

(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 Third Quarter 2017 Third Quarter 2017

Contents



Page



	Company Profile	2
	Industry Overview	4
	Financial Highlights	10
	Operational Review	25
	Outlook & Prospects	30
	Appendix	34
1		

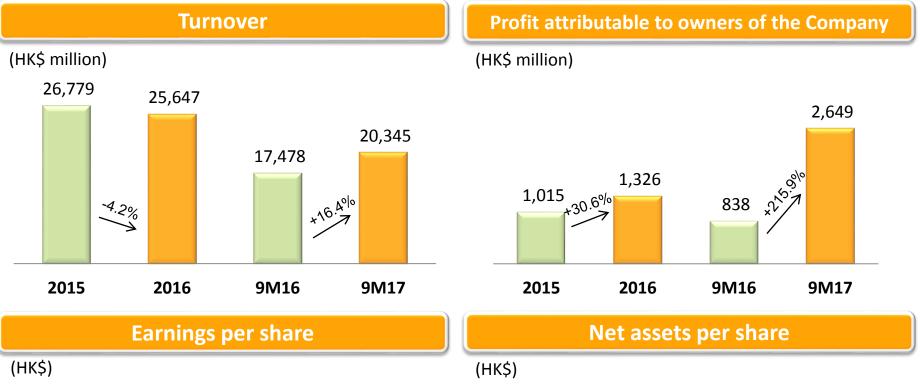
Company Profile

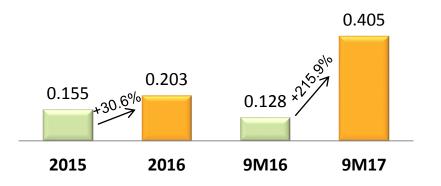


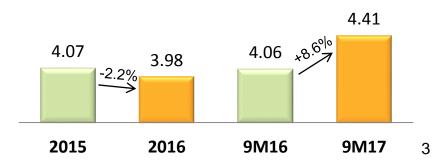
Subsidiary of CR Group	Market Position
One of 7 strategic business units of China Resources Group (holding 73.35% of issued shares)	 Mathematical Structures Mathematical Structures Mathematical Structures Mathematical Structures Differentiated competitive edge
Green Development	Development Strategy
 Green Development Energy saving: residual heat recovery generators	Development Strategy Lowest total cost
 Energy saving: residual heat recovery	

Financial Performance









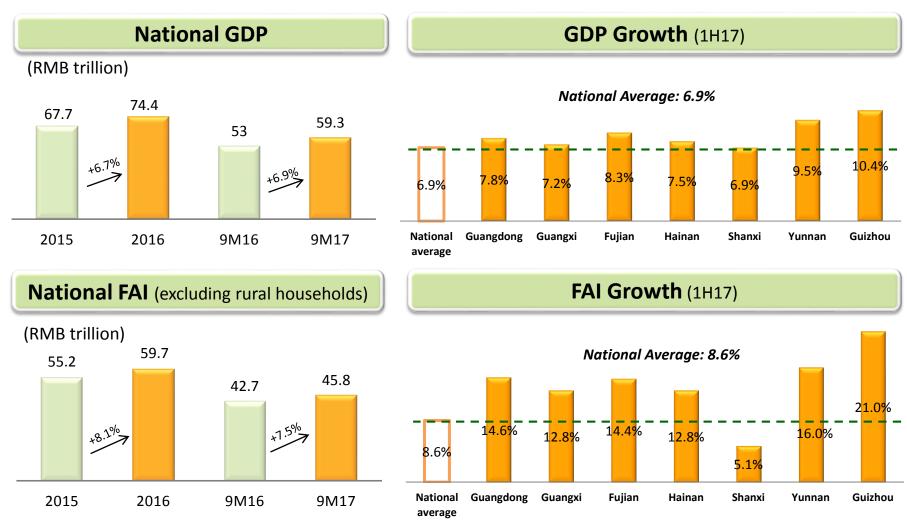


Industry Overview

Economic Growth



The Chinese government promoted supply-side structural reform and the national economy grew steadily.



Sources: National and Provincial Bureaus of Statistics of China

Cement Demand



		9M17	YoY	2016 YoY
Infrastructure	National Infrastructure Investments*	RMB 10.0 trillion	+19.8%	+17.4%
Innustracture	FAI on national railways	RMB 526.0 billion	+0.5%	-0.2%
	FAI on highways	RMB 1,537.5 billion	+23.9%	+7.7%

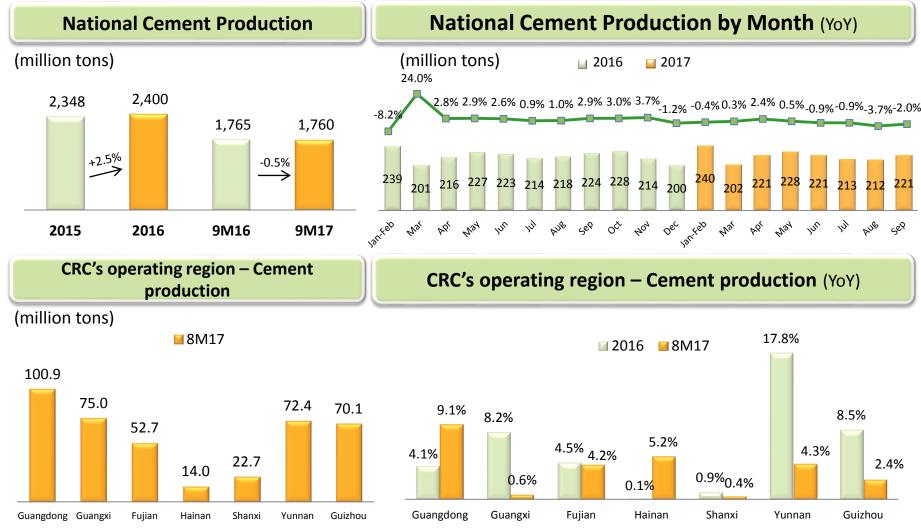
		9M17	YoY	2016 YoY
	Investment in real estate development	RMB 8.1 trillion	+8.1%	+6.9%
	Sales of commodity housing	RMB 9.2 trillion	+14.6%	+34.8%
	Floor space of commodity housing sold	1,160 million m ²	+10.3%	+22.5%
Real estate	Floor space of houses newly started construction	1,310 million m ²	+6.8%	+8.1%
	Floor space of houses completed	577 million m ²	+1.0%	+6.1%
	Land area purchased by the real estate developers	167 million m ²	+12.2%	-3.4%
	Floor space under construction by the real estate developers at end of Period	7,381 million m ²	+3.1%	+3.2%

*Note: Excluding the production and supply of electricity, heat, gas and water. Sources: National Bureau of Statistics of China, Ministry of Transport of China.

Cement Production



In 9M17, total cement production in China was 1.76 billion tons, representing a decrease of 0.5% from the corresponding period last year*.

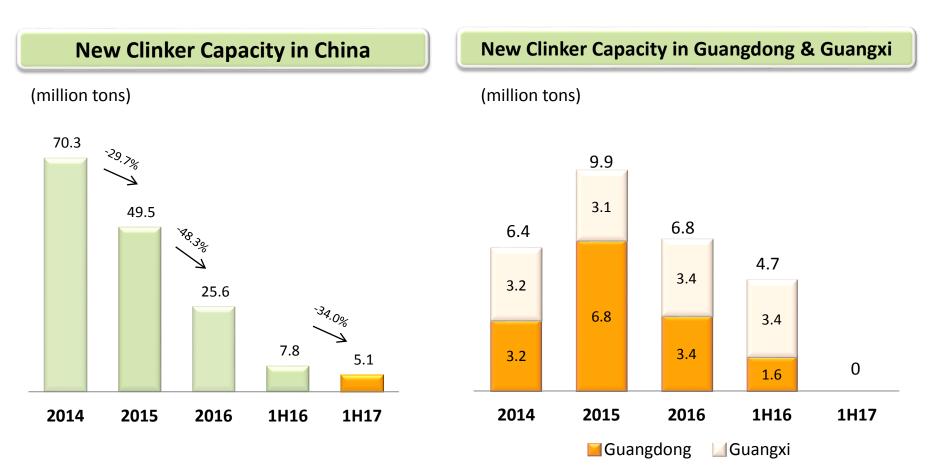


*Note: Statistics only include enterprises with annual turnover above RMB20 million. Source: National Bureau of Statistics of China

Cement Supply



Construction of four new clinker production lines, located in Shandong, Henan, Hebei and Hunan respectively, was completed in China in 1H17. New clinker production capacity amounted to 5.1 million tons in total, representing a decrease of 34.0% from the corresponding period last year.



Source: Company information

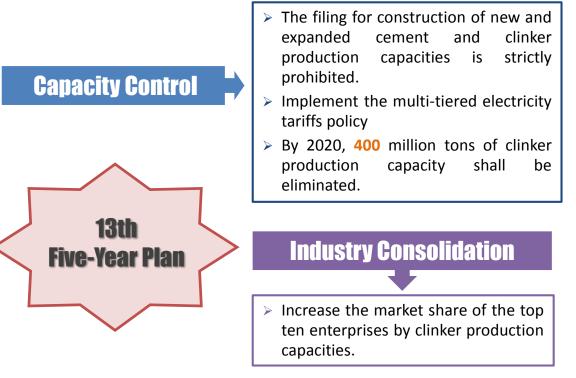
Industry Policy

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- In June 2017, the China Cement Association published the "13th Five-Year Plan for the Cement Industry".
- The promotion of supply-side structural reform in the cement industry and the intensive efforts in execution of environmental protection policies will help to accelerate the elimination of inefficient capacities, further increase industrial concentration, and enhance the long-term healthy and steady development of the cement industry.

Product Upgrade

 Eliminate PC32.5 grade cement and encourage the use of 42.5 or higher grade cement.



Green Development

- By 2020, comprehensive energy consumption per ton of clinker shall decrease to 105 kg of standard coal.
- > By 2020, the proportion of cement kiln production lines with waste co-processing equipment shall increase to 15% by capacity.



Financial Highlights

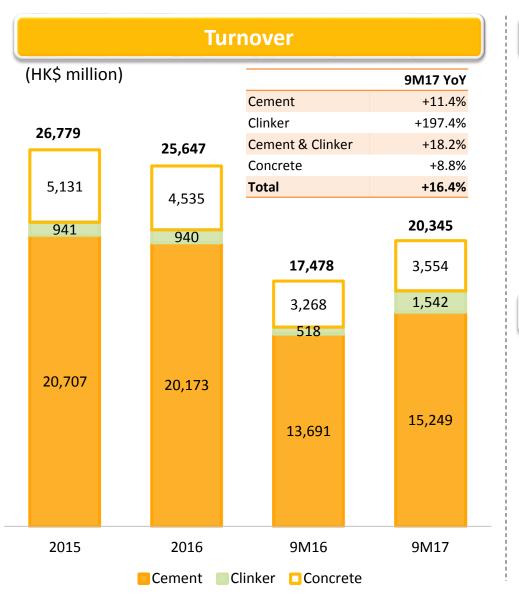
9M17 Results Summary

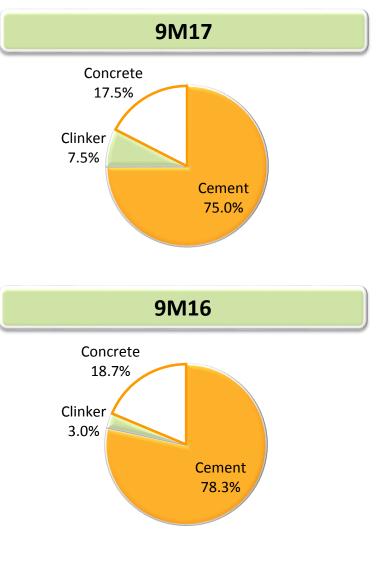


(HK\$ million)	3Q16	3Q17	YoY	9M16	9M17	YoY
Turnover	6,162.2	7,156.6	+16.1%	17,477.8	20,344.9	+16.4%
Gross profit	1,730.6	2,128.0	+23.0%	4,427.6	6,023.6	+36.0%
Exchange gain (loss)	(40.6)	81.0	-299.7%	(203.7)	229.7	-212.8%
Finance costs	(174.4)	(165.7)	-5.0%	(528.0)	(474.4)	-10.2%
Profit attributable to owners of the Company	580.8	1,008.8	+73.7%	838.3	2,648.6	+215.9%
Basic earnings per share (HK\$)	0.089	0.154	+73.7%	0.128	0.405	+215.9%

Turnover

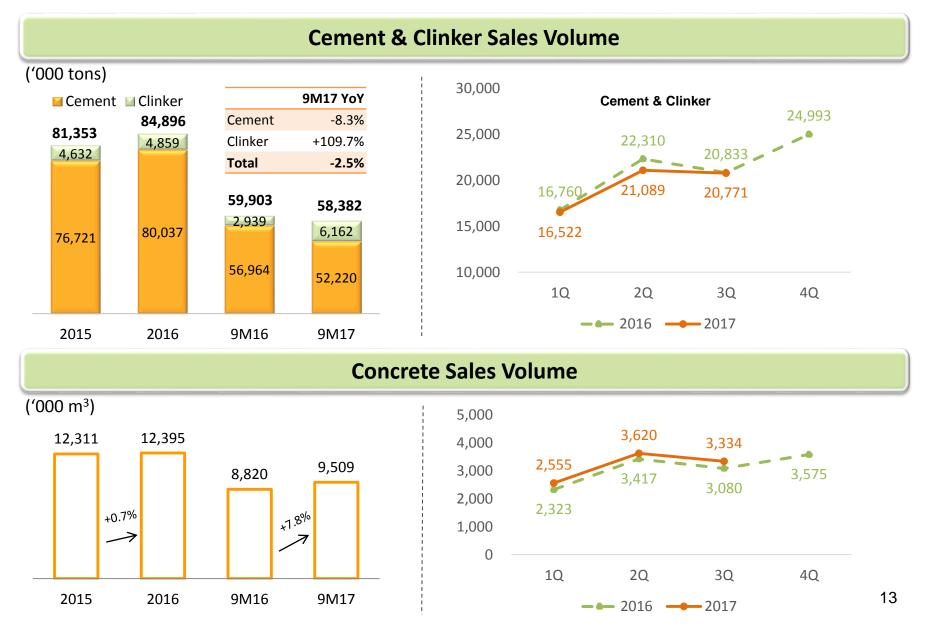






Sales volume

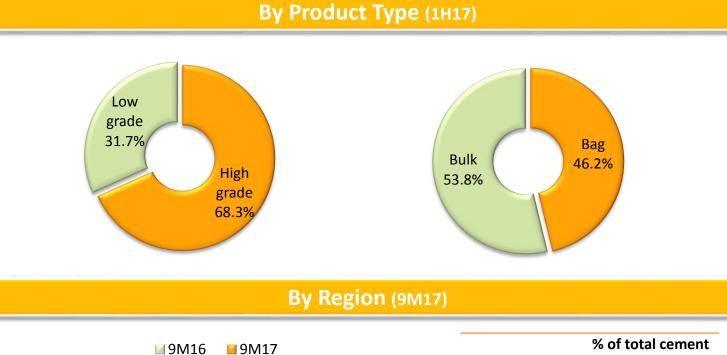


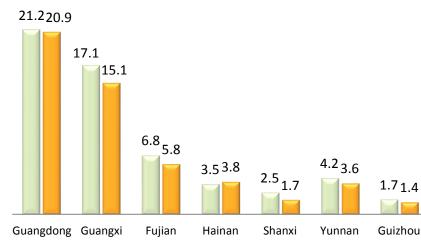


Breakdown of Cement Sales Volume



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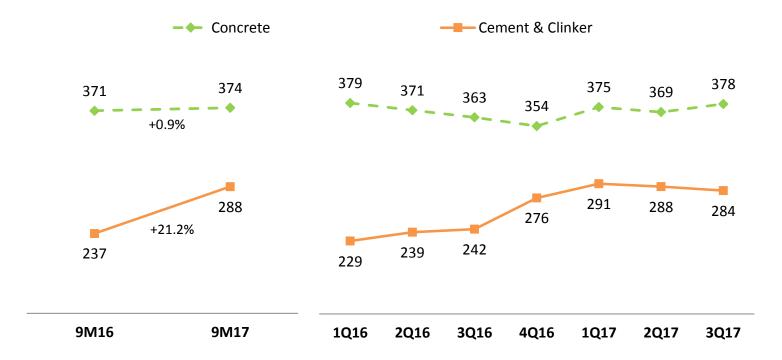


	% of total cement sales volume
Guangdong	40.1%
Guangxi	28.9%
Fujian	11.0%
Hainan	7.2%
Shanxi	3.2%
Yunnan	6.9%
Guizhou	2.7%
Total	100.0%

Average Selling Price



(HK\$ per ton/m³)

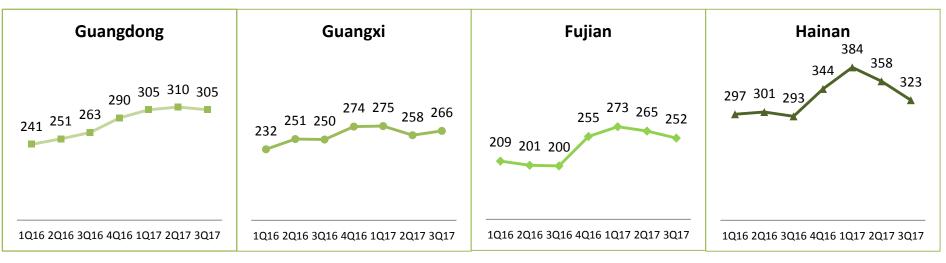


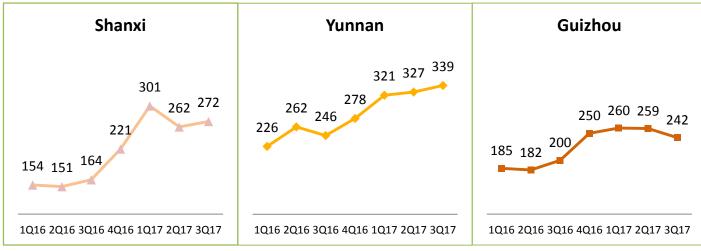
The average selling prices of our products were stable throughout 9M17 with mild decrease since the commencement of the rainy season in the second and third quarter.

Cement Selling Price by Region



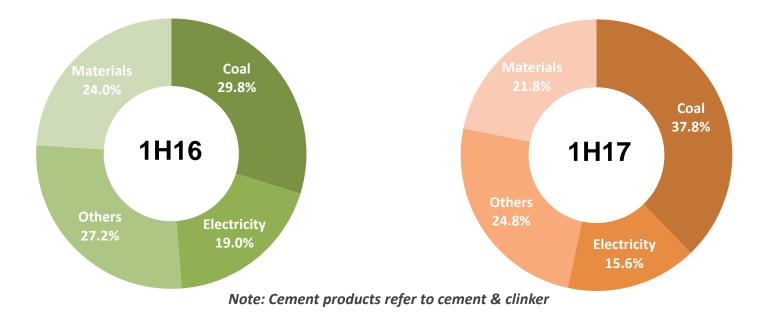
(HK\$ per ton)



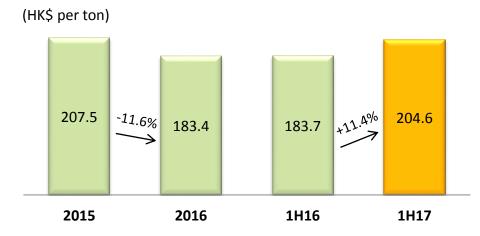


Cost Structure of Cement Products





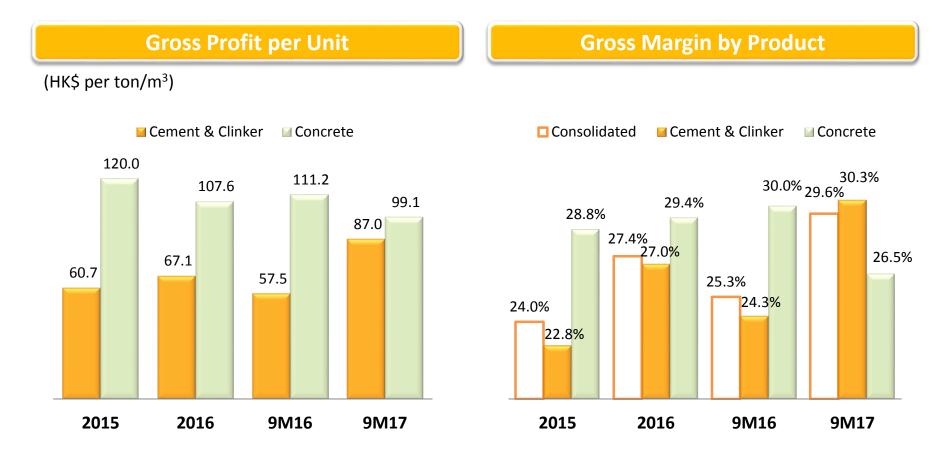
Unit Cost



(HK\$ per ton)	1H16	1H17	YoY
Coal	54.7	77.4	+41.5 %
Electricity	34.8	31.8	-8.6%
Materials	44.2	44.7	+1.1%
Others	50.0	50.7	+1.4%
Total	183.7	204.6	+11.4%

Gross Profit & Margin

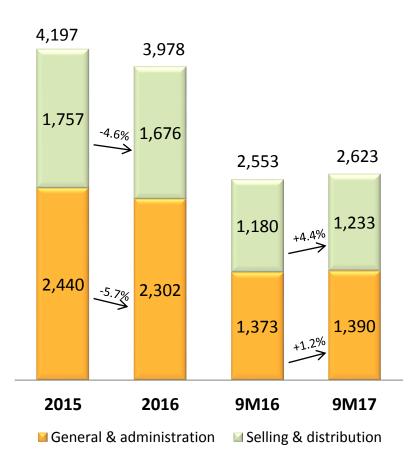


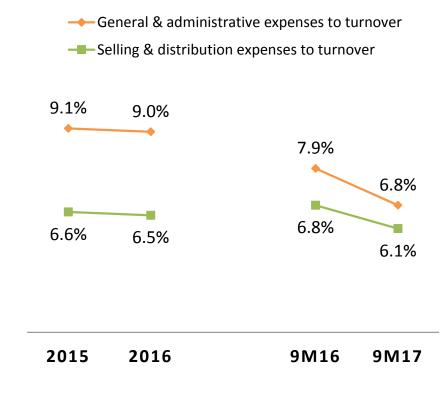


Selling, General & Administrative Expenses



(HK\$ million)

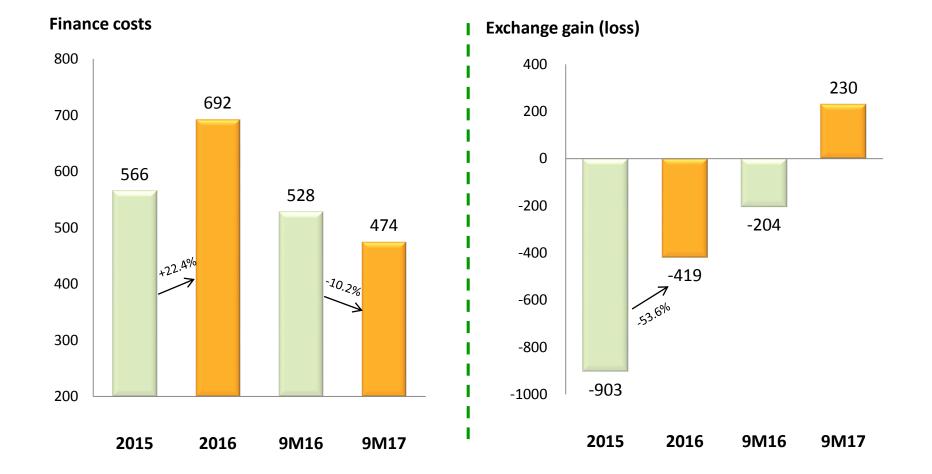




Finance Costs & Exchange Gain (Loss)

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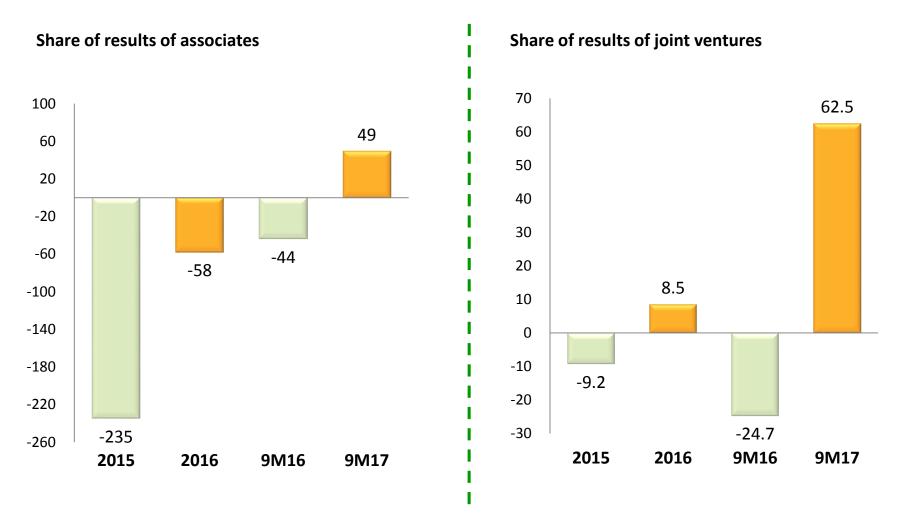
(HK\$ million)



Share of results of Associates & JVs



(HK\$ million)



Notes:

1. Our equity ownership in associates: 49.0% in Fujian Building Material (Holdings) Company; 40.6% in Inner Mongolia Mengxi Cement; 50.0% in Yunnan Cement & Building Materials Group.

2. Our joint ventures principally operate in Guangzhou.

Taxation



	2016	ΥοΥ	9M16	9M17	YoY
Taxation (HK\$ million)	896.8	1,787.7%	490.1	880.2	+79.6%
Effective tax rate	34.1%	+31.9ppt	31.5%	27.9%	-3.6 ppt

Note: Effective tax rate excludes the effects of the results of associates and joint ventures and the exchange gain (loss).

Financial Position



(HK\$ million)	31 Dec 2016	30 Sep 2017	Change
Cash and bank balances	3,158.7	6,921.5	+119.1%
Total assets	52,156.5	58,863.0	+12.9%
Net borrowings	14,667.7	15,018.5	+2.4%
Net assets per share (HK\$)	3.98	4.41	+10.8%

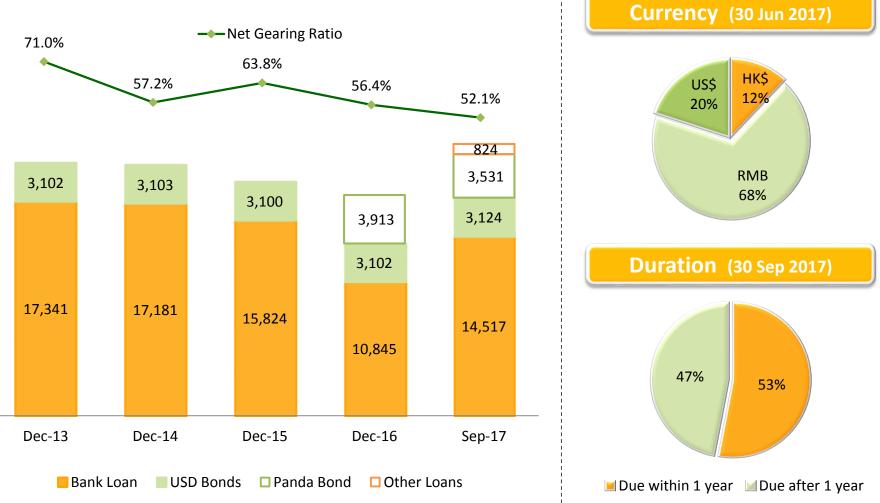
Notes:

- 1. Net borrowings equal to total bank borrowings, unsecured bonds, commercial paper, medium term notes and loan from CR Gas Group Limited (1193.HK), a fellow subsidiary 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 relevant reporting period.

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. Panda bond encompasses commercial paper and medium term notes.
- 3. The US dollar bond is due on 5 October 2017.
- 4. Other loans represent loan from a fellow subsidiary.

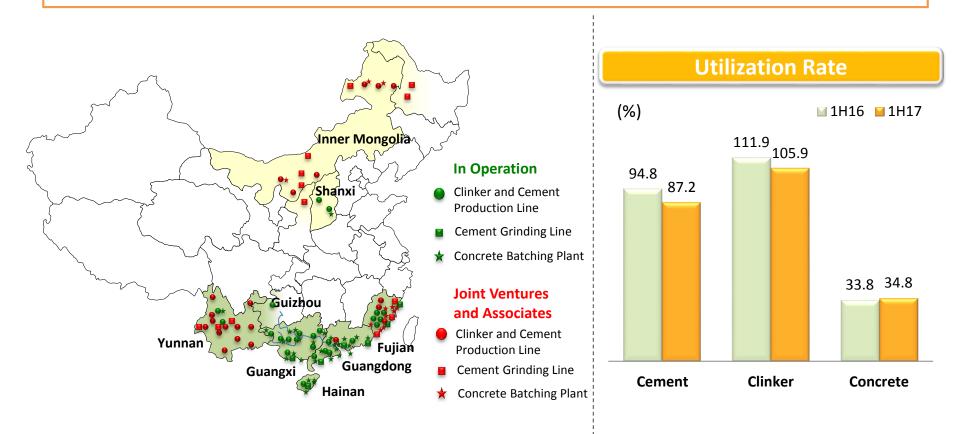


Operational Review

Production Capacity

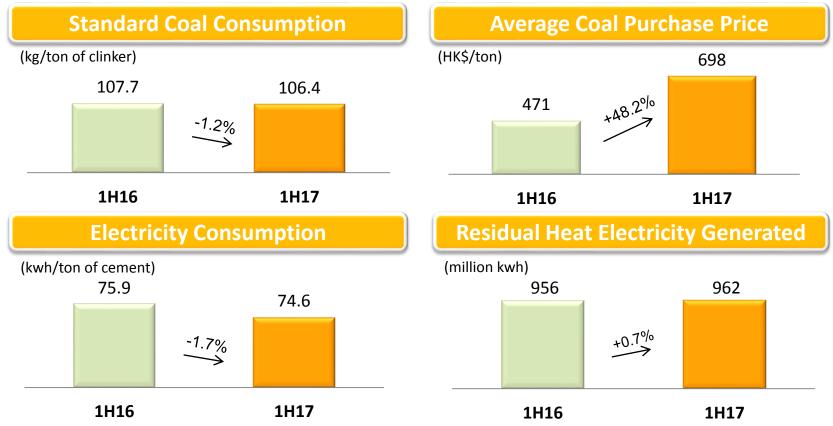


- As at 30 Sep 2017, we had 93 cement grinding lines and 44 clinker production lines in operation, with annual production capacity of 81.3 million tons of cement and 59.8 million tons of clinker respectively. We also owned 62 concrete batching plants with annual production capacity of 37.3 million m³ of concrete.
- The respective annual production capacities attributable to the Company according to our equity interests in associates and joint ventures were 19.3 million tons of cement, 13.0 million tons of clinker and 3.1 million m³ of concrete.



Energy Consumption





Coal cost: Average coal cost per ton of clinker increased by 48.1% to HK\$102.2.

Electricity cost:

- The reduced electricity consumption resulted in a cost saving of approximately HK\$27.2 million.
- Residual heat recovery generators **32.9%** of required electricity consumption, representing a cost saving of approx. HK\$473.6 million.
- In 1H17, we enjoyed the benefits of lower electricity tariff for a total of **1,581.2** million kwh of electricity consumed, which accounted for **54.1%** of the total electricity consumption for the production of cement products, and saved HK\$69.2 million under direct power supply agreements and price bidding arrangements.

Cost Management

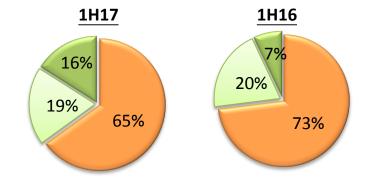
Procurement Management



Coal Procurement:

- The Group purchased 4.84 million tons of coal in 1H17 (4.66 million tons in 1H16), representing an increase of 3.9% over corresponding period last year. The proportion of direct coal procurement from coal producers maintained at approximately 75%.
- The Group will continue to strengthen co-operation with large-scale domestic coal suppliers and maintain the procurement channels of imported coal at an appropriate level so as to reduce procurement cost.

Operational Management



■ Northern China ■ Neighboring areas of our plants ■ Austrialia

- Lean management: The Group has continued the practice of lean management to reduce waste, cut costs and enhance efficiency. In 1H17, the Group launched 17 lean improvement projects.
- Intelligent factory pilot scheme Cement production plants in Fengkai County, Guangdong and Nanning City, Guangxi.

Logistics Management

- Logistics information systems
 - Mobile application for placing sales orders: Provide convenient, timely and quality services to customers
 - "Smart Card" system: Increase the efficiency of delivery and improve the level of customer service.
- **Shipping and silo capacity:** Annual shipping capacity along Xijiang River maintained at approximately **34.5** million tons. As of the end of June 2017, the Group controlled the operations of 43 silo terminals with an annual capacity of approximately 33.0 million tons, which are mainly located in the Pearl River Delta region of Guangdong.

Sustainable Development



Production Safety

- Regulations and standards: Emergency Plan for Responding to On-Site Production Safety Accidents and Regulations on Management of Works at Heights
- **Training programmes:** Production safety standardization and safety management
- Production Safety Standardization: As of the end of June 2017, 22 cement production plants of the Group had passed the assessments as the First-Class Enterprise in National Production Safety Standardization.

Environmental Protection

- By installing denitration systems, bag filter system and desulfurization systems, our emission levels of nitrogen oxides, particulate matters and sulphur dioxide are in full compliance with national standards.
- Co-processing projects
 - In operation: The urban and rural waste co-processing project in Binyang County, Guangxi (daily processing capacity: 300 tons). The urban sludge co-processing project in Nanning City, Guangxi (daily processing capacity: 300 tons)
 - Under construction: The urban and rural waste co-processing projects in Tianyang County, Guangxi and Midu County, Yunnan with respective daily processing capacities of 500 tons and 300 tons are expected to be completed by the end of 2017.

Awards & Recognitions

- China Resources Cement Holdings Limited was honoured "BOCHK Corporate Environmental Leadership Awards 2016

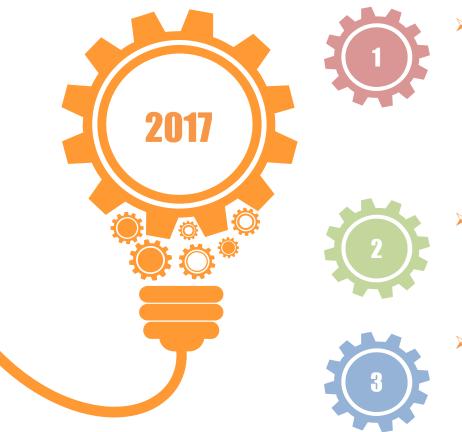
 Manufacturing Sector" Silver Award by the Federation of Hong Kong Industry;
- Guangxi China Resources Hongshuihe Cement Co., Ltd. was granted the title of "Clean Production Enterprise (2015-2020)" by the Commission of Industry and Information Technology, the Department of Environmental Protection and the Development and Reform Commission of Guangxi jointly;
- The "mechanical biological pretreatment + HOTDISC incineration" technology applied in the urban and rural waste co-processing project in Binyang County, Guangxi was awarded an appraisal certificate of scientific and technological achievement by the China Building Materials Federation and the China Cement Association.



Outlook & Prospects

Macroeconomic Outlook





- As the year of intensifying the **supply-side structural reform**, in 2017, the Chinese government will further eliminate excess capacities, de-stock, de-leverage, reduce costs and make improvement on the areas of weaknesses in order to maintain the steady and healthy economic development.
- According to the Work Report of the Chinese government, the targeted GDP growth in 2017 is approximately **6.5%** and the targeted FAI growth is approximately **9.0%**.
- The government will continue to boost the construction of transportation and other major projects. This year, the targeted FAI on railways is RMB800 billion and the targeted FAI on highways and waterways is RMB1.8 trillion.

Cement Demand Drivers





> Operational length⁽¹⁾:

- Railways: increase by 30,000 km to 150,000 km by 2020
- Highways: increase by 450,000 km to 5,000,000 km by 2020
- Urban rail transit: double to 6,000 km by 2020
- **Transportation investments**⁽²⁾: **RMB15 trillion**, +20% vs 12th Five-Year Plan
 - Railways: RMB3.5 trillion
 - Highways: RMB7.8 trillion

The targeted length of urban underground utility tunnels that commence construction in 2017 is above 2,000 km.

The targeted length of urban underground utility tunnels that complete construction and commence operations in **Guangdong** and **Guangxi** during the "13th Five-Year" period will be 1,000 km and 200 km respectively. ⁽³⁾

The Chinese government will research and formulate a development plan for a city cluster in the Guangdong-Hong Kong-Macau Greater Bay Area.⁽³⁾

Through consolidation of regional resources and competitive edges and intensification of regional integration, the plan will strengthen the competitiveness of the Pearl River Delta region and propel steady economic growth in the region.

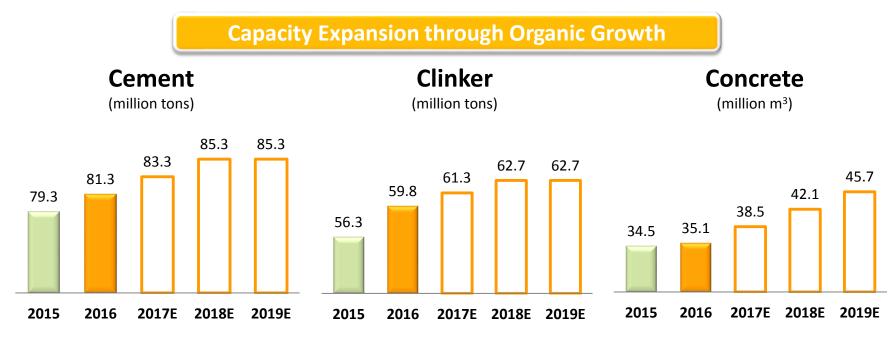
Sources:

- (1) The 13th Five-Year Plan on the Development of Modern Complex Transportation System issued by the State Council of China in February 2017
- (2) Ministry of Transportation of China
- (3) The Work Report of the Chinese government published by the State Council of China in March 2017

Strategies and Prospects



- Facing the opportunities and challenges of the cement industry in China, the Group will persistently strive for the lowest total cost with a leading market position in the region through the control, conversion and distribution of resources.
- The Group will promote technological upgrade, energy saving, emission reduction and waste co-processing by use of cement kilns at other cement production plants. In order to drive for further development with innovation and deliver differentiated products to clients, the Group will continue research and development on products, technology and materials.
- In the future, the Group will actively explore the opportunities of upstream and downstream expansion in the industry, seek strategic co-operation with domestic and international leading cement enterprises for joint promotion of the sustainable development of the cement industry in China.



Note: Excluding the capacity held through equity interest in associates and joint ventures







Our vision

To become a respected world-class cement company

CR Cement Development Strategy



	Control of Resources	 The top priority of enter into a regional market is getting control of quality limestone reserves with following criteria: Abundant reserve for at least 30 years of cement production Good quality with 50% or above CaO content Low disposal ratio and in convenient location
Business – Model	Conversion of Resources	 Efficient and environmental production facilities with standard operation procedure 100% cement production line equipped with residual heat recovery generator and able to consume industrial waste during production
	Distribution of Resources	 Establish comprehensive and efficient logistics network including waterway freight (with silo terminal), road freight and transshipment Promote direct sales model and sales channel management to lower distribution expense
	Lowest Total Cost	• Be the lowest total cost operator via cost management throughout the whole industry chain, i.e. control, conversion and distribution of resources, to maintain our sustainable competitiveness in regional market
Competitive Strategy	Leading in Regional Market	• Target for a minimum 25% market share with strong pricing power in regional cement market
	Innovation Driven Development	•Boost innovative development in products, materials and technology

CR Cement's Production Capacity



Controlled by the Group

(As at 30 Sept 2017)

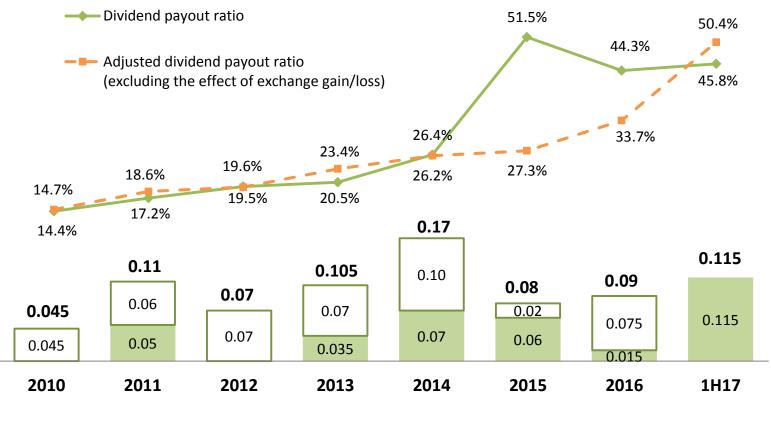
	Cement		Clinker		Concrete	
Province/AR/SAR	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	24	22.5	10	14.4	26	16.3
Guangxi	35	31.2	17	25.0	24	14.2
Fujian	14	10.1	6	7.0	-	-
Hainan	5	4.4	3	3.3	5	3.0
Shanxi	6	6.0	3	4.6	1	0.6
Yunnan	7	5.1	4	3.9	1	0.6
Guizhou	2	2.0	1	1.6	-	-
Zhejiang	-	-	-	-	2	1.1
Hong Kong	-	-	-	-	3	1.5
Total	93	81.3	44	59.8	62	37.3

Controlled by associates and joint ventures

	Cement		Clinker		Concrete	
Province/AR	No. of lines	million tons	No. of lines	million tons	No. of plants	million m ³
Guangdong	8	4.8	2	3.7	-	-
Fujian	14	11.4	7	7.9	9	5.4
Yunnan	37	24.6	20	17.8	-	-
Inner Mongolia	26	17.8	7	10.1	5	1.5
Total	85	58.6	36	39.5	14	6.9
Attributable	-	19.3	-	13.0	-	3.1

Dividend Payout (HK\$)





Interim Difinal

38



Cement Capacity

(million tons)



Capital Expenditure



(HK\$ million)



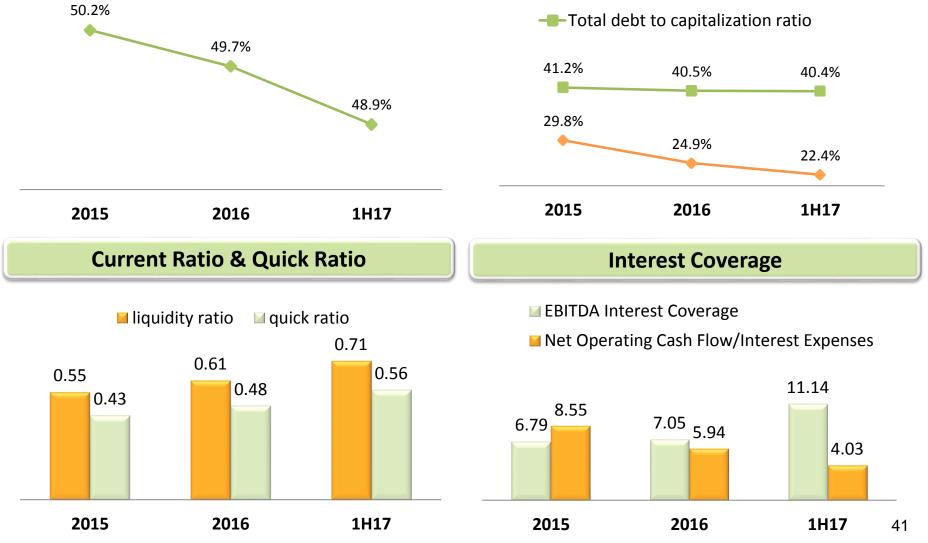
Solvency Ratios

Debt Ratio



Capitalization Ratio

Iong-term debt to capitalization ratio



Financial Summary



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

(HK\$ million)	2016	2015	2014	2013	2012	2011
Turnover	25,647.5	26,778.7	32,668.9	29,340.6	25,345.3	23,240.0
EBITDA	4,881.7	3,837.6	8,285.2	6,698.1	5,235.5	6,633.7
Profit attributable to owners of the Company	1,325.9	1,015.0	4,206.4	3,338.4	2,324.4	4,179.0
Basic earnings per share (HK\$)	0.203	0.155	0.644	0.512	0.357	0.641
Total Assets	52,156.5	54,216.8	57,537.1	54,179.7	52,159.1	50,579.7
Equity attributable to owners of the Company	26,006.8	26,556.9	28,179.9	24,820.9	21,375.7	19,298.7
Net borrowings	14,667.7	16,945.3	16,112.7	17,618.1	18,641.9	17,625.5
Net assets per share (HK\$)	3.98	4.07	4.31	3.80	3.28	2.96
(HK\$ million)	2016	2015	2014	2013	2012	2011
Net cash generated from operating activities	4,111.7	4,833.6	6,858.8	5,121.1	4,304.7	5,150.8
Net cash used in investing activities	(1,671.3)	(4,641.9)	(4,557.2)	(3,316.9)	(4,499.5)	(13,290.3)
Net cash (used in) generated from financing activities	(1,034.6)	(2,245.1)	(971.6)	(2,642.5)	20.2	7,571.2
Cash and cash equivalent at end of the year	3,158.7	1,937.7	4,147.8	2,821.8	3,561.9	3,737.8

Notes:

1. Net borrowings equal to total bank borrowings, unsecured bonds, commercial paper and 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 42 at the end of the year.



Investor Relations Contact

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Important Shareholders' Dates

Events	Planned Dates
2017 Annual Results Announcement	9 March 2018*
Publication of 2017 Annual Report	22 March 2018*

*Tentative dates

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