precast concrete production lines - Phase I (annual capacity: 200,000 m ³) – 2021
Guigang Runhe	200,000	231.4	110.1	Trial production	➤ Concrete batching plant commenced operation in Nov 2019; ➤ Commence operation: Precast concrete production lines - Phase I (annual capacity: 100,000 m ³) – by end of 2020
Laibin Runhe	200,000	211.0	23.8	Planning	➤ Completion: 2022
Baise Runhe	200,000	234.3	29.1	Planning	➤ Completion: 2022
Total	1,500,000	1,886.0	440.6		

***Notes:**

1. The Group holds 49% equity interests of the associate DongGuan RunYang United Intelligent Manufacturing Company Limited.

2. Cooperates with Nanning Hongji Cement Products Co., Ltd in production



Operational Review



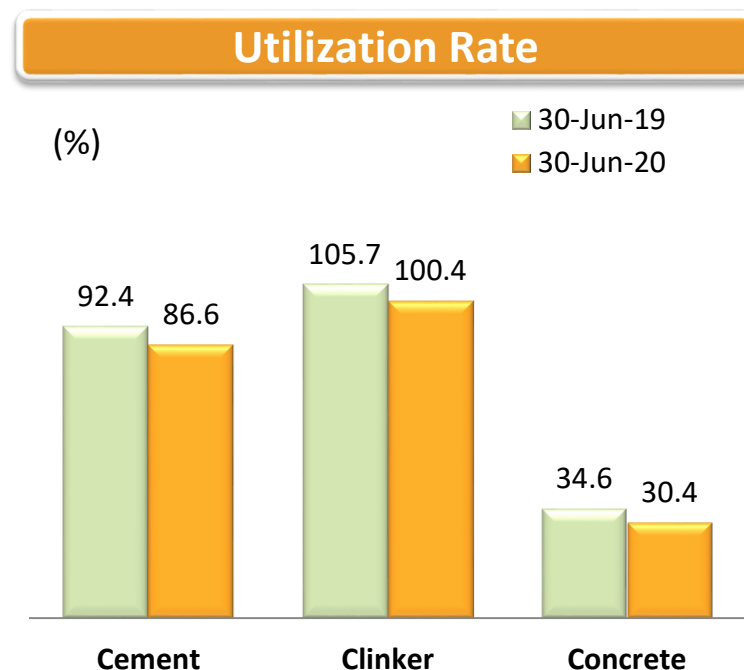
Production Capacity



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China Resources Cement Holdings Limited

- As at 30 Jun 2020, the Group had 97 cement grinding lines and 46 clinker production lines in operation, with annual production capacity of **85.3** million tons of cement and **62.7** million tons of clinker respectively. It also owned 59 concrete batching plants with annual production capacity of **35.7** million m³ of concrete.
- The respective annual production capacities attributable to the Company according to equity interests in associates and joint ventures were **20.4** million tons of cement, **11.0** million tons of clinker and **4.1** million m³ of concrete.



Energy Consumption

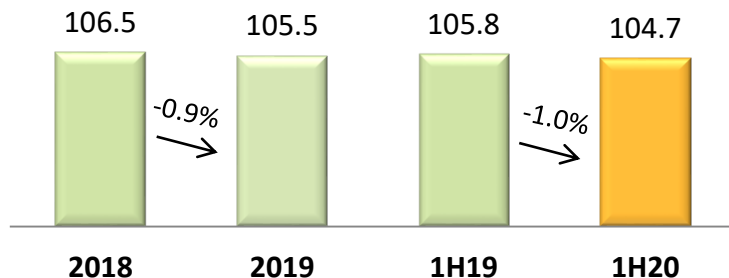


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China Resources Cement Holdings Limited

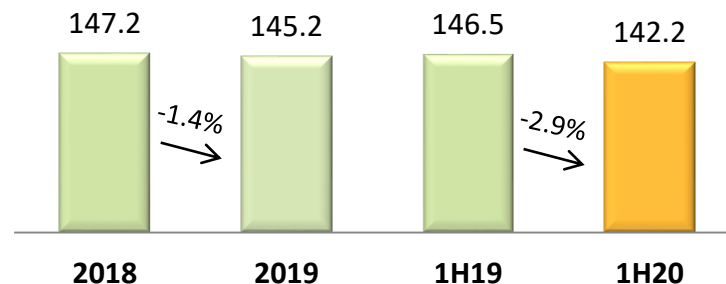
Standard Coal Consumption

(kg per ton of clinker)



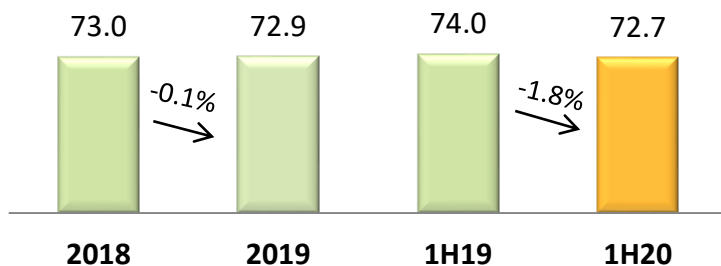
Unit Coal Consumption

(kg per ton of clinker)

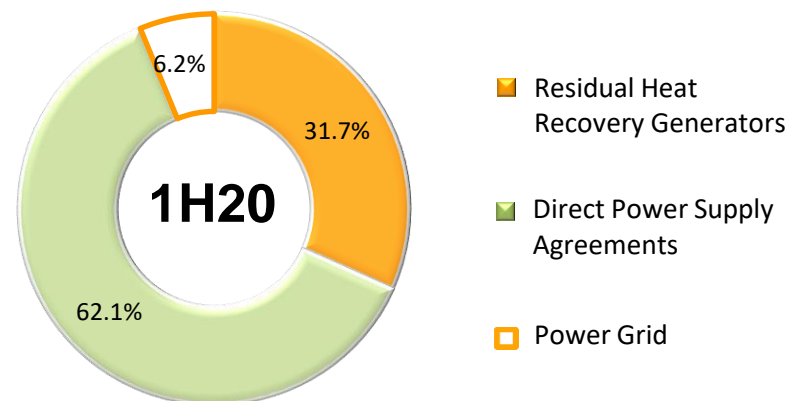


Electricity Consumption

(kwh per ton of cement)



Electricity Consumption Mix



➤ Electricity cost:

- Residual heat recovery generators – approximately **909 million kwh**, cost saving of approx. **HK\$428.6 million**
- Direct power supply agreements and price bidding arrangements – cost saving of approx. **HK\$77.4 million**

Operational Review



華潤水泥控股有限公司

China Resources Cement Holdings Limited



Production

Improve Operational Indicators - Coal & Electricity Consumption

- **Excellent Operational System**: Target values for major operational indicators
- Promote the application of **Innovation Achievement**
- Technological assistance, upgrade and transformation

Lean Management Program

- Treatment of water inrush caused by cave mining in limestone quarries: Pingnan and Hepu, Guangxi
- Reduce ammonia leakage to minimize equipment corrosion and lower production costs



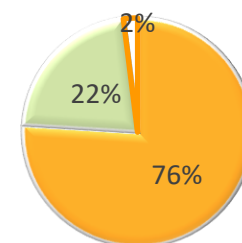
Procurement

Supply Chain Management – SRM & Sunshine Procurement

Coal Procurement

- The Group purchased **4.24 million tons** of coal in 1H20
- The proportion of direct procurement from coal producers: **80%**

- Northern China
- Neighbouring areas
- Australia



Logistics

“Smart Card” automated delivery system - **12** cement production plants as of 30 June 2020

Shipping and Silo Capacity

- Annual shipping capacity along Xijiang River: **34.9 million tons**
- **36** silo terminals with annual capacity of approximately **26.6 million tons** which are mainly located in the Pearl River Delta Region
- Tendering, two-way logistics, optimized loading bases for tanker vessels, joint shipment by railway



Sales & Marketing

Brand Recognition - Runfeng Cement: brand value was evaluated to be **RMB51,958 million** by World Brand Lab in 2020.

Brand Building

- First brand flagship store of Runfeng Cement opening in **Yunnan**

Product Promotion

- "Wang Pai Gong Jiang" renovation cement, masonry cement, cement for nuclear power stations, Portland cement for roads



Operational Review (cont'd)



華潤水泥控股有限公司

China Resources Cement Holdings Limited



Health & Safety

Prevention & Control of Novel Coronavirus

- Establish leading group and working group to form public health **contingency plans, systems & regulations, and safety inspection plan** for epidemic prevention and control

Safe Production

- OHSAS 18000: **100% coverage**
- National Production safety standardization: **28 cement production plants** had passed the on-site assessments as the First-Class Enterprise

Safety Management - Inspection & Training



Environmental

Emission Reduction

- Ultra-low emission pilot projects:
 - **NOx** - Changzhi City, Shanxi
 - **Particulate matters**: 13 cement production plants <10mg/m³

Green Mines - National-level: 8 mines across 7 production plants

Green Factories - National-level: 5 production plants

Co-processing

- 8 co-processing projects with total annual processing capacity of **1,250,000 tons** as of 30 June 2020



Transformation

Aggregates

- The total annual production capacity of existing & secured new projects is approx. **22.6 million tons**.

New Materials

- 40% equity interests in Universal Marble which specializes in processing of **engineered stones** and natural stones in China

Prefabricated Construction

- 8 projects with total design annual production capacity of approx. **1.5 million m³**



Innovation

R&D Capability

- Accredited by the **China National Accreditation Service for Conformity Assessment** in April 2020

Intelligent Manufacturing

- **Cooperation with Siemens**: The first phase in Tianyang Project commenced operation in July 2020
- **Joint cooperation with CITIC & Foxconn (601138.SH)**: To create intelligent manufacturing solutions and digital platforms for the industries of automobile parts and building materials including cement

1H20 Major Developments

Jan

□ **Prefabricated Construction:**

Acquired land for the production of prefabricated construction components in Jiangmen, Guangdong, and Laibin, Guangxi, with design annual production capacity of 50,000 m³ and 200,000 m³, respectively

Feb

□ **Clinker and Cement:**

Commenced operation of one clinker production line and two cement grinding lines with annual production capacity of 1.4 million tons and 2.0 million tons respectively in Anshun, Guizhou

Mar

□ **Aggregates:**

Won the bid for mining rights of a limestone quarry in Shangsi, Guangxi, with resource reserve of 65.0 million tons and planned annual production capacity of 5.0 million tons

Apr

□ **Prefabricated Construction:**

Acquired land for the production of prefabricated construction components in Baise, Guangxi, with design annual production capacity of 200,000 m³

□ **Green Development:**

Planned to build a construction waste disposal plant project in Changjiang, Hainan with design annual disposal capacity of 250,000 tons of construction waste, equipped with annual concrete production capacity of 300,000 m³ and annual manufactured sand production capacity of 850,000 tons

Jun

□ **Aggregates:**

Won the bid for mining rights of a limestone quarry in Tianyang, Guangxi, with resource reserve of 61.0 million tons and planned annual production capacity of 5.0 million tons



Outlook & Prospects





Government Keynote

- 2020 is the closing year of the “Thirteenth Five-Year” Plan
- The Chinese government will persistently seek progress amidst stability as its general keynote, adhere to new development principles, and promote **high-quality development**.
- To form a new development pattern with the domestic cycle as the mainstay and the **domestic and international dual-cycles** that mutually foster each other



Supportive Government Policies

- The arrangements of special local government bonds in the amount of RMB3.75 trillion, representing an increase of RMB1.6 trillion from 2019, to raise the proportion of special bonds that could be used for project capital with focused use on strengthening construction of **new-type infrastructure** - transformation and upgrade of traditional infrastructure through the application of technologies including Internet, big data and artificial intelligence.
- The People's Bank of China has implemented one cross-the-board cut and two targeted cuts of the required reserve ratio since this year and lowered the loan prime rate in February and April to reduce the actual cost of social financing and to support the development of the real economy.

Cement Demand Drivers



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Infrastructure

- ✓ The government planned special local government bonds in the amount of RMB3.75 trillion for 2020 with focused use on **New-type infrastructure**.
- ✓ 2020:
 - Railway – RMB800.0 billion;
 - Highways & waterways - RMB1.8 trillion



Real Estate Market

- ✓ “Residential properties are not for speculation”; Develop rental housing and implement city-specific policies to foster the stable and healthy development of the property market
- ✓ **Urban revitalization**: 2020: newly start upgrade of 39,000 old communities in towns



Rural Market

- ✓ **2020**: Closing year to win the **Battle against poverty** - ensure all rural residents have been lifted out of poverty and poverty is eliminated in all poor counties and regions
- ✓ To improve infrastructure i.e. water supply, power & information

- The Chinese government expedites infrastructural connectivity in the Guangdong-Hong Kong-Macao **Greater Bay Area**, actively promotes the formation of a new pattern in the large-scale development of the **western region**, and establishes a free trade port in **Hainan**.

Strategies and Prospects



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China Resources Cement Holdings Limited

- ▲ **Three Core Strengths** - Lowest total cost , Leading position in regional market , Innovation-driven development
- ▲ The Group is dedicated to enhancing **efficiency and quality of operation** and further improving the management standards of **environmental protection, safety and health**; deepen **brand marketing** and the construction of sales channels, strengthen the capability in **research and development** for the creation of competitive advantage .



- ▲ **Opportunities** - The Group will grasp the opportunities in the development of the **Greater Bay Area**, accelerate the pace of **transformation and innovation**, and promote the strategic development of extension along the industry chain.



Appendix





Our vision

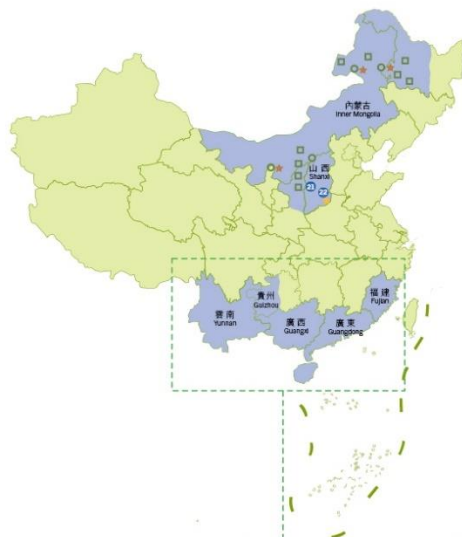
To become a respected world-class cement company



Production Capacity Map



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



自營水泥·熟料生產基地 Cement and clinker production plants operated by the Group

- | | | | |
|----------------|---------------|------------------------|----------------|
| 1 廉江 Lianjiang | 7 貴港 Guigang | 13 龍岩羅石 Longyan Yanshi | 19 金沙 Jinsha |
| 2 封開 Fengkai | 8 武宣 Wuxuan | 14 龍岩曹溪 Longyan Caoxi | 20 安順 Anshun |
| 3 羅定 Luoding | 9 合浦 Hepu | 15 永定 Yongding | 21 福龍 Fulong |
| 4 陽春 Yangchun | 10 陸川 Luchuan | 16 龍岩 Longyan | 22 長治 Changzhi |
| 5 惠州 Huizhou | 11 平南 Pingnan | 17 漳平 Zhangping | |
| 6 上思 Shangsi | 12 富川 Fuchuan | 18 鶴慶 Heqing | |

設有協同處置項目的水泥·熟料生產基地 Cement and clinker production plants with co-processing projects

- | | | | |
|---------------|------------------|--------------|---------------|
| 1 田陽 Tianyang | 3 紅水河 Hongshuihe | 5 彌渡 Midu | 7 越堡 Yuebao |
| 2 南寧 Nanning | 4 昌江 Changjiang | 6 珠水 Zhushui | 8 鳳慶 Fengqing |

自營水泥粉磨線 Cement grinding lines operated by the Group

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

聯營及合營公司擁有的水泥·熟料生產基地 Cement and clinker production plants owned by associates and joint ventures

- | | | |
|----------------------|----------------------|----------------------|
| ○ 雲南水泥 Yunnan Cement | ○ 福建水泥 Fujian Cement | ○ 蒙西水泥 Mengxi Cement |
|----------------------|----------------------|----------------------|

聯營及合營公司擁有的水泥粉磨線 Cement grinding lines owned by associates and joint ventures

- | | | |
|----------------------|----------------------|----------------------|
| □ 雲南水泥 Yunnan Cement | □ 福建水泥 Fujian Cement | □ 蒙西水泥 Mengxi Cement |
|----------------------|----------------------|----------------------|

- ★ 自營混凝土攪拌站
Concrete batching plants operated by the Group

- ★ 聯營及合營公司擁有的混凝土攪拌站
Concrete batching plants owned by associates and joint ventures

骨料項目 Aggregate projects

- | | | |
|--------------------------------------|-----------------|----------------|
| ▲ 1 田陽* Tianyang | ▲ 2 上思* Shangsi | ▲ 3 武平* Wuping |
| *擬建或在建 Planned or under construction | | |

裝配式建築項目 Prefabricated construction projects

- | | | | |
|--------------------------------------|------------------|-------------------------|----------------|
| ◆ 1 湛江* Zhanjiang | ◆ 3 東莞* Dongguan | ◆ 5 南寧鴻基 Nanning Hongji | ◆ 7 貴港 Guigang |
| ◆ 2 江門* Jiangmen | ◆ 4 百色* Baise | ◆ 6 南寧五合* Nanning Wuhe | ◆ 8 來賓* Laibin |
| *擬建或在建 Planned or under construction | | | |

*聯營公司 Associates

Note: Please refer to the 2020 Interim Report for details.

CR Cement's Production Capacity



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China Resources Cement Holdings Limited

Controlled by the Group

(As at 30 Jun 2020)

	Cement		Clinker		Concrete	
Province/AR/SAR	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	24	22.5	10	14.4	22	13.7
Guangxi	37	33.2	18	26.5	26	15.8
Fujian	14	10.1	6	7.0	-	-
Hainan	5	4.4	3	3.3	4	2.4
Yunnan	7	5.1	4	3.9	1	0.6
Guizhou	4	4.0	2	3.0	-	-
Shanxi	6	6.0	3	4.6	1	0.6
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	97	85.3	46	62.7	59	35.7

Controlled by associates and joint ventures

	Cement		Clinker		Concrete	
Province/AR/SAR	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	8	7.3	2	3.7	-	-
Fujian	14	12.6	5	6.6	8	4.8
Yunnan	32	23.1	15	15.5	1	0.3
Inner Mongolia	21	17.3	5	6.9	5	1.5
Hong Kong	-	-	-	-	5	2.3
Total	75	60.3	27	32.7	19	8.9
Attributable	-	20.4	-	11.0	-	4.1

Note: CR Cement holds 50.0% in our Joint Ventures operating in Guangdong and Hong Kong as well as 49.0%, 50.0% and 40.6% in our Associates in Fujian, Yunnan and Inner Mongolia respectively.

Sustainable Development



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China Resources Cement Holdings Limited

- All of our cement and clinker production lines have been equipped with pure low-temperature **residual heat recovery generation systems**, **denitration systems** and **bag filters**.
- As of the end of June 2020, the Group completed the construction of **3 sets** of wet-process desulphurization systems and **11 sets** of composite desulphurization systems.

Green Mine & Green Factory

Green Mine	Provincial-level & AR-level green mines	16 mines across 13 production plants
	National-level green mines	8 mines across 7 production plants
Green Factory	Provincial-level & AR-level green factories	6 production plants
	National-level green factories	5 production plants

Co-Processing

Project	Type	Annual processing capacity (tons)	Status
Binyang, Guangxi	Municipal waste	110,000	Operation
Tianyang, Guangxi	Municipal waste	180,000	Operation
Fengqing, Yunnan [#]	Municipal waste	110,000	Operation
Nanning, Guangxi	Urban sludge*	110,000	Operation
Zhushui, Guangzhou [#]	Urban sludge*	300,000	Operation
Yuebao, Guangzhou [#]	Urban sludge*	300,000	Operation
Changjiang, Hainan	Hazardous waste	30,000	Operation
Midu, Yunnan	Municipal waste	110,000	Trial operation

Note: [#]Located in the cement production plants of our associates and joint ventures.

*The Nanning project co-processed wet sludge of 80% moisture content. The Zhushui project co-processed dry sludge of below 40% moisture content. The Yuebao project co-processed dry sludge of below 40% moisture content in Guangzhou City on an urgent basis.



The municipal waste co-processing project in Tianyang, Guangxi

Aggregates



- The Chinese government proposed to promote the high-quality development of the manufactured sand & gravel industry, strengthen the management and utilization of sand mining in river channels, promote the orderly mining and utilization of sea sand.
- By 2025, proportion of production capacity from ultra-large-scale manufactured gravel enterprises with annual production capacity of at least 10 million tons is targeted at **40%**.

Prefabricated Construction



- **Blue Sky Defense:** To strengthen dust control & steadily develop prefabricated construction
- *By 2020, proportion of floor space of prefabricated buildings to newly constructed buildings aimed:
 - ✓ Nationwide – **15%** (2019: 13.4%)
 - ✓ 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

**Source:*

Policies issued by the Ministry of Housing and Urban-Rural Development of China, the Ministry of Industry and Information Technology of China, the Guangdong Municipal Housing and Urban-Rural Construction Bureau, Shenzhen, Guangzhou, Nanning and Guangxi government.

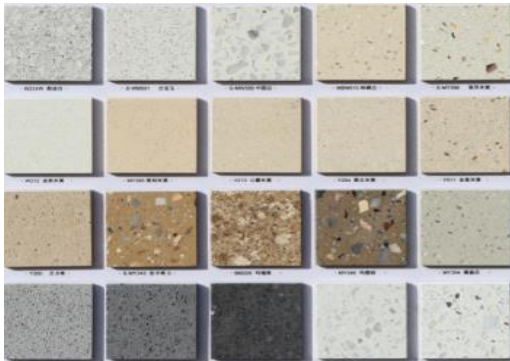
Engineered Stone



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

- **Engineered Stone** refers to material synthesized from raw materials such as natural marble through a manufacturing process. The process inserts a bonding agent, curing aid and pigments before stirring, vacuuming, vibration and pressure, molding and curing to form the final product.
- **Advantages** include being environmentally-friendly, ability to create large slabs, possess great variety in design, usability for exterior walls as well as being flame retardant and abrasion resistant.

Engineered Stone



Engineered Stone Product Samples

Product Applications



Wall & Floor of Pingshan Exhibition Centre



Wall of Shopping Mall in Guiyang



Engineered Stone Production Plant in Dongguan, Guangdong

- As of 16 April 2019, the Group had acquired **40% equity interests** in Universal Marble & Granite (Dongguan) Co., Ltd for approximately **RMB776 million**. Universal Marble specializes in **processing of engineered stones and natural stones** and is one of the most renowned brands in the stone industry in China.

Greater Bay Area



華潤水泥控股有限公司

China Resources Cement Holdings Limited

□ Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”)

- By 2022: To form the framework for an international first-class bay area and world-class city cluster
- By 2035: Meet first-class global standards for innovation, international competitiveness, commerce & liveability

□ **Total Area:** 56,000 km², including **Hong Kong, Macau** and 9 cities in **Guangdong**

□ **2019: Population:** 72.7 million, **GDP:** RMB11.6 trillion

□ **Transportation Infrastructure:**

- **By 2022:** Total operational length of rail transit of 2,400 km and that of expressways of 5,000 km
- Total operational length of railway: 4,700 km **by 2025**, 5,700 km **by 2035**



- 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

Financial Summary



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

(HK\$ million)	2019	2018	2017	2016	2015	2014	2013
Turnover	38,956	38,791	29,958	25,648	26,779	32,669	29,341
EBITDA	14,040	13,730	7,433	4,882	3,838	8,285	6,698
Profit attributable to owners of the Company	8,618	7,975	3,617	1,326	1,015	4,206	3,338
Basic earnings per share (HK\$)	1.234	1.179	0.554	0.203	0.155	0.644	0.512
Total Assets	61,171	60,506	56,527	52,157	54,217	57,537	54,180
Equity attributable to owners of the Company	41,980	37,691	30,309	26,007	26,557	28,180	24,821
Net assets per share (HK\$)	6.01	5.40	4.64	3.98	4.07	4.31	3.80

(HK\$ million)	2019	2018	2017	2016	2015	2014	2013
Net cash generated from operating activities	11,285	11,331	6,613	4,112	4,834	6,859	5,121
Net cash used in investing activities	(2,618)	(1,075)	(1,888)	(1,671)	(4,642)	(4,557)	(3,317)
Net cash used in financing activities	(7,837)	(2,803)	(2,792)	(1,035)	(2,245)	(972)	(2,643)
Cash and cash equivalent at end of the year	12,848	12,302	5,384	3,159	1,938	4,148	2,822

Note: 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

Website: www.crcement.com

Website for Corporate Communications: 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
2020 Annual Results Announcement	12 March 2021*
2021 First Quarter Results Announcement	23 April 2021*
Annual General Meeting	14 May 2021*
2021 Interim Results Announcement	13 August 2021*

*Tentative dates

Disclaimer



華潤水泥控股有限公司

China Resources Cement Holdings Limited

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