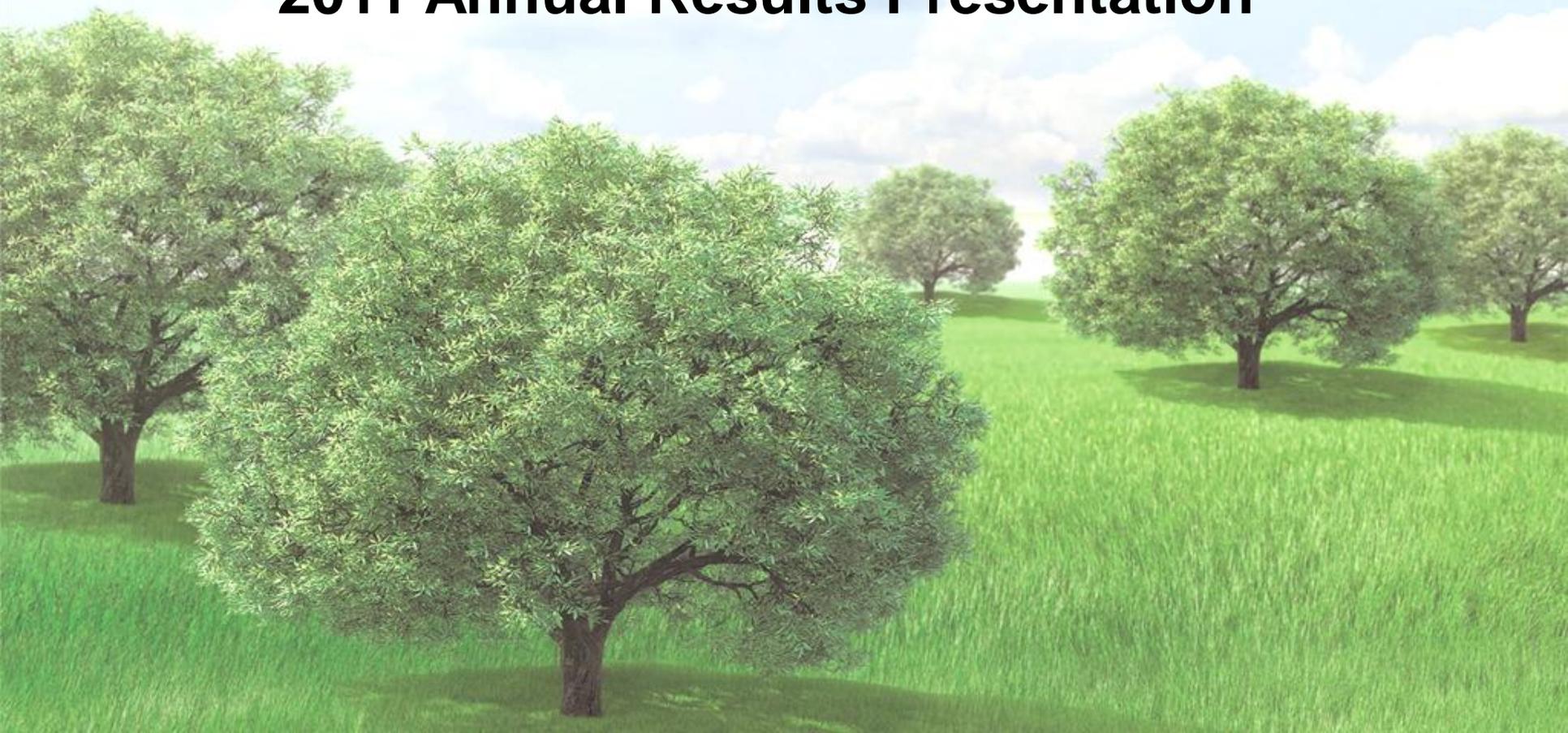




華潤水泥控股有限公司
China Resources Cement Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

2011 Annual Results Presentation



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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.

Agenda

1 Corporate Overview

2 Financial Review

3 Operational Review

4 Outlook & Prospects

5 Q & A

6 Appendix



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1. Corporate Overview



Overview



Consumer goods
 Power
 Property
Cement
 Gas
 Medication
 Finance

- Core Business Unit of CRH (China Resources Holdings)
- CRH holds 73.34% of issued shares



- Persist “3+2” strategy, aiming at least 25% market shares in a region
- Strong M&A capability
- Target nationwide, entered Shanxi in 2010, Inner Mongolia & Yunnan in 2011

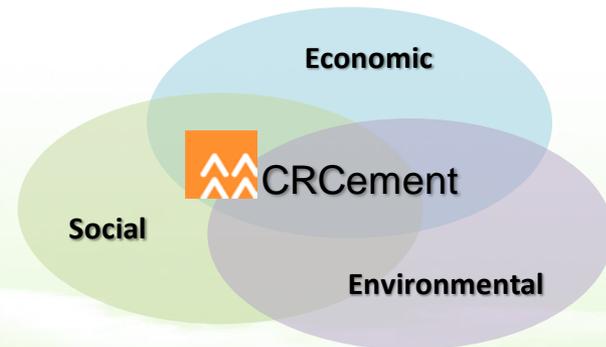
CEMENT

No. 1 in Southern China¹

CONCRETE

No. 1 in China

- In 2011 we are:
 - The largest NSP clinker & cement producer in Southern China by production capacity
 - The largest concrete producer in China by sales volume



- Dedicate to Circular Economy and Energy Saving
- Co-chairman of Cement Sustainability Initiative in China
- Emphasize on social responsibility

Business Highlights

\$23,240 million

Turnover

64.3%

HK\$14,142 million

\$4,179 million

Profit attributable to owners of the Company

104.8%

HK\$2,041 million

Capacity

(million tons/m³)

Cement

Clinker

Concrete



Utilization rate

85.7% ▶ **85.1%**

111.4% ▶ **117.4%**

51.5% ▶ **47.2%**

Favourable Business Environment

- ☞ The sustainable growth of demand for cement
- ☞ Cement production increased by 11.7% to 2.1 billion tons

Economy



Strong GDP & FAI

- ☞ **GDP:** grew by 9.2% to RMB47.2 trillion
- ☞ **FAI:** achieved a nominal growth rate of 23.6% to RMB31.1 trillion
- ☞ **Tightening monetary policy** started relaxing
- ☞ **National long-term development plans** of regions we operate entered substantive construction phase

Demand



Steady demand for cement & concrete

- ☞ **Urbanization rate:** reached 51.3% (50% in 2010) and will rise by over 0.8 percent on average annually in the coming years
- ☞ **Real estate:** grew by 27.9% to RMB6,174.0 billion
- ☞ **Social housing:** 4.3 millions sets completed and 5+ million will be completed in 2012
- ☞ **Railway:** budget RMB500.0 billion in 2012
- ☞ **Water conservation:** reached RMB334.1 billion in 2011, budget RMB2.0 trillion during the “12 • 5”

Policy



Favorable Industry Policies

- ☞ **Restrictions on approving new clinker production lines** and the “**Entry Conditions for Cement Industry**” issued by China central government
- ☞ “**Elimination of inefficient kilns**” issued by National Development and Reform Commission
- ☞ “**12 • 5 Development Plan of Cement Industry**” will promote total capacity control, green environment development and innovations



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2. Financial Review

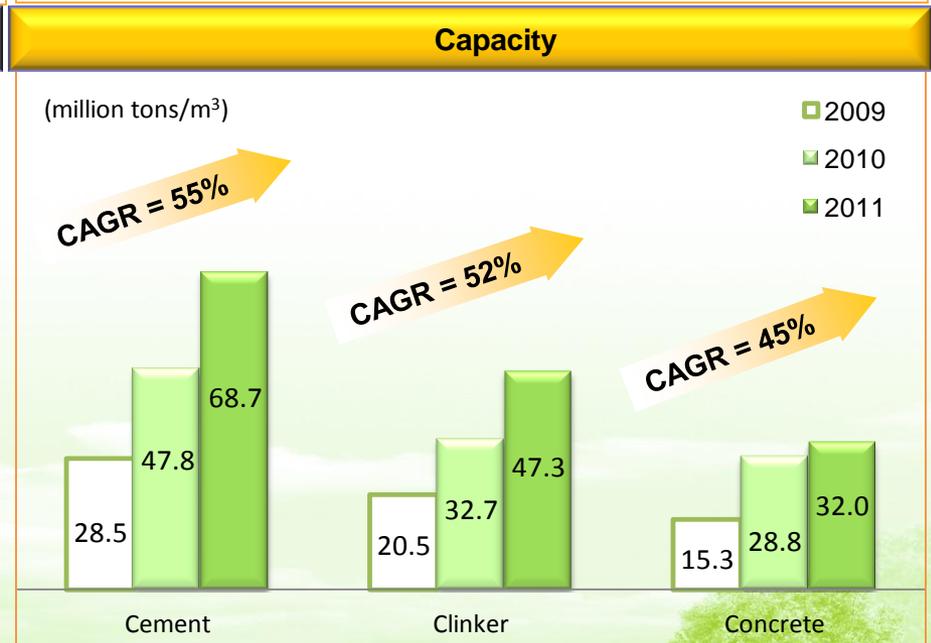
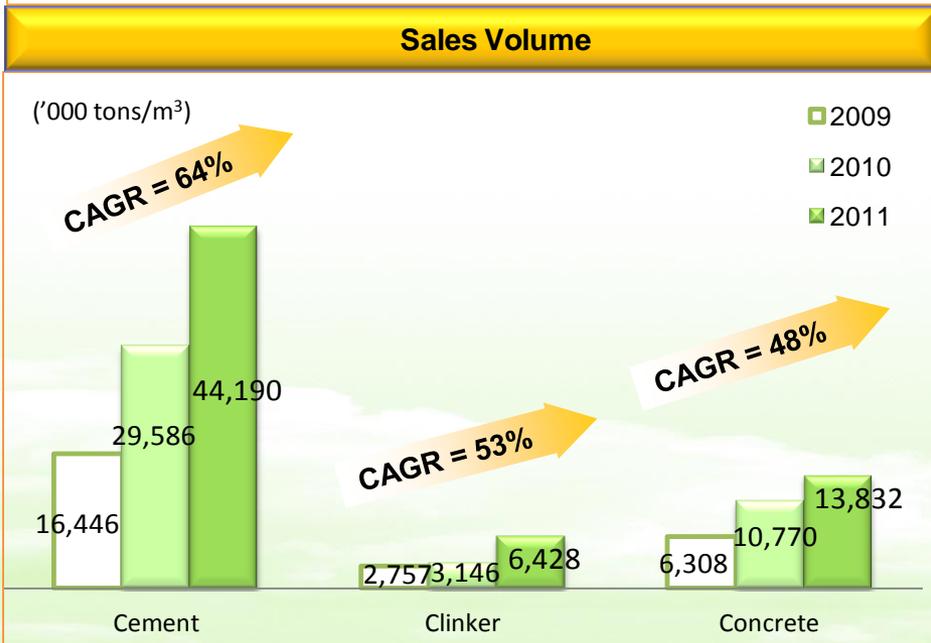
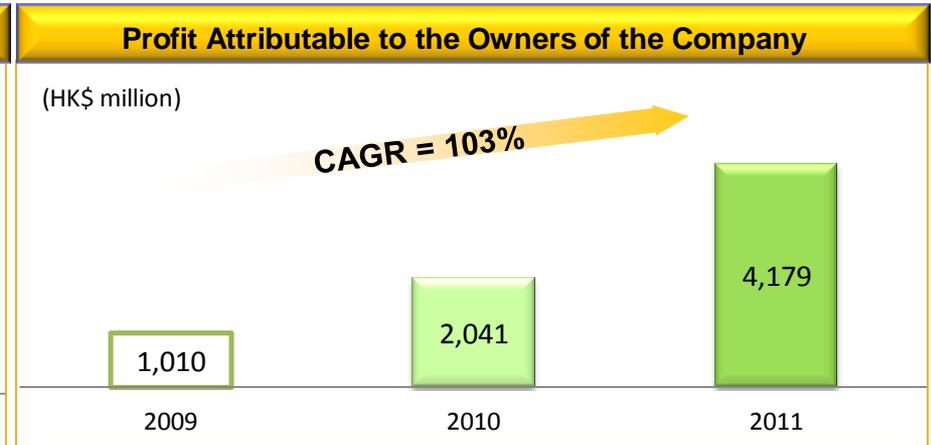
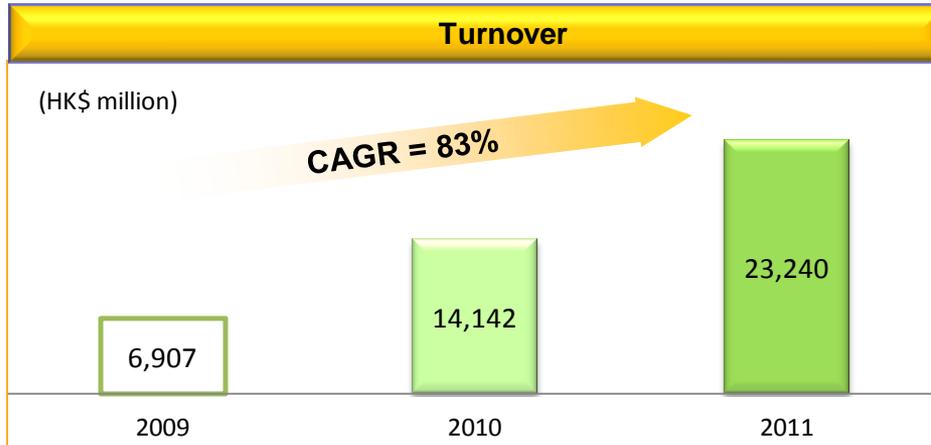


Financial Highlights

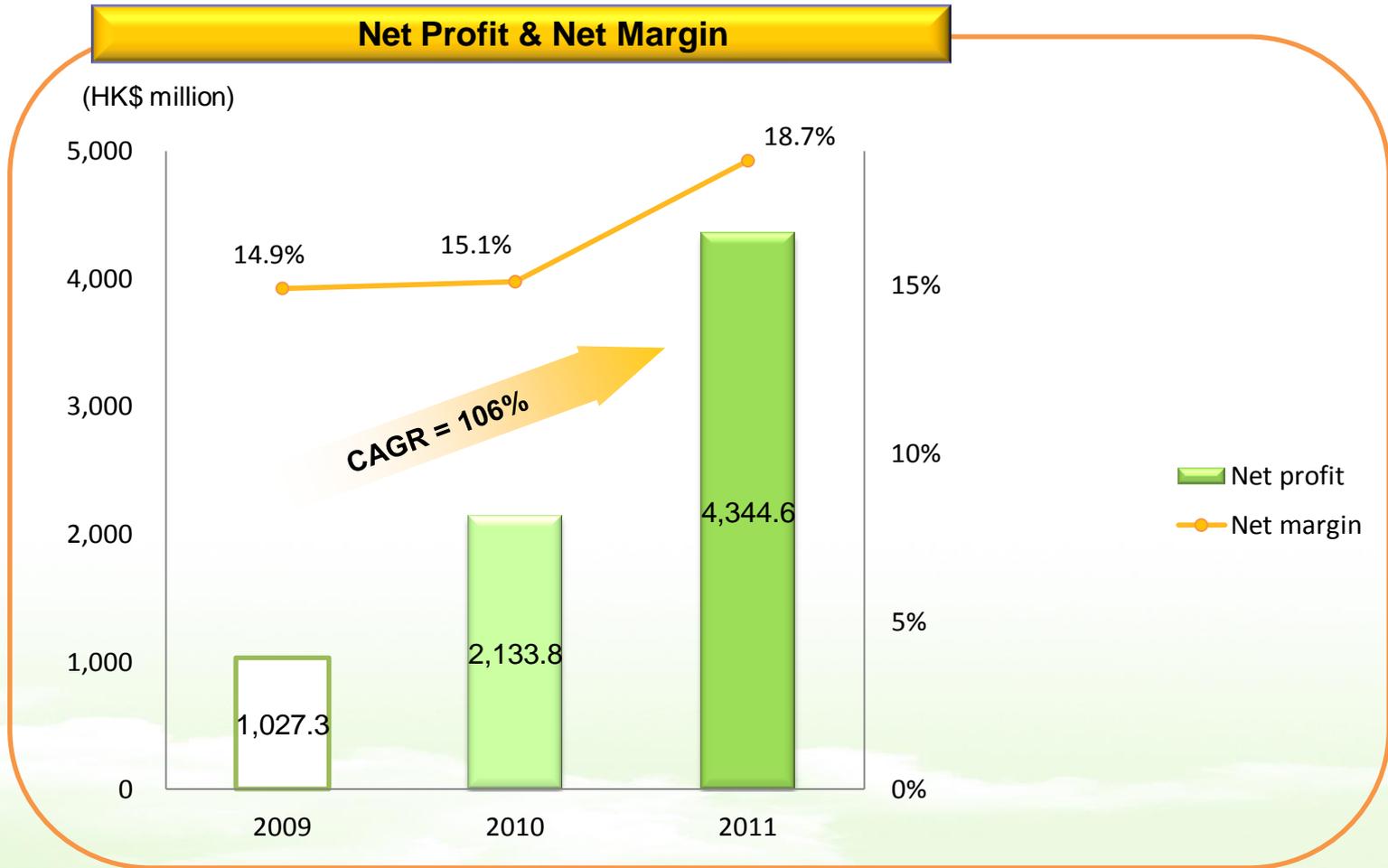
Overview of 2011 Annual Results

	2010	2011	Change
Turnover (HK\$ million)	14,141.5	23,240.0	↑ 64.3%
EBITDA (HK\$ million)	3,318.3	6,876.0	↑ 107.2%
Profit for the year (HK\$ million)	2,133.8	4,344.6	↑ 103.6%
Profit attributable to owners of the Company (HK\$ million)	2,040.8	4,179.0	↑ 104.8%
Basic earnings per share (HK\$)	0.313	0.641	N/A

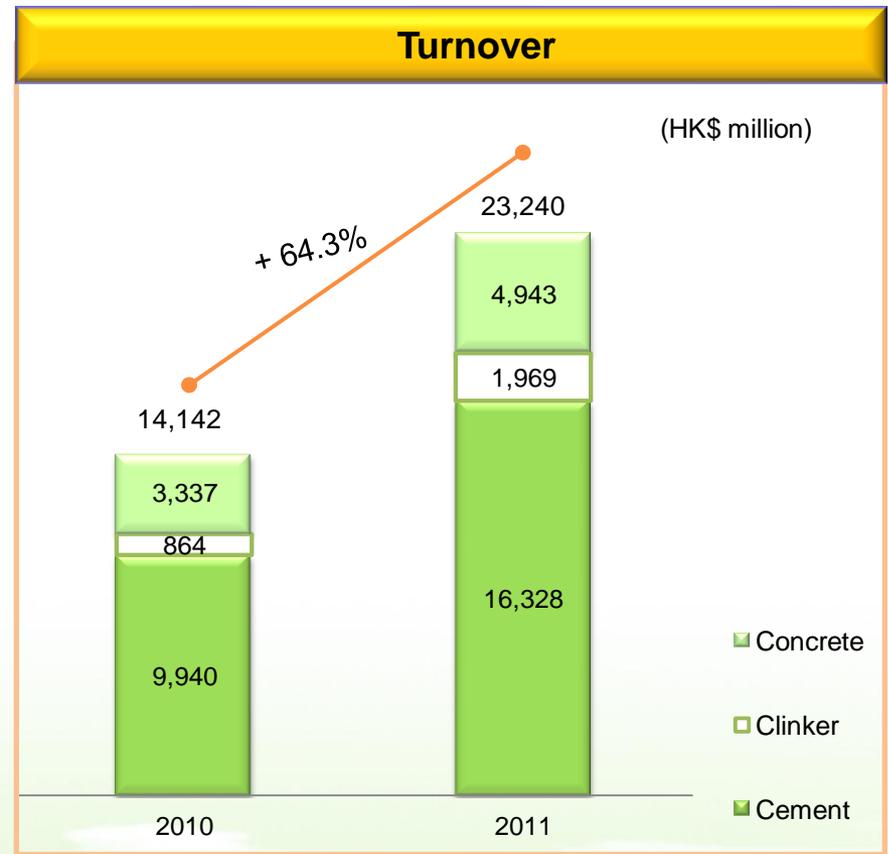
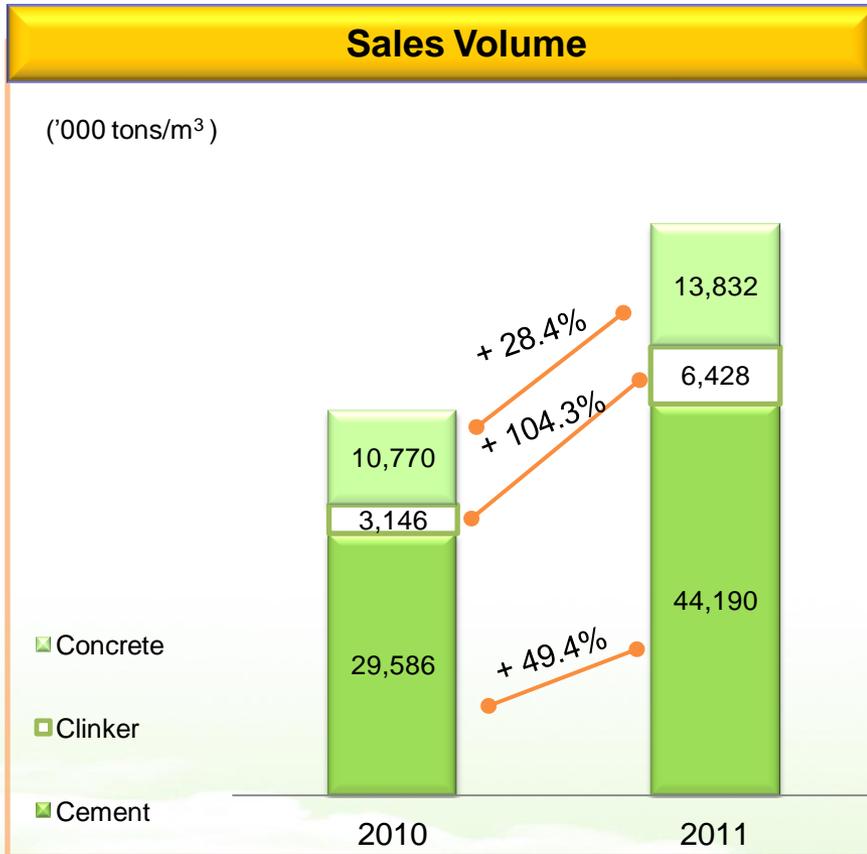
Robust Business Growth



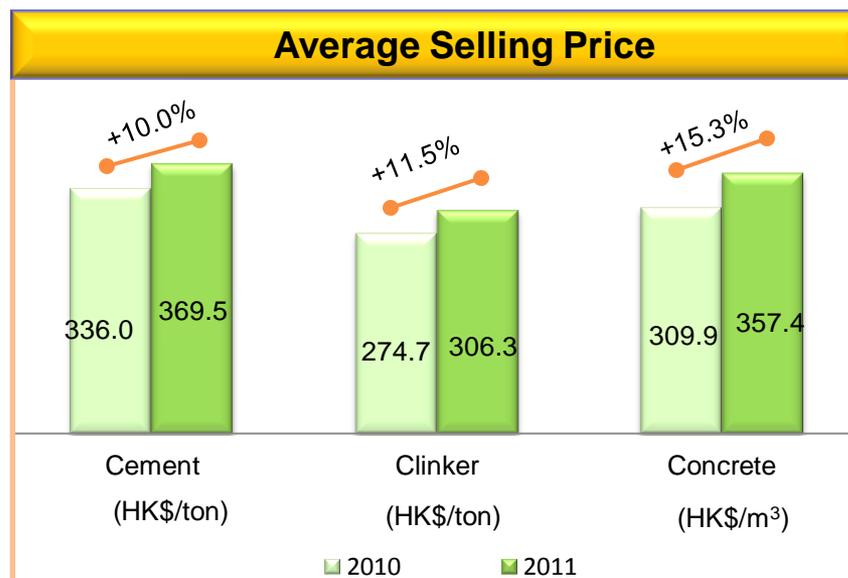
Improved Profitability



Increased Sales Volume & Turnover



Increased Average Selling Price



The increases in average selling prices primarily reflected:

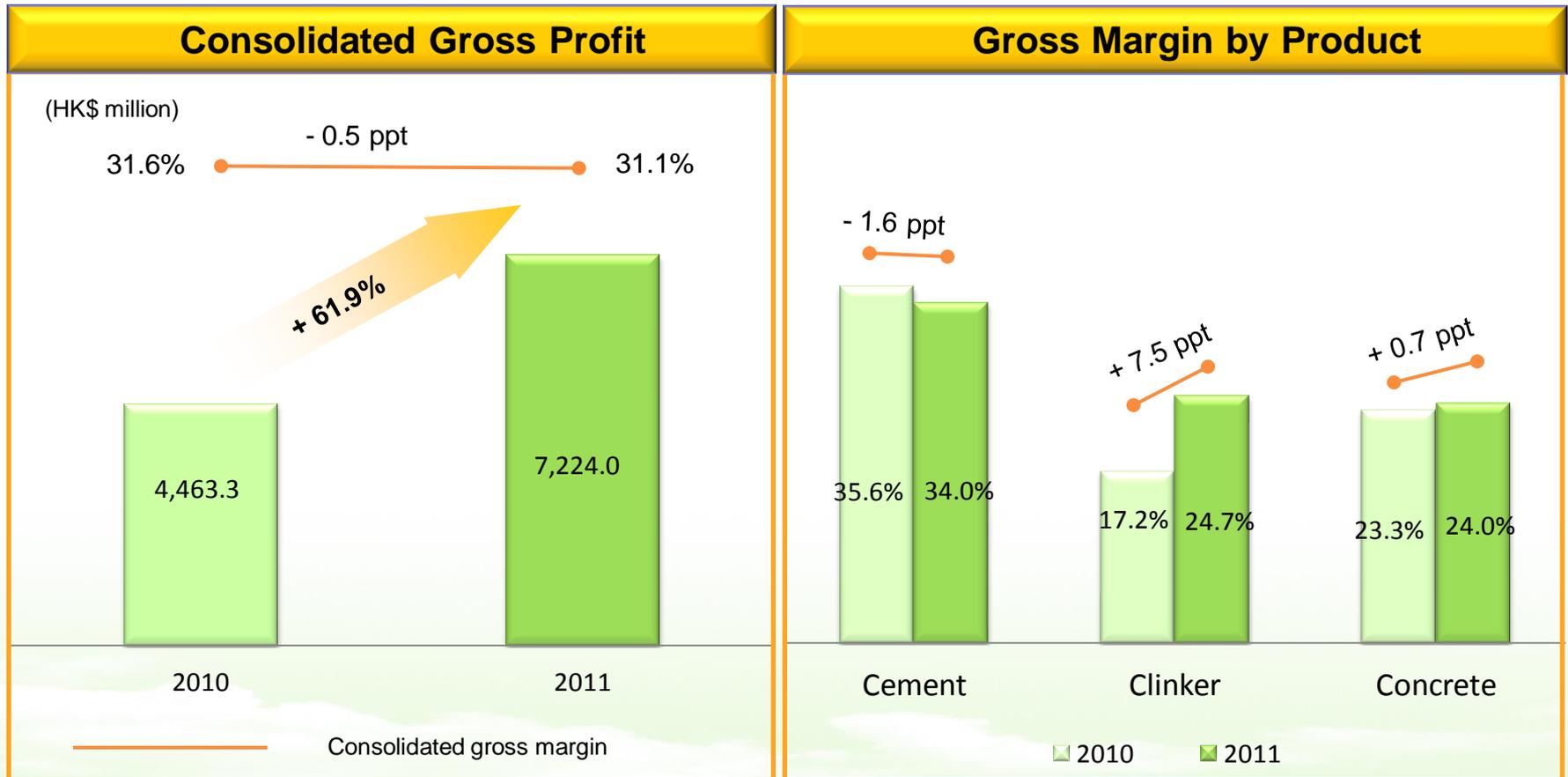
For cement and clinker :

- Average coal price increased by 15.2%. We adjusted our selling prices to reflect the increase in coal cost
- The demand for cement was strong during the year despite moderate slow down of construction activities in the second half of the year
- Higher value on translation of sales originally denominated in RMB into HK\$ for the purpose of financial reporting

For concrete:

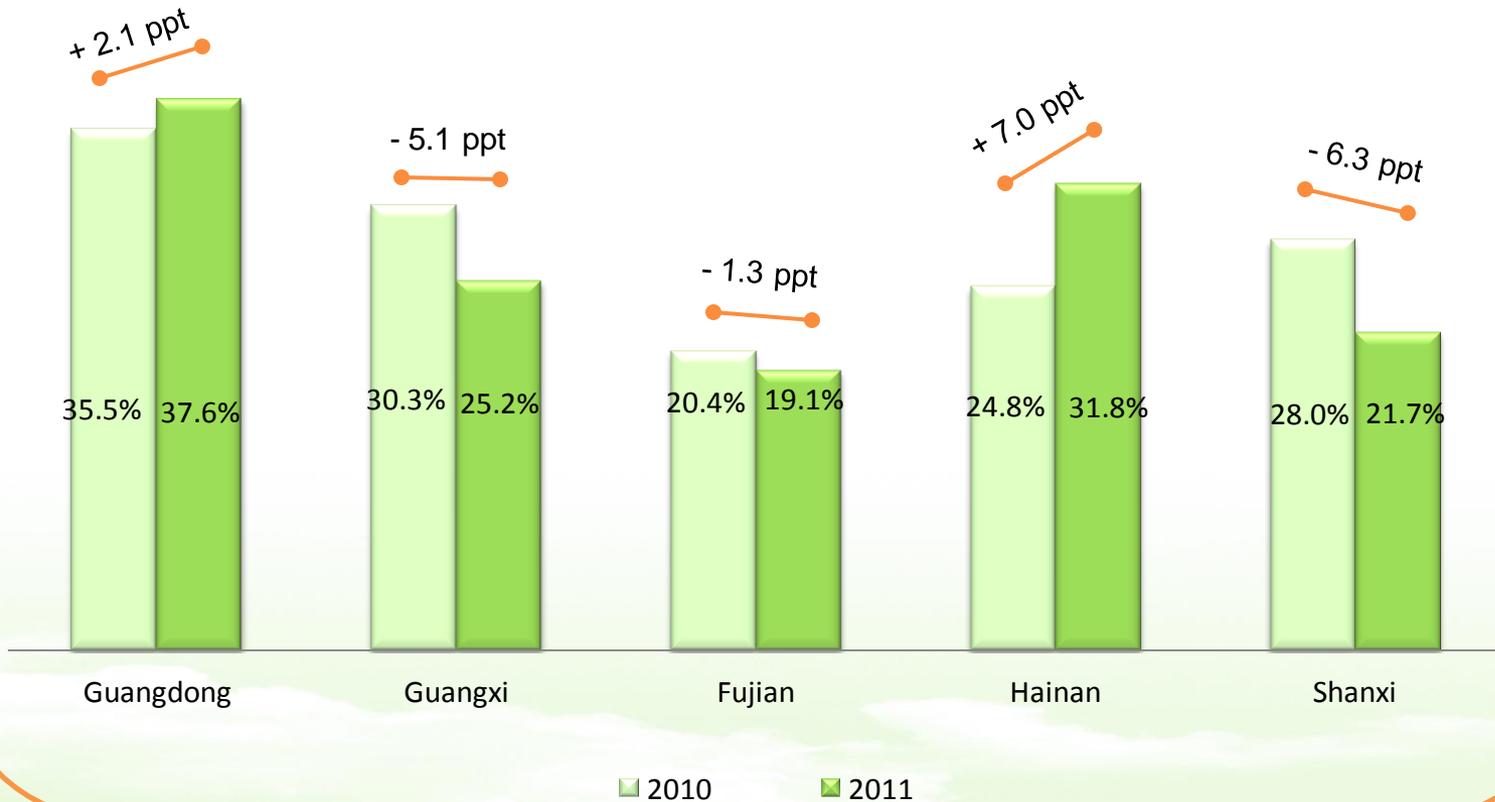
- The increase in cost of production due to the increase in cement prices

Improved Gross Margin



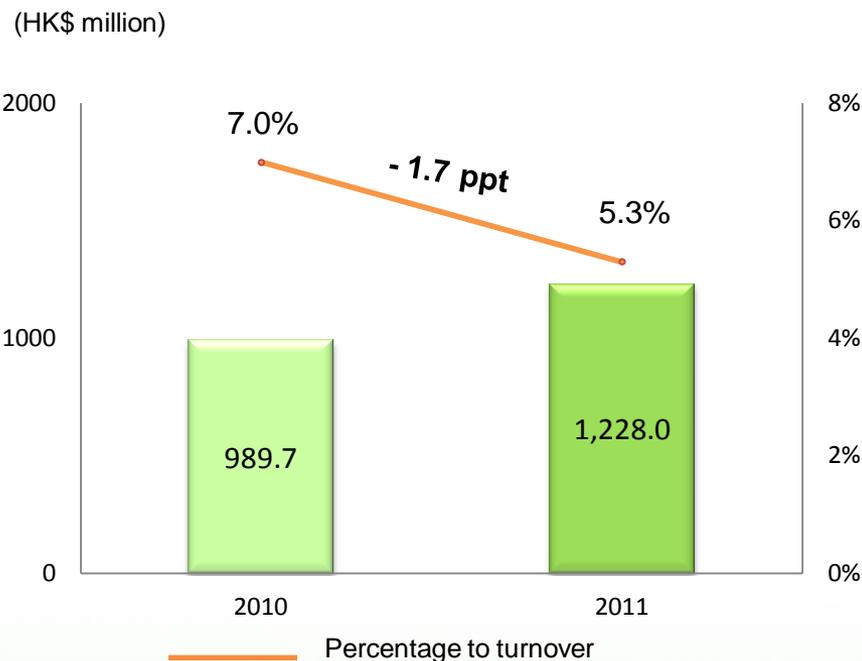
Improved Gross Margin

Gross Margin of Cement Products by Province

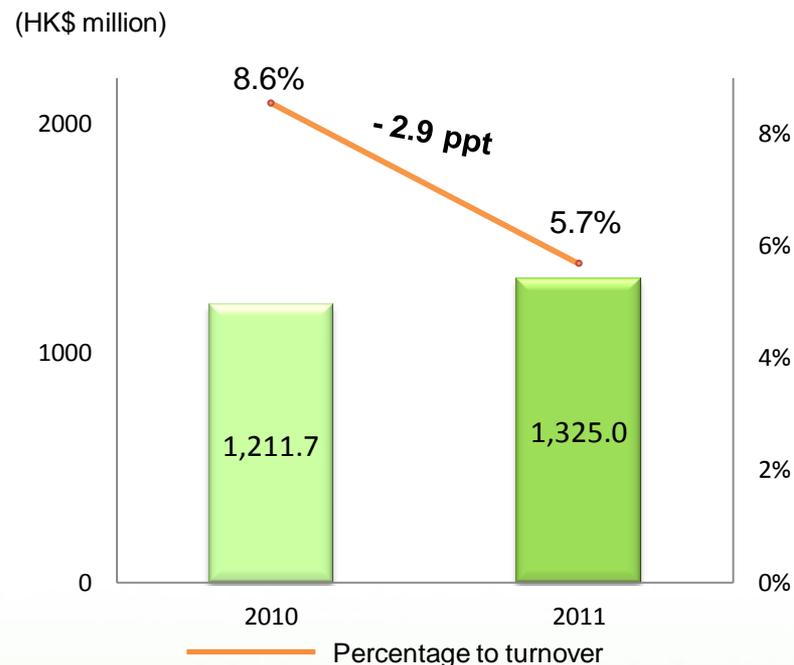


Efficient Operating Expenses

Selling & Distribution



General & Administration




 In 2010, additional direct freight cost was incurred due to the exceptionally low water level in the Xijiang River. Since May 2010, water level has resumed to normal and freight cost has returned to normal level


 The lower level of selling and distribution expenses was resulted from our efforts on logistics management


 As a percentage to turnover, the expense decrease was attributable to the economies of scale achieved from the commencement of operations of new plants that contributed to the revenue of the Group

Financial Position

	31 Dec 2010	31 Dec 2011	Change
Total assets (HK\$ million)	35,327.9	50,457.8	 42.8%
Total debts (HK\$ million)	13,024.1	21,375.2	 64.1%
Net borrowings (HK\$ million)	9,095.7	17,625.5	 93.8%
Net gearing ratio	61.6%	91.3%	N/A
Net assets per share	HK\$2.27	HK\$2.96	 30.4%

Cash Flows

(HK\$ million)	31 Dec 2010	31 Dec 2011	Change
Net cash generated from operating activities	3,136.7	5,150.8	 64.2%
Net cash used in investing activities	(7,655.4)	(13,290.3)	 73.6%
Net cash generated from financing activities	2,754.4	7,571.2	 174.9%
Net decrease in cash and cash equivalents for the year	(1,764.3)	(568.3)	N/A
Cash and cash equivalent at the end of year	4,115.3	3,737.8	 9.2%



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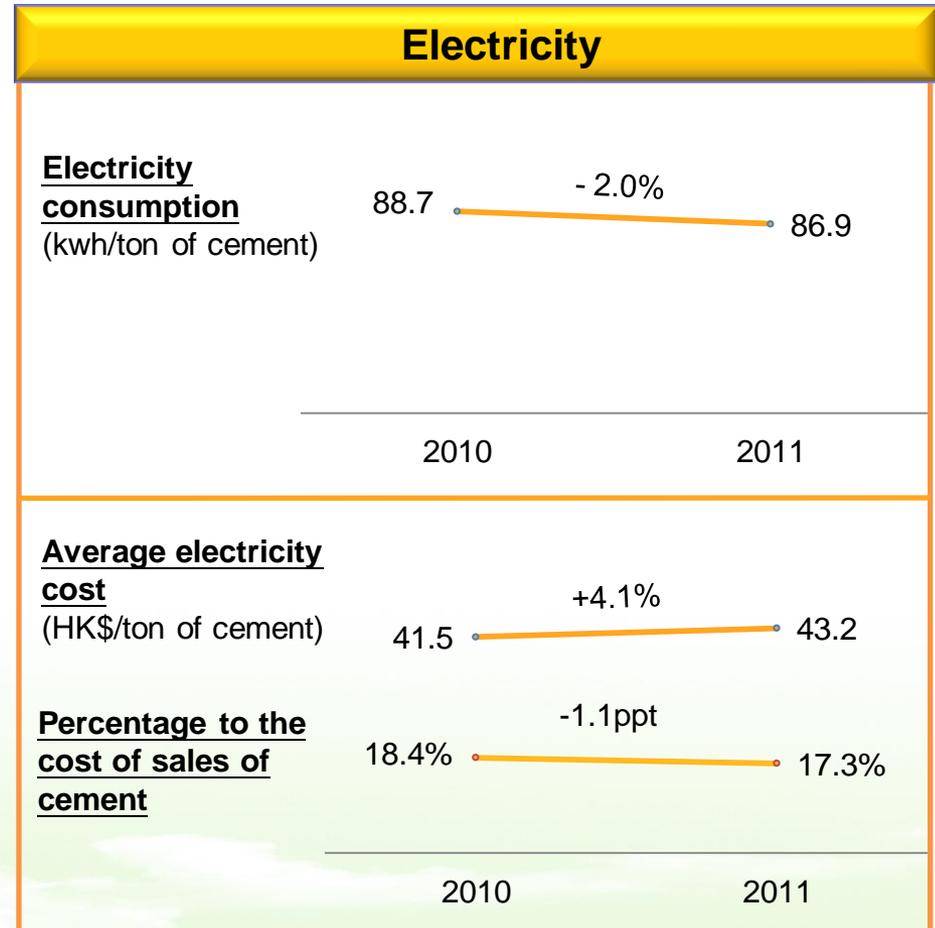
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3. Operational Review



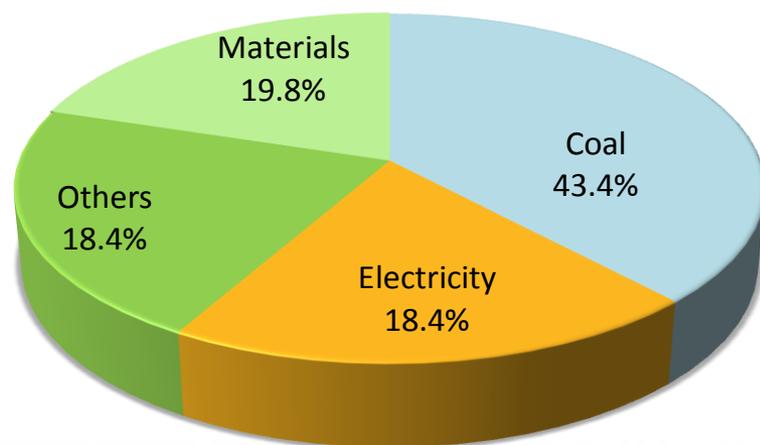
Electricity Consumption

- Improved electricity consumption to 86.9 kwh per ton of cement produced, representing a cost saving of approximately HK\$57.0 million
 - The residual heat recovery generators performed satisfactorily and generated 1,143.5 million kwh of electricity, increased by 49.7% (2010: 764.0 million kwh)
 - The electricity generated accounted for about 25% (2010: 25%) of our required electricity consumption, representing a cost saving of approximately HK\$677.2 million (2010: HK\$416.6 million)
- Due to increase in electricity tariffs in the various regions from June to December during 2011 and the translation of expenses incurred, average electricity cost increased by 4.1% to HK\$43.2 per ton of cement
- Electricity cost represented approximately 17.3% of the cost of sales of cement (2010: 18.4%)

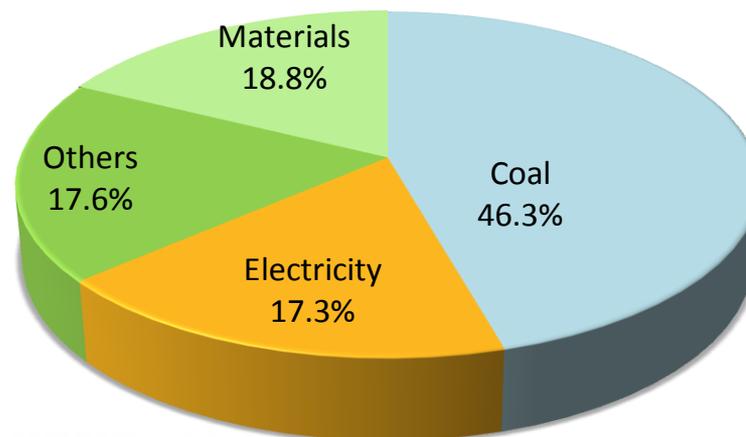


Cost Structure

Cement Products



2010: HK\$225.0



2011: HK\$248.9

Sustain Lowest Total Cost Development Strategy

- Persist in and promote lowest total cost development strategy
 - Coal Procurement:
 - Hired 3rd party specialists to assist in the on-site inspection of coal
 - Increased the proportion of Northern China coal from 29% to 55%
 - Logistic Management:
 - Formulated the logistics strategic plan
 - Established 32 silo terminals along the Xijiang River

Production Capacity

As at 31 December 2011

Province/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	18	15.4	6	8.0	20	12.1
Guangxi	35	31.1	17	25.0	15	9.2
Fujian	12	8.9	5	5.3	10	5.7
Hainan	5	4.0	3	3.3	3	1.8
Shanxi	8	5.3	4	3.4	1	0.6
Yunnan	5	4.0	3	2.3	-	-
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	83	68.7	38	47.3	54	32.0

Mengxi* (40.6% share)	22	12.5	9	10.8	-	-
Guangzhou JV* (50% share)	8	8.1	2	3.7	1	0.5
Total	113	89.3	49	61.8	55	32.5

New Capacities in 2011

Acquired Operating Capacities	13	7.5	6	3.8	1	0.6
Constructed & Completed Capacities	14	13.4	7	10.8	4	2.4

* Associates and jointly controlled entities of the Company



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4. Outlook & Prospects



Strategic Objective: National Expansion



IMPRESSIVE PERFORMANCE

- 
 Strategically entered new regional markets such as Inner Mongolia and Yunnan through acquisitions and have moved forward our expansion strategy of “Based on the South, target nationwide”
- 
 A leading cement supplier with business covering Southern China and Shanxi
- 
 Ranked at the forefront among China’s cement enterprises in terms of clinker production capacity

Circular Cycling Economy

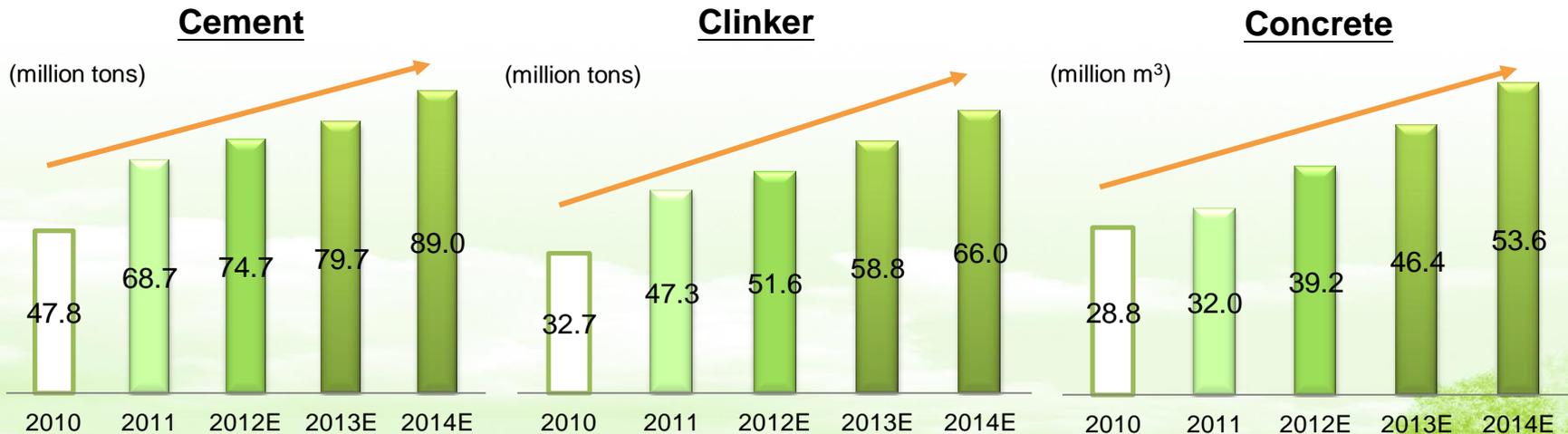
- Implemented circular economy and energy saving, and seek to maintain its competitiveness through continuous reliance on technological innovation
 - Established China Resources Cement Technology Center in Guangzhou in order to focus on research and development of new technologies on energy saving and emission reduction
 - Owned the most advanced technology and biggest production capacity on using cement kiln in treatment of city sludge in China (through our JV at Guangzhou)
- The “China Resources Hezhou Industry Demonstration Zone of Circular Economy” project is expected to commence full operation by the end of 2012
- Become the co-chairman of CSI in China, striving to foster the catching up with international standards in energy saving, emission reduction, resources utilization

Strategic Development Plan

OUR GOAL in 2012

-  Continue to persist in and promote the “3 + 2” development strategy
-  Further strengthen our leading market position and achieve the objective of having at least 25% market share in all our operating areas
-  Expand production capacity in our operating areas and other regions with strategic value, mainly through M&A

Capacity expansion through organic growth



* Excluding the capacity held through equity interest in associates and jointly controlled entities

The best and most respected cement and concrete supplier

 Strengthen R&D and innovation to constantly reduce emissions and costs

 Maintain robust and high-quality growth

 Gradually enhance the delicacy of the management level



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5. Q & A

**Devote with a thanksgiving heart and move towards the vision of
“being the best and most respected cement and concrete supplier”**





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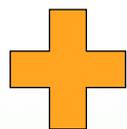
6. Appendix



Development Strategy of Cement

– “3+2” Strategy

3 Business Model



2 Competitive Strategies

Control of Resources

- **The first priority of accessing to regional markets is good control and good choice on the quality of the limestone resources.**
- Abundant volume of limestone to support the production for 30 years or above
- Good quality with the CaO content of 50% or above
- Low disposal ratio
- Convenient location

Conversion of Resources

- **Production facilities of high efficiency, environmental protection and green**
- 100% production lines are NSP cement production lines
- 100% production lines are installed with residual heat recovery generators
- 100% production lines can consume industrial waste during production
- Our production management is standardized, according to CR Cement Corporate Management Manual

Distribution of Resources

- To build sophisticated logistics network including sales offices and silo terminals so as to lower the cost of logistics
- Advocate direct sales to lower the sales cost

Lowest Total Cost

- Set the industrial practice on cost management of the whole value chain to pursue the lowest-cost mode of investment and production
- Establish the core competitive advantage by having the lowest total cost

Leading in Regional Market

- To become the largest, best managed and most efficient leader with high pricing power in the areas we operate
- To achieve at least 25% market share in the areas we operate

China Resources Hezhou Industry Demonstration Zone of Circular Economy

- 👑 Jointly established with China Resources Power and China Resources Snow Breweries aiming to cultivate the circular industry chain
- 👑 Achieve zero emission of pollutants and water recycling
- 👑 A huge amount of land resources is saved
- 👑 Expected to commence full operation by the end of 2012
- 👑 Will replicate this model in other areas in the future

