



華潤水泥控股有限公司

China Resources Cement Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

2011 Interim Results Presentation



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Agenda



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1 Corporate Overview

2 Financial Review

3 Operational Review

4 Outlook & Prospects

5 Q & A

6 Appendix



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1. Corporate Overview

Summary

- A Strategic Core Business of China Resources Holdings (Listed in Fortune Global 500 at No.345 in 2011, and holds approximately 73.34% of the issued shares of the Company) engaged in investment, development, operation and management of cement and concrete
- The largest NSP clinker and cement producer by production capacity in Southern China and the largest concrete producer by sales volume in China
- “3+2” strategy and results driven culture
- One of the companies in Chinese Cement industry with the highest Net Profit Margin
- Strong and flexible ability on M&A
- Adequate corporate structure with easy access to wide range of financing channels in China and overseas
- Cooperating with China Resources Power on purchasing fly ash, gypsum and coal as well as in forming the China Resources Circular Economy Industries Demonstration Project in Hezhou, Guangxi with China Resources Power and Snowflake Beer of China Resources
- Continuous investment on R&D to explore new technologies and materials, develop circular economy, and lower the emission and production cost
- As the co-Chairman of CSI (the Cement Sustainability Initiative) in China , we strive to comply with international standards on emission reduction, and actively communicate with industry players in order to promote the work of CSI in China

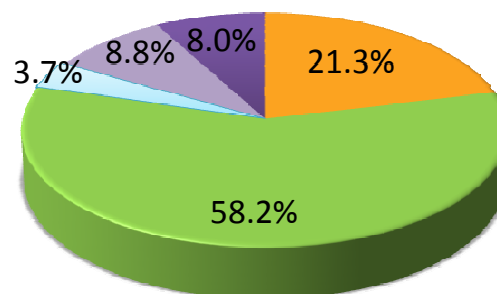
Capacity Breakdown by Regions

Province/SAR	Cement		Clinker		Concrete	
	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	18	15.3	6	8.0	19	11.5
Guangxi	31	27.3	15	21.9	15	9.2
Fujian	6	4.2	2	1.4	9	5.1
Hainan	5	4.0	3	3.3	1	0.6
Shanxi	4	2.6	3	3.0	-	-
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	64	53.4	29	37.6	49	29.0
Mengxi* (40.6% share)	22	12.5	8	9.3	-	-
Guangzhou JV* (50% share)	8	8.1	2	3.7	1	0.5
Total	94	74.0	39	50.6	50	29.5

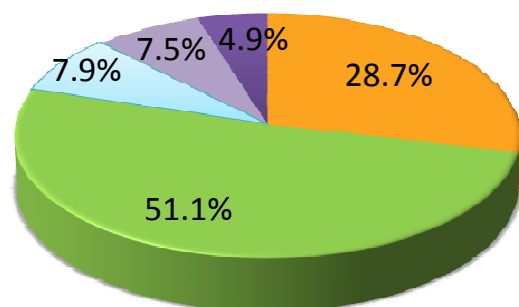
* Associates and jointly controlled entities of the Company

Capacity Breakdown by Regions (Con't)

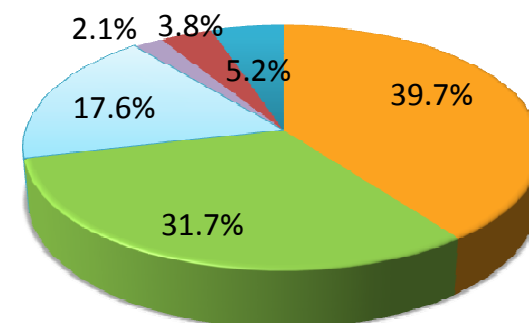
Total capacity of clinker*
37.6 million tons



Total capacity of cement*
53.4 million tons



Total capacity of concrete*
29.0 million m³



Guangdong
Guangxi
Fujian
Hainan
Zhejiang
Hong Kong
Shanxi

* Capacities of Mengxi and Yuexiu were excluded

Business Highlights

-  **Strengthen the leading position in Southern China**
-  **Achieve strategic objective to expand nationally**

Use of “3+2 Strategy” to enhance high efficiency and expand production capacity

Production capacity of cement up 47.1% to 53.4 million tons from 30 June 2010 due to construction of new plants & acquisitions

Favorable economic conditions and strong market demand in Southern China led to the increase in sales volume and selling price

Turnover
increased by 97%
to HK\$10.1 billion

Profit attributable to owners of the Company
increased by 237%
to over HK\$2 billion

Capacity constrained by industrial policy, which strengthens the consolidation of the cement industry and speeds up the elimination of production capacity with outdated technology

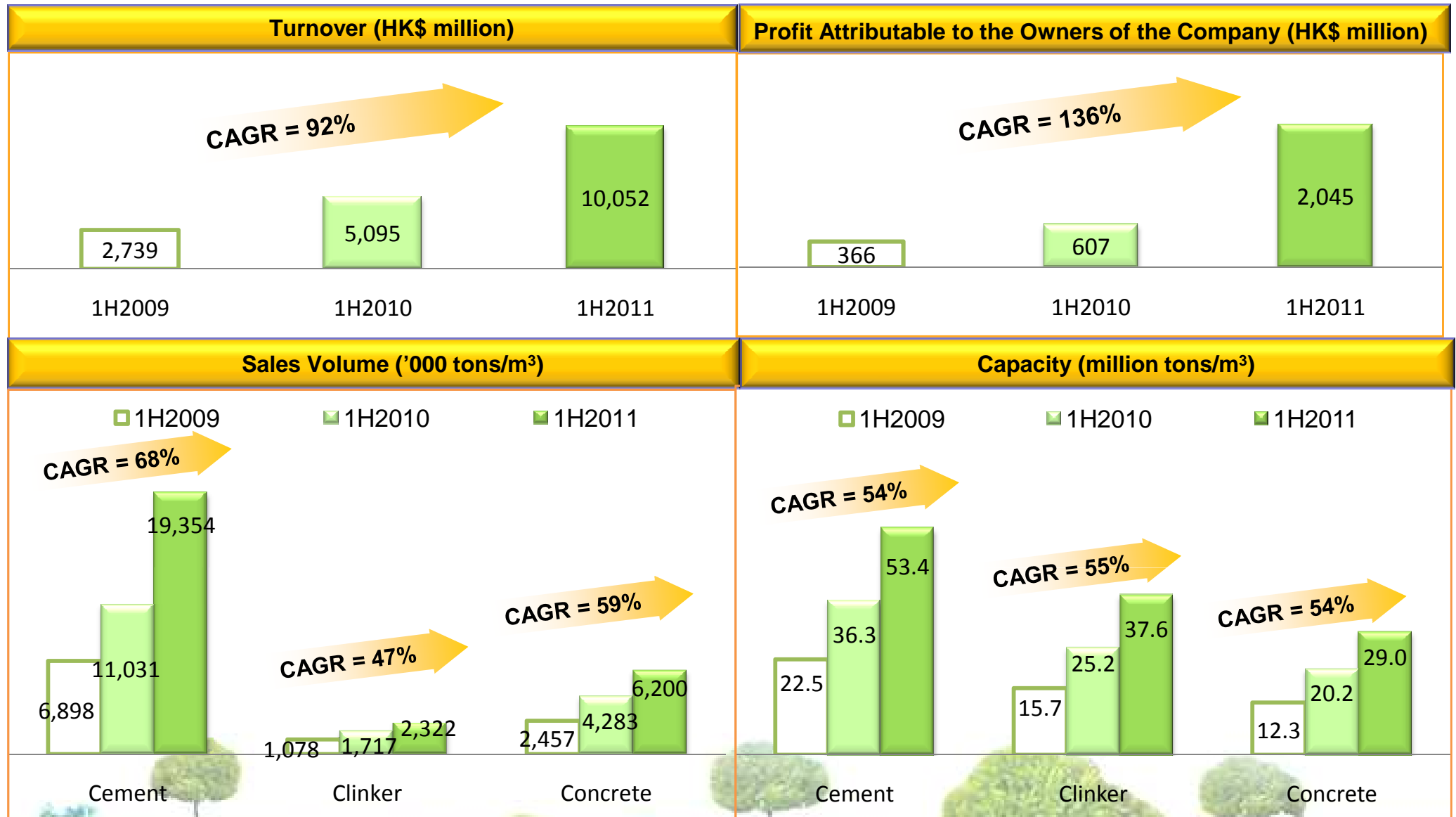


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2. Financial Review

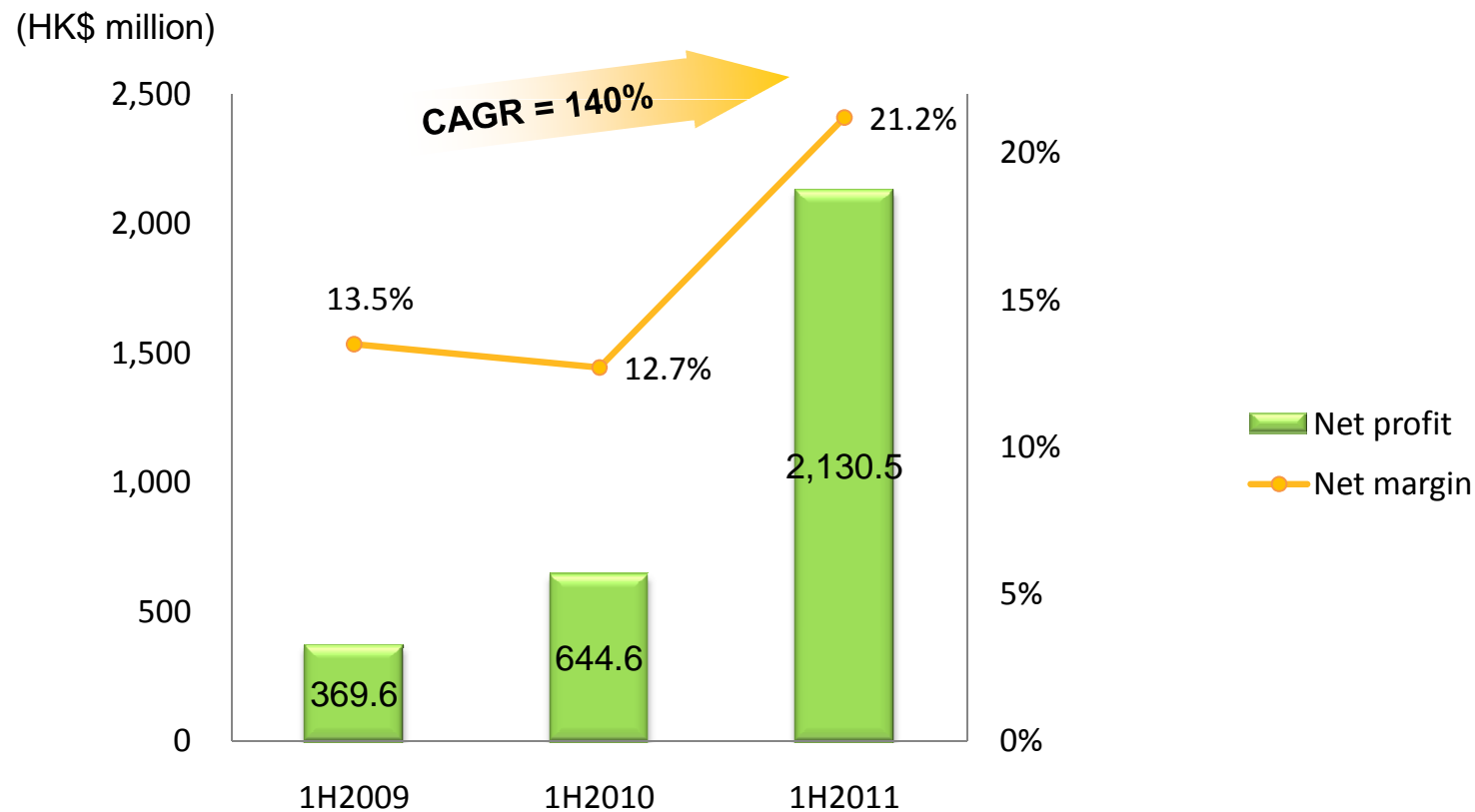
Robust Growth of Business





Improved Profitability

Net Profit & Net Margin

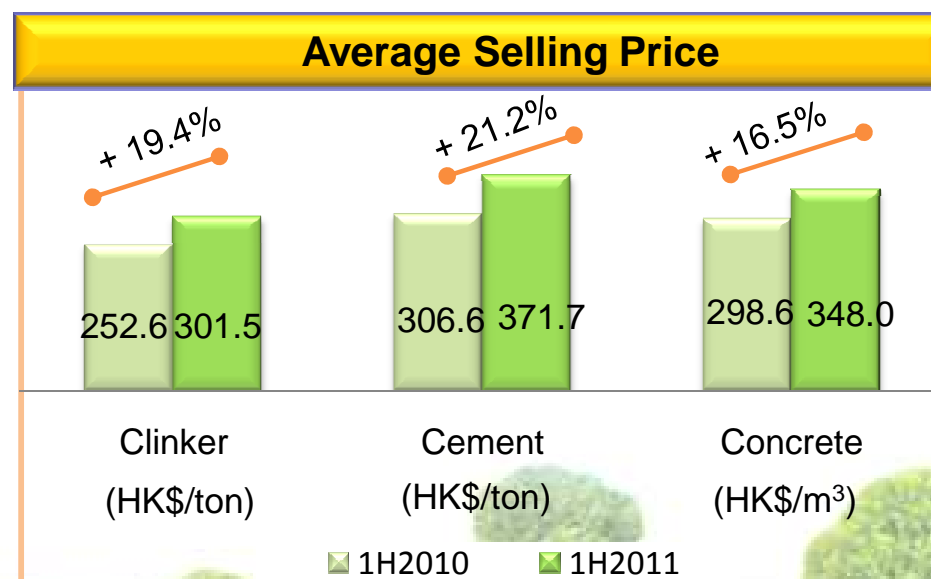
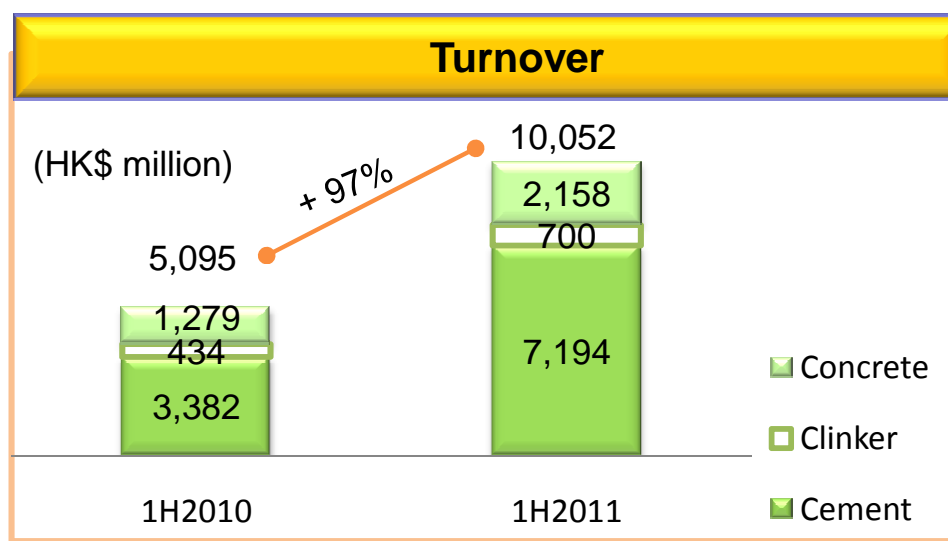
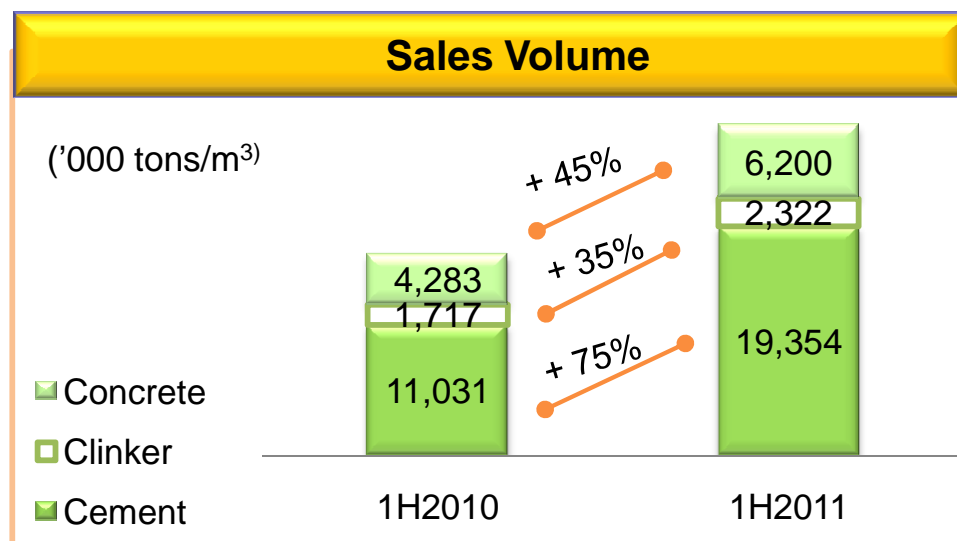


Financial Highlights

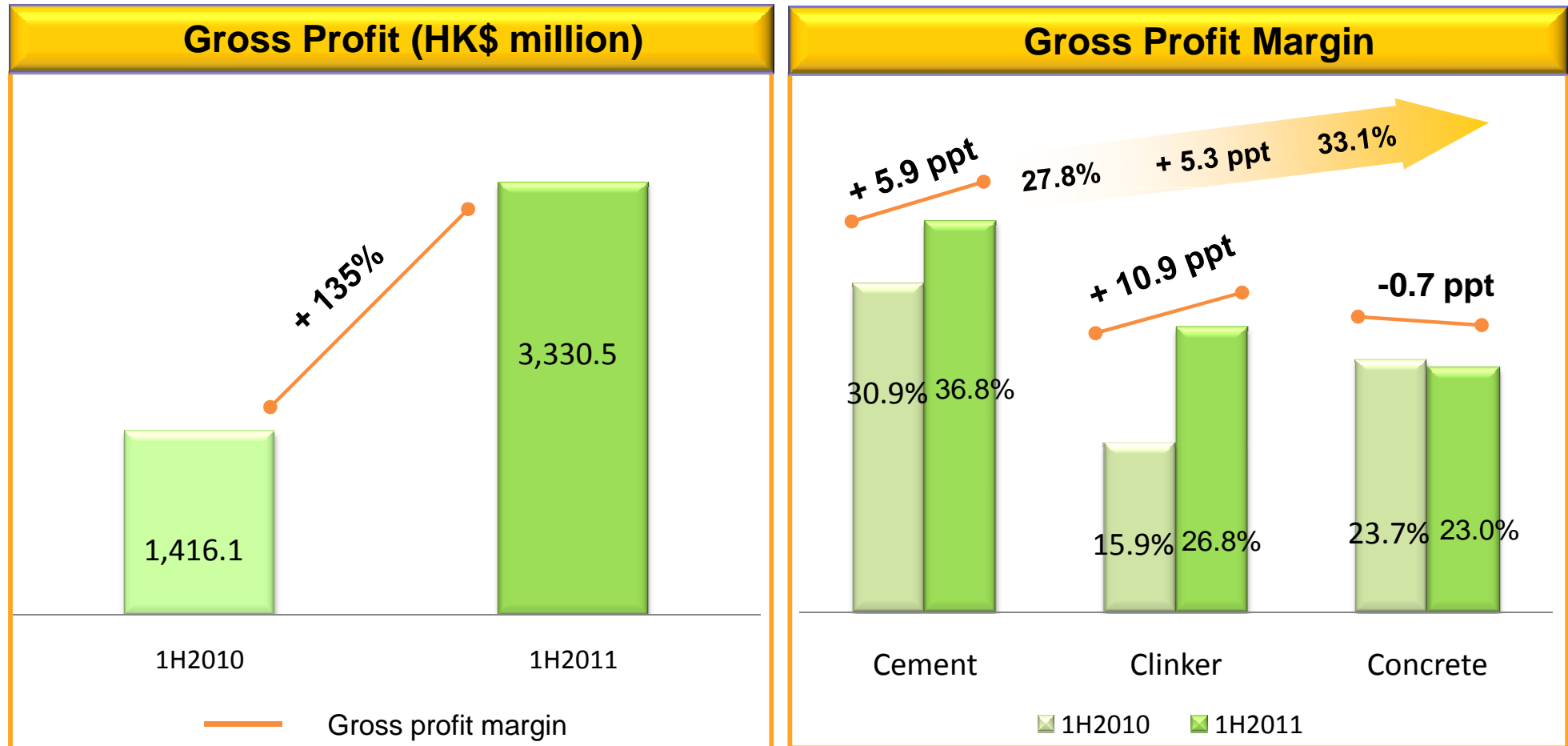
Overview of 2011 Interim Results

	1H 2010	1H 2011	Change
Turnover (HK\$ million)	5,095	10,052	↑ 97%
EBITDA (HK\$ million)	1,071	3,170	↑ 196%
Profit for the period (HK\$ million)	645	2,130	↑ 230%
Profit attributable to owners of the Company (HK\$ million)	607	2,045	↑ 237%
Basic EPS (HK\$)	0.093	0.314	↑ 237%

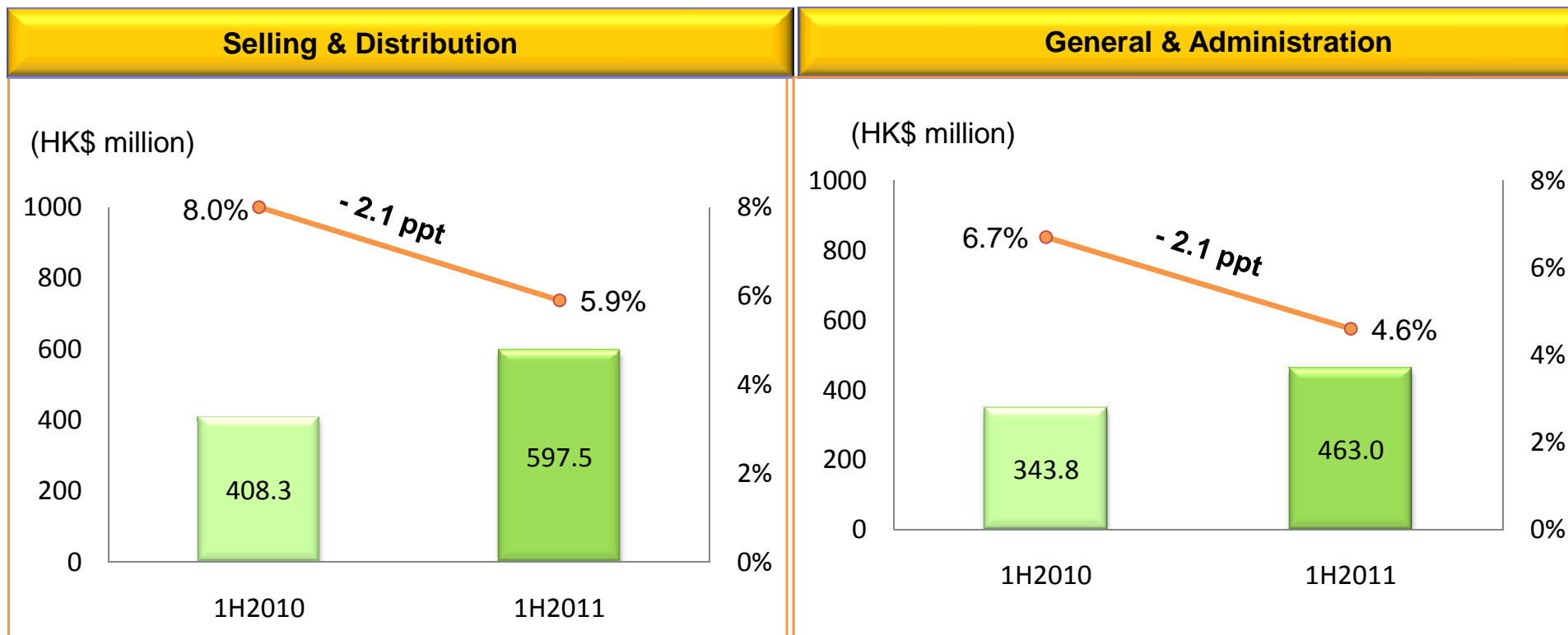
Increased Sales Volume & Turnover



Improved Gross Profit Margin



Efficient Operating Expense







— Percentage of turnover

- Additional freight cost was incurred during the first 4 months last year which led to higher selling & distribution expenses
- Freight cost reduced to normal level due to resumption of water level in Xijiang River since May 2010

- Achieved economy of scale resulting in a decrease in general & administrative expenses as a percentage of turnover

Financial Position

<i>(HK\$ million)</i>	31 Dec 2010	30 Jun 2011	Change
Total assets	35,327.9	43,836.5	 24%
Cash, bank balances and pledge bank deposits	4,124.6	6,334.3	 54%
Total bank loans	13,024.1	17,096.5	 31%
Net borrowings	9,095.7	13,462.4	 48%
Net gearing ratio	61.6%	79.7%	N/A



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3. Operational Review

Favourable Industry Prospects

Strong GDP and FAI benefit to cement industry

- GDP increased 9.6% to RMB20.4 trillion in 1H 2011
- FAI surged 25.6% to RMB12.5 trillion in 1H 2011
- The GDP growth in the areas we operate was higher than the national level

Steady demand for cement and concrete

- Various national level long term development and reform plans will directly drive the demand
- National investment in property up 32.9% to RMB 2,625 billion in 1H 2011
- 10 million affordable houses will be constructed in 2011, up 69.5%

Industrial policy

- Restricted approval on construction of new clinker production lines
- Implementation of the “Entry Conditions for Cement Industry”
- Will strengthen the consolidation of the cement industry
- Speed up elimination of production capacity with outdated technology

- The sustainable growth of demand for cement
- Cement production increased by 19.6% to 950.8 million tons in China in 1H 2011

Acquisitions & Expansion

Significant Acquisitions for National Expansion

Date	Location	New Capacities
Jan 2011	Longyan City, Fujian	1.4m tons of clinker & 2.0m tons of cement (under construction)
May 2011	Fangshan County, Shanxi	0.4m tons of clinker & 0.7m tons of cement (in operation) 1.6m tons of clinker & 4m tons of cement (under construction)
May 2011	Lianjiang County, Fujian	1.2m tons of cement (in operation)
Jun 2011	Inner Mongolia	9.3m tons of clinker & 12.5m tons of cement (in operation) 1.6m tons of clinker & 2.0m tons of cement (under construction)

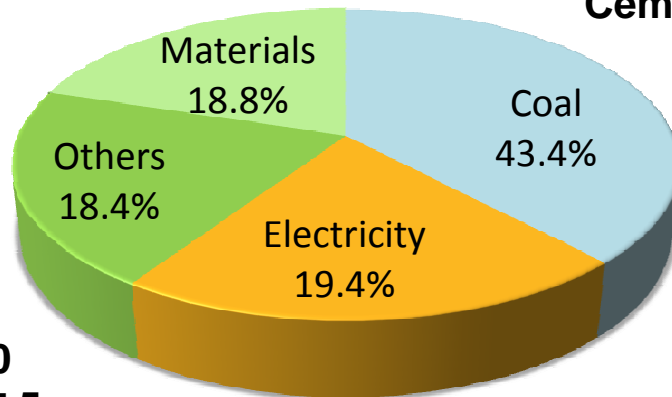
New Production Lines

New Construction	Location	New Capacities
3 clinker production lines	Wuxuan County, Guangxi Fenkai County, Guangdong Liulin County, Shanxi	4.6m tons of clinker
4 cement grinding lines	2 in Wuxuan County, Guangxi 2 in Fenkai County, Guangdong	3.9m tons of cement

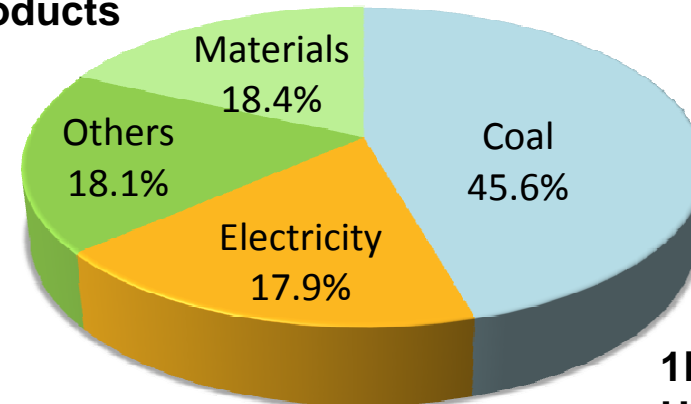
Cost Structure

Cement Products

1H 2010
HK\$217.5

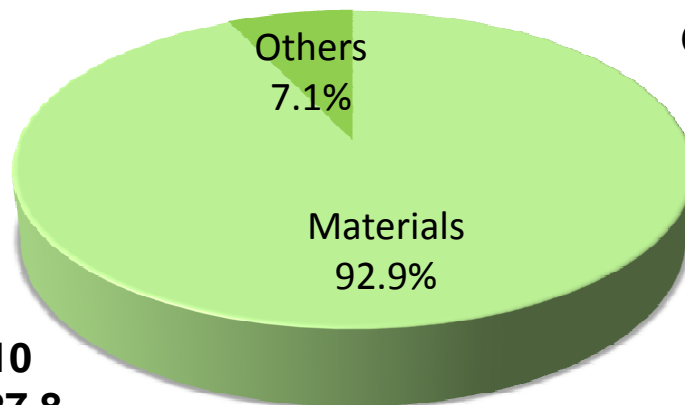


1H 2011
HK\$240.6

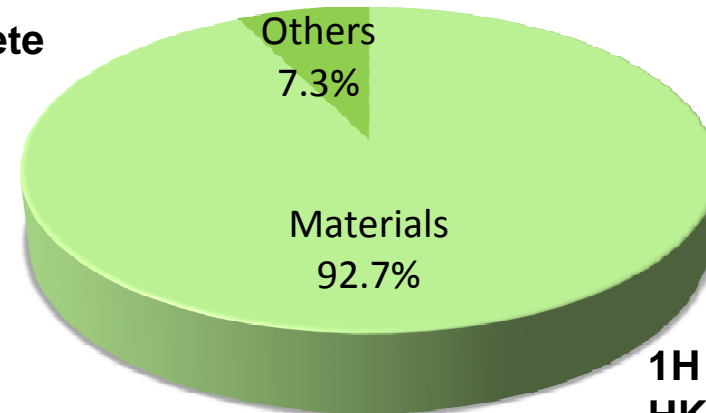


Concrete

1H 2010
HK\$227.8



1H 2011
HK\$268.0

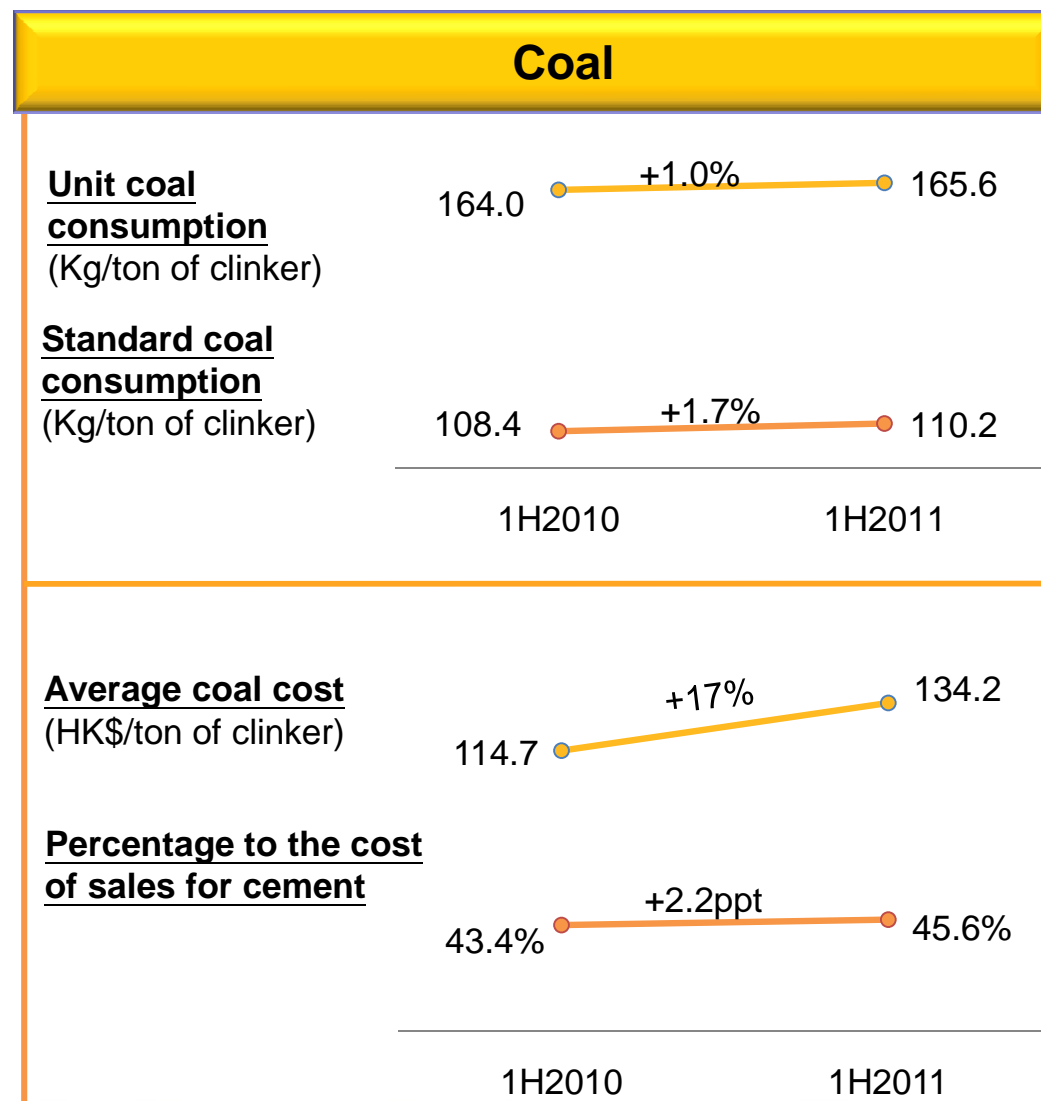


Coal Consumption



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- Average purchase price of coal increased 15.7% to HK\$810/ton
- Standard coal consumption increased during the period due to the performance of the small kilns acquired and commencement of new clinker production lines
- Represented 45.6% of the cost of sales for cement (1H 2010: 43.4%)



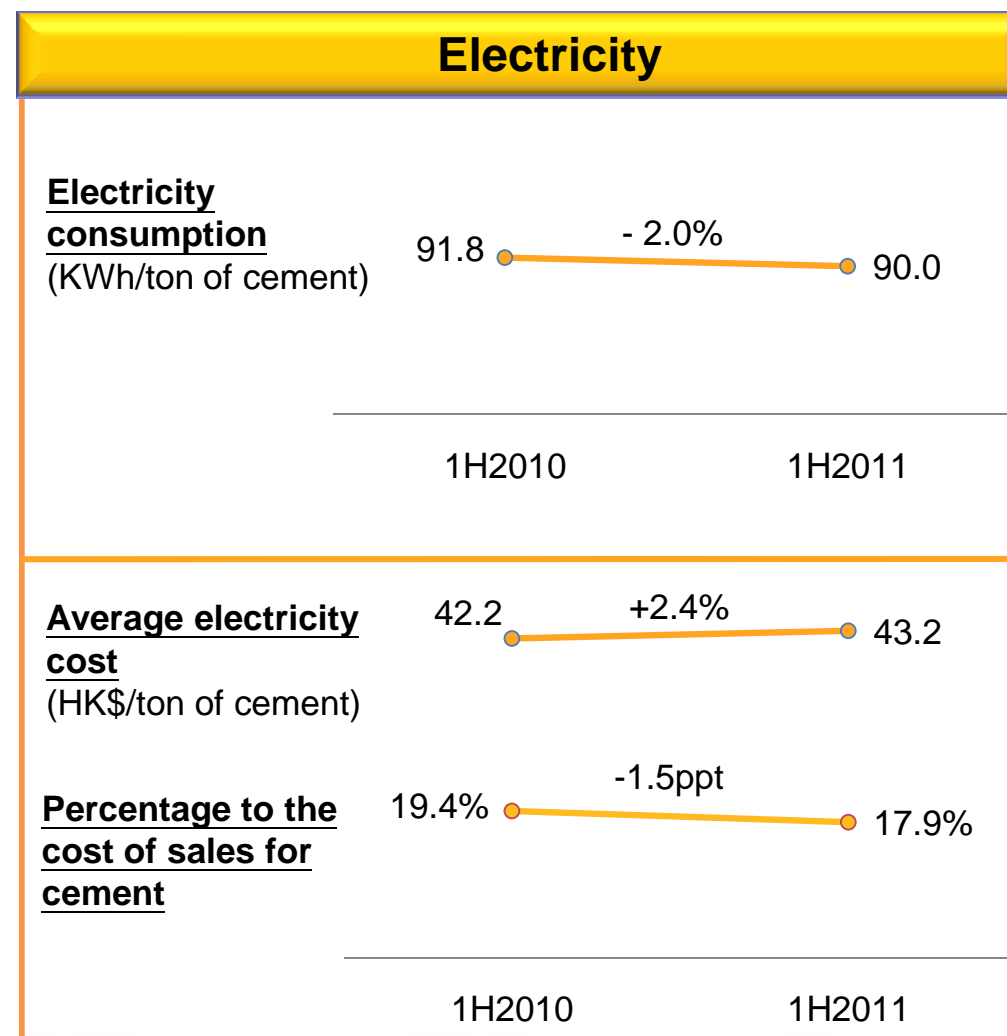
Improved Electricity Consumption

Improved electricity consumption to 90.0 KWh per ton of cement, representing a cost savings of approximately HK\$24.8 million

- The residual heat recovery generators generated 493million KWh of electricity in 1H 2011, increased by 56.9% (1H 2010: 314.2 million KWh)
- The electricity generated accounted for about 23.4% (1H 2010: 25%) of our required electricity consumption, representing a saving of about HK\$284.8 million (1H 2010: HK\$174.9 million)

Due to translation of expenses incurred, average electricity cost increased by 2.4% to HK\$43.2/ton of cement

Represented 17.9% of the cost of sales for cement (1H 2010: 19.4%)





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4. Outlook & Prospects



Strategic Objective: National Expansion



IMPRESSIVE PERFORMANCE


- 👑 Expansion strategy achieved
- 🏠 Shanxi is the first step for CR Cement to expand nationally
- 🏠 Successful acquisition in Shanxi and Inner Mongolia, enhanced the synergy on business development in the areas including Shaanxi
- 👑 Gradually extend to other areas that we consider to possess strategic value

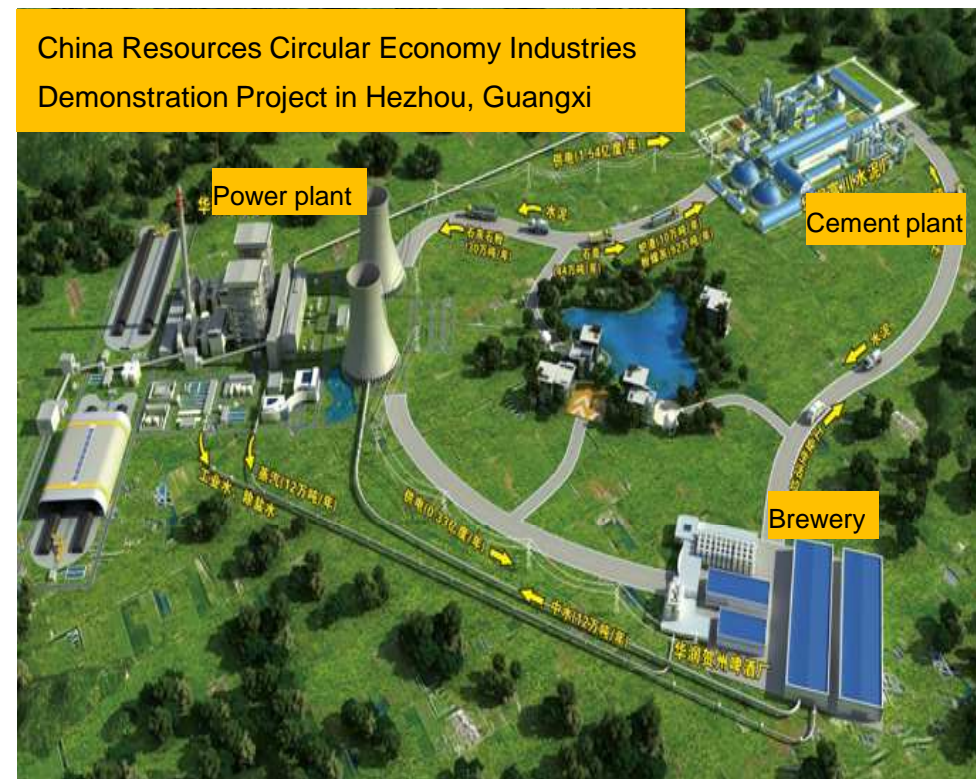
Circular Cycling Economy

- International hot topic and listed as a national strategy under the Twelfth Five-year Plan
- Adopting “3+2 strategy”
(Control, Conversion and Distribution of Resources + Lowest Total Cost and Regional Leading Position)
- Applied green concept in all production lines
 - Using NSP technology
 - Equipped with residual heat recovery generators
 - All clinker production lines and cement grinding lines are able to consume industrial waste during production
- CSI – lead the industry with innovative and green ideas during production
- Being appointed the co-Chairman of CSI in China

Sustainable Development (Con't)

Energy Saving & Emission Reduction

-  The China Resources Circular Economy Industries Demonstration Project launched in Hezhou, Guangxi










Sustainable Development (Con't)

Advanced Level on Treatment of Sludge & Industrial Waste

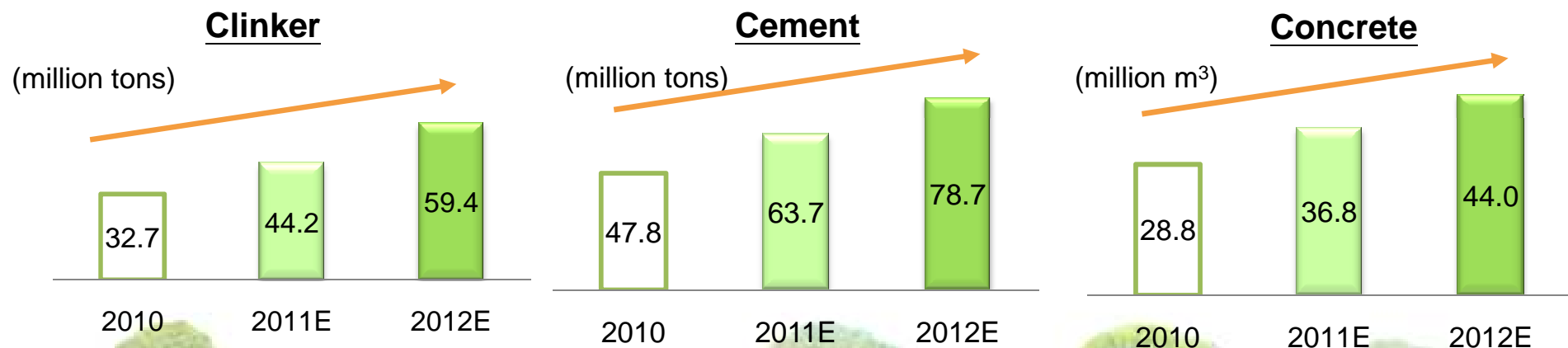
- The sludge treatment plant in Guangzhou owned by our Guangzhou JV can process 600 tons of sludge daily which is a plant with the highest capacity in the PRC
- The China Resources Cement Technology Centre set up in Guangzhou to develop energy savings, emission reduction as well as cost reduction technology
- R&D centre is presently applying for the provincial level qualification and we aim to achieve the national level qualification

Strategic Development Plan

OUR GOAL in 2011

-  To strengthen the leading position in:
Southern China, Shanxi, Inner Mongolia, Northern Shaanxi & Eastern Heilongjiang area
-  To expand production capacity by way of merger & acquisition
 -  Achieve at least 25% of market share in the areas that we operate
-  To keep good CSI practice
 -  Sustain the leading position in industry using innovative and green ideas, while maintaining high profitability

Capacity expansion through organic growth



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

Leading the Industry in the Future Market



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Strategic Expansion to Increase Production Capacity

Sustainable Development to Maintain Profitability

Strong R&D to implement Innovative & Green Ideas



To lead the market by
setting up high standard for
strong development



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5. Q & A

To become one of the national leading cement and concrete suppliers by grasping the historical strategic opportunity and fully utilizing the advantages of the industrial policy



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6. Appendix

Development Strategy of Cement

– “3+2” Strategy

