



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

First Quarter 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 producer** in Southern China



Market Position

Environment, Health & Safety

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

Future Development

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



Financial Performance

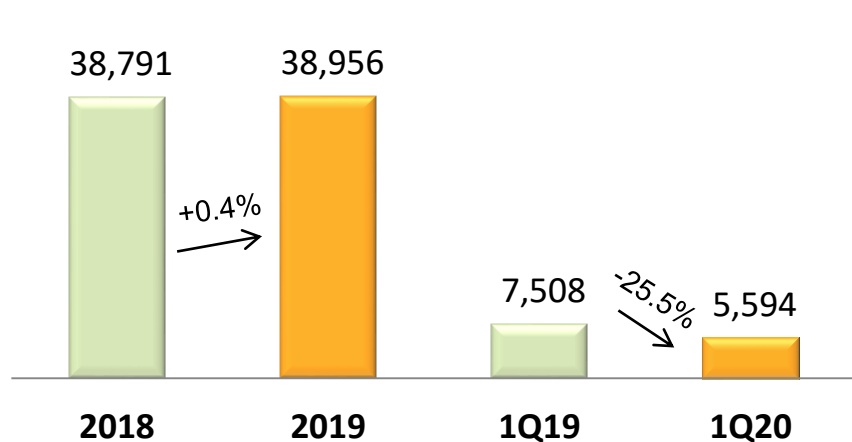


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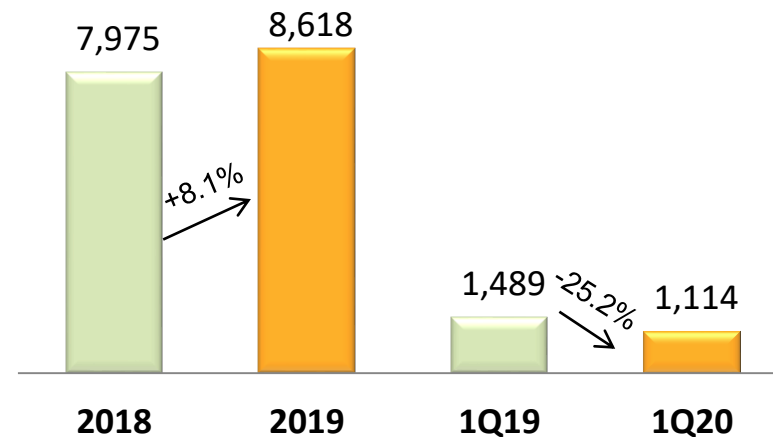
Turnover

(HK\$ million)



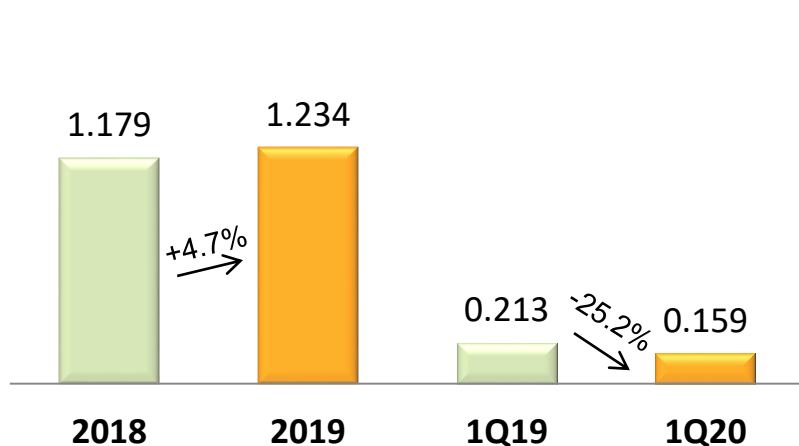
Profit attributable to owners of the Company

(HK\$ million)



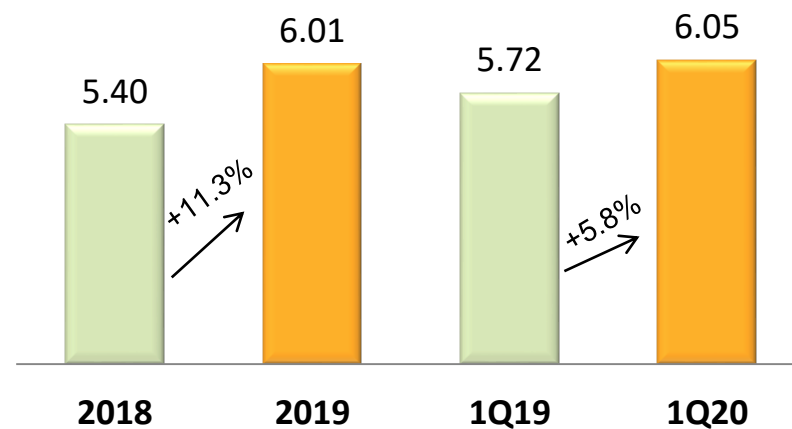
Earnings per share

(HK\$)



Net assets per share

(HK\$)





Industry Overview



Economic Growth



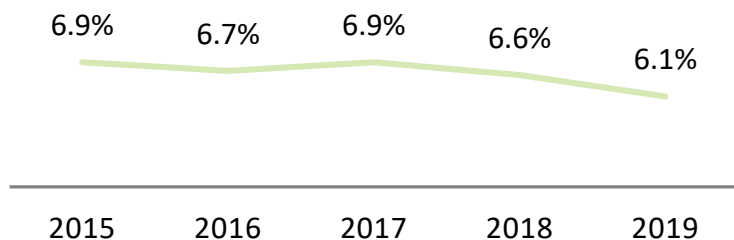
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China Resources Cement Holdings Limited

- In 1Q20, faced with the severe challenge of the coronavirus epidemic, the Chinese government launched a series of measures and brought the domestic outbreak under control. Since March, due to the acceleration in resumption of work and production, the overall situation of economic and social development has stabilized.
- In 1Q20, National GDP was **RMB 20.7 trillion**, **-6.8%** YoY. National FAI was **RMB 8.4 trillion**, **-16.1%** YoY, which has narrowed by **8.4 ppt** from the first two months.

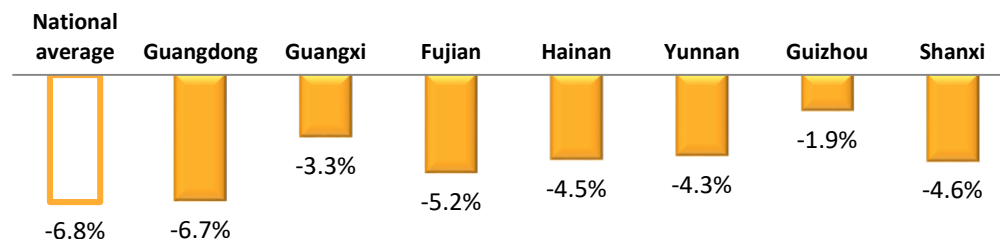
National GDP

2019: RMB 99.1 trillion



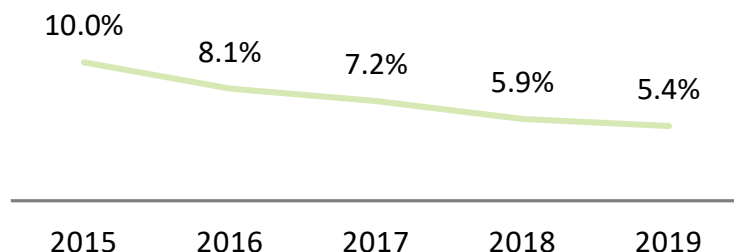
GDP Growth (1Q20)

(YoY)



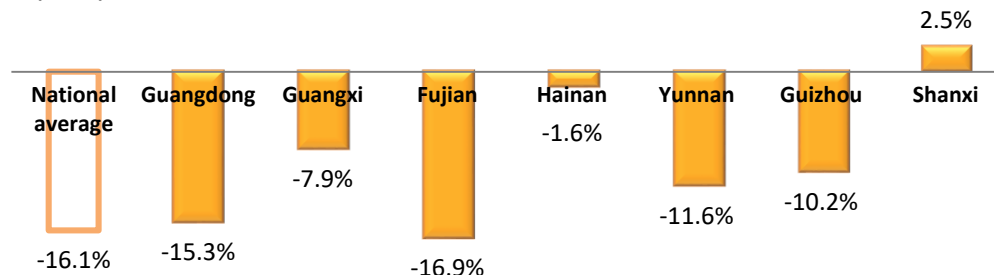
National FAI(excluding rural households)

2019: RMB 55.1 trillion



FAI Growth (1Q20)

(YoY)



Cement Demand Drivers



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Infrastructure



- In 1Q20, national infrastructure investments* decreased by 19.7% YoY, which has narrowed by 10.6 ppt from the first two months.
 - *Railway: ~RMB79.9 billion, -21.0% YoY*
 - *Highways & waterways: ~RMB287.2 billion, -22.9% YoY*

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

- In 1Q20, the decline in real estate investment was significantly narrower from the first two months.
 - *Real estate investment: RMB2.2 trillion, -7.7% YoY*
 - *Floor space of commodity housing sold: 220 million m², -26.3% YoY*

Real Estate Market



| (Million m ²) | 1Q20 | YoY | 2019 YoY |
|--|-------|--------|----------|
| Floor space of houses newly started construction | 280 | -27.2% | +8.5% |
| Floor space of houses completed | 160 | -15.8% | +2.6% |
| Floor space under construction by real estate developers | 7,180 | +2.6% | +8.7% |
| Land area purchased by real estate developers | 20 | -22.6% | -11.4% |

Rural Market



- Rural revitalization & poverty reduction through transportation infrastructure
 - *Total operational length of newly built and re-built rural roads reached 290,000 km as at the end of 2019*
 - *The urbanization rate: 60.6% as at the end of 2019*

Cement Production



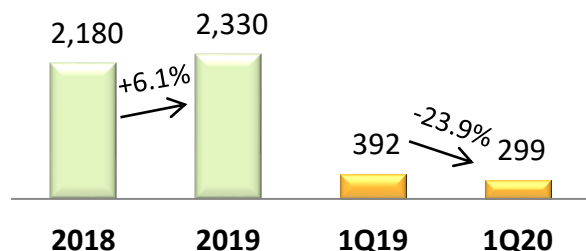
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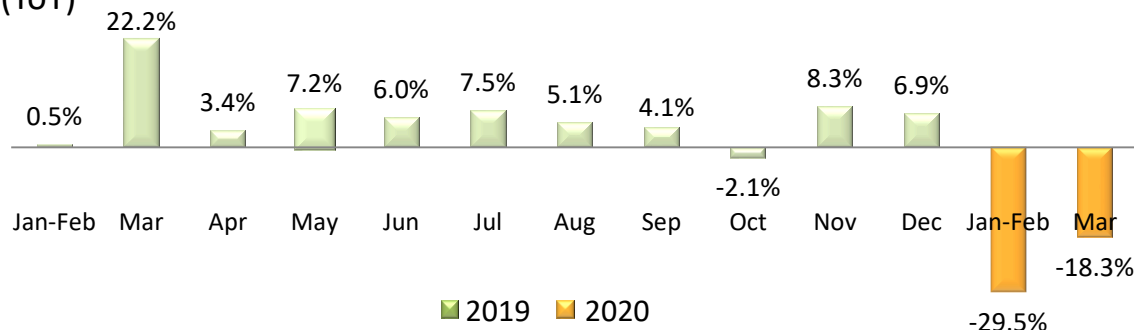
- With the orderly promotion of resumption of work and production across various regions in China, the impact of the epidemic on the cement industry has also been alleviated.
- In 1Q20, China's cement production was approximately **299** million tons*, **-23.9%** YoY, which has narrowed by **5.6 ppt** from the first two months.

National Cement Production ⁽¹⁾

(million tons , YoY)

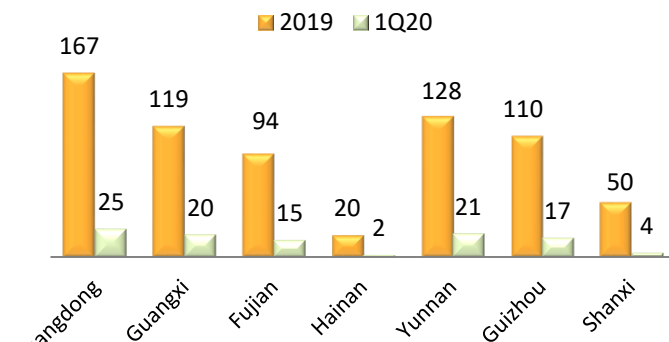


(YoY)

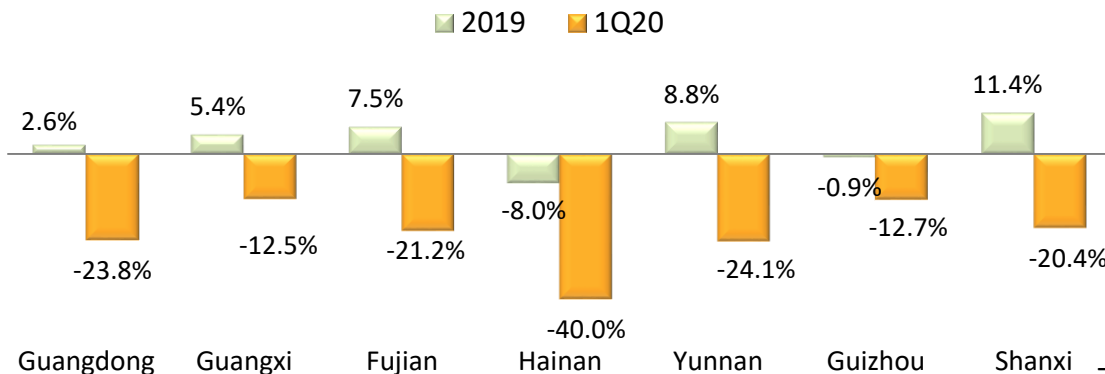


CRC's operating region ⁽²⁾

(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



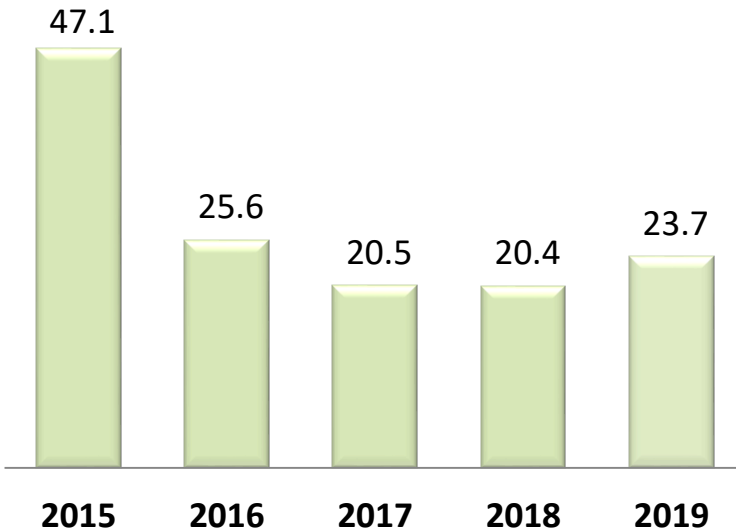
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- In 2019, **16** new clinker production lines with total annual capacity of **23.7** million tons commenced operation in China. Of which, **2** production lines with total annual capacity of **2.8** million tons are located in Guangxi.

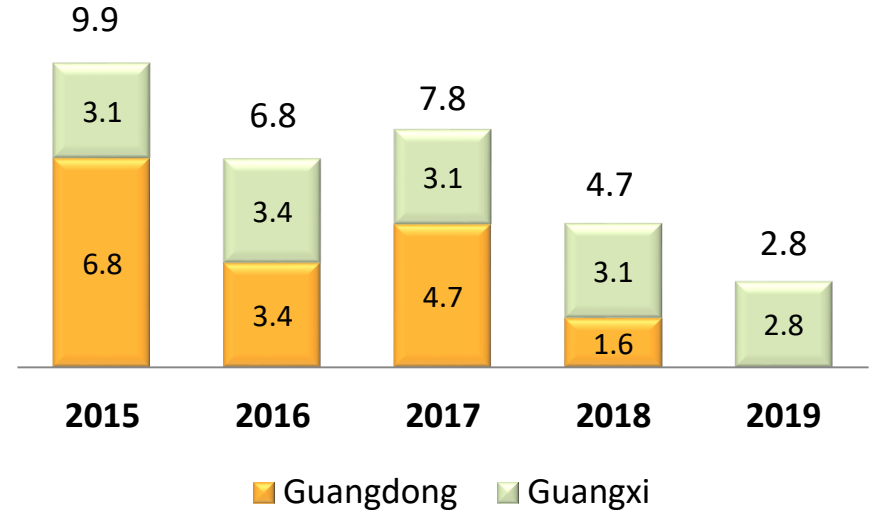
New Clinker Capacity in China

(million tons)



New Clinker Capacity in Guangdong & Guangxi

(million tons)



Source: Company information, China Cement Association

Cement Industry Policy



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- The government continuously advanced energy saving, emission reduction and production safety, reinforced environmental protection law enforcement and supervision to promote the high-quality and sustainable development of the cement industry.

New 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 less than 1 out of 3 consecutive years

Sustainable Development

- **Green Factory:** Intensified land usage, hazard-free raw material, clean production, waste utilization & low-carbon energy consumption
- **Green Mine:** Ecological mining environment, scientific excavation, effective resource usage & informationized management
- **Co-processing:** The proportion of co-processing production lines shall increase to 15% by 2020
- **Structural Optimization:** Catalogue for Guiding Industry Restructuring (effective from Jan 1, 2021)

Blue-Sky Defense

- **Off-Peak Production:**
 - ✓ **Industry:** Steel, Coking, **Building Materials**, Foundries, Non-ferrous Metals and Chemical industries in major regions during **Autumn & Winter**, approx Nov – Mar varies by region
 - ✓ **Region:** Beijing-Tianjin-Hebei and neighbouring areas, Yangtze River Delta region, Fen-Wei River Plains

Government Inspection

- **Nationwide Central Environmental Protection Inspections & Revisit**
 - ✓ **Measures** such as filing cases, penalties, fines, administrative and criminal detentions were imposed on problematic enterprises
 - ✓ **Second Round (2019-2023)** of inspection for state-owned enterprises and government ministries
- **Production Safety and Occupational Health**
- **Overloading Problem:** Strengthen monitoring and law enforcement



Financial Highlights



1Q20 Results Summary



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| (HK\$ million) | 1Q19 | 1Q20 | YoY |
|--|---------|---------|----------|
| Turnover | 7,508.5 | 5,594.1 | -25.5% |
| Gross profit | 2,846.7 | 2,193.2 | -23.0% |
| Gross margin (%) | 37.9% | 39.2% | +1.3 ppt |
| Exchange gain | 5.9 | 1.2 | -79.7% |
| Finance costs | (107.7) | (79.1) | -26.6% |
| Profit attributable to owners of the Company | 1,488.9 | 1,113.7 | -25.2% |
| Basic earnings per share (HK\$) | 0.213 | 0.159 | -25.2% |

Remark:

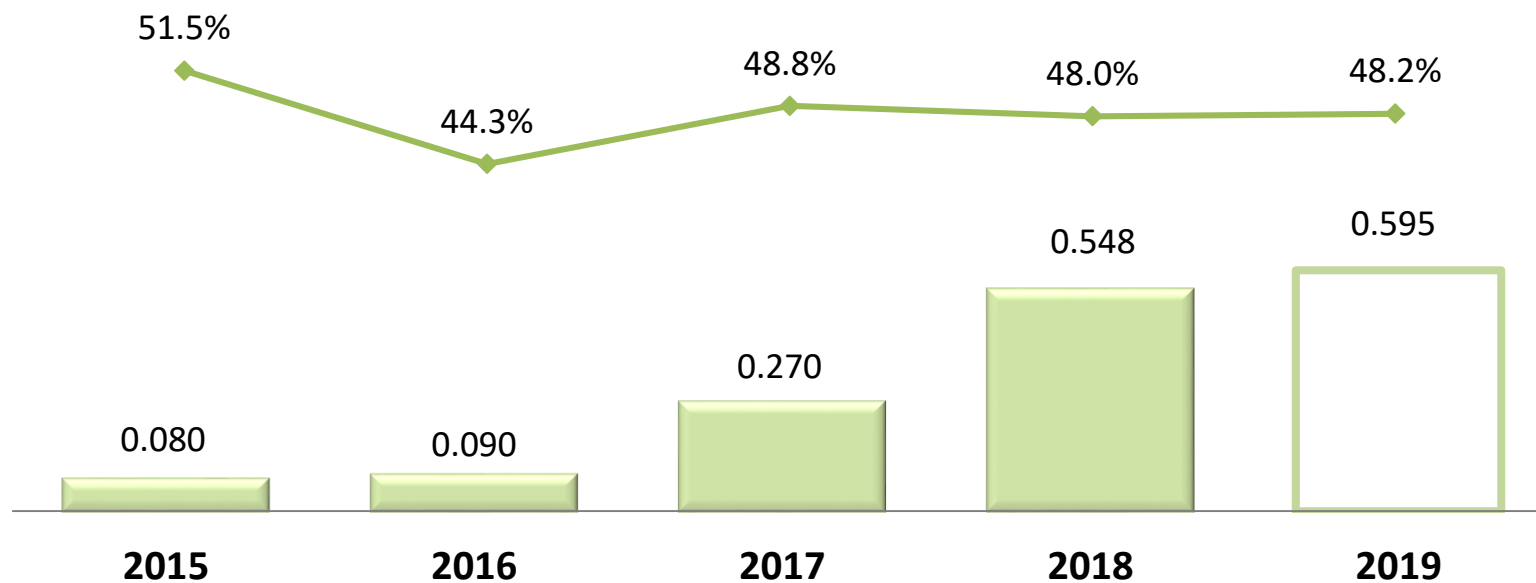
The functional currency of the Group is RMB while the financial figures are all denominated in HK\$. Comparing with the corresponding period in 2019, RMB had depreciated against HK\$ by approximately 4%.

Dividend Payout (HK\$)



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◆ Dividend payout ratio



(HK\$)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------|------|-------|-------|-------|-------|
| Interim | 0.06 | 0.015 | 0.115 | 0.275 | 0.260 |
| Final | 0.02 | 0.075 | 0.155 | 0.273 | 0.335 |

Turnover

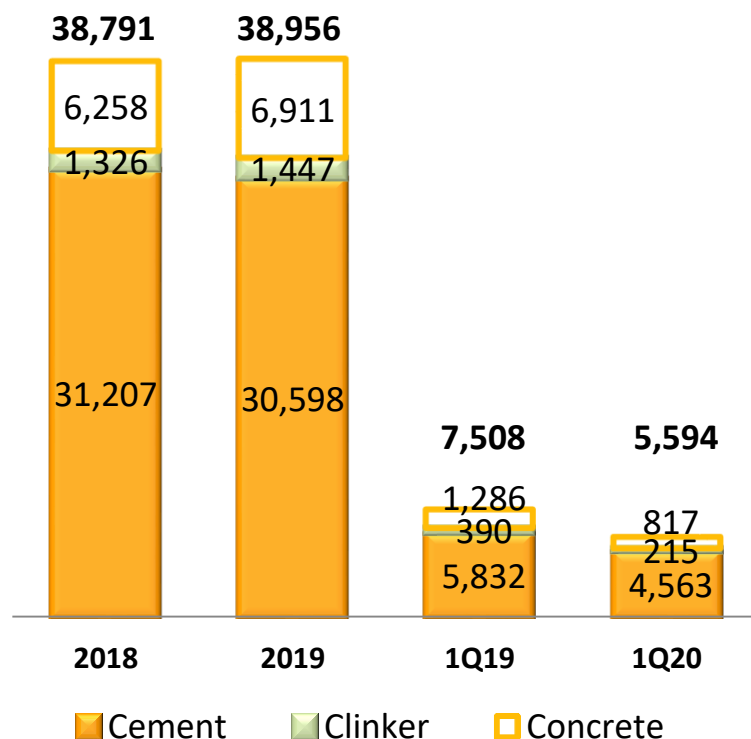


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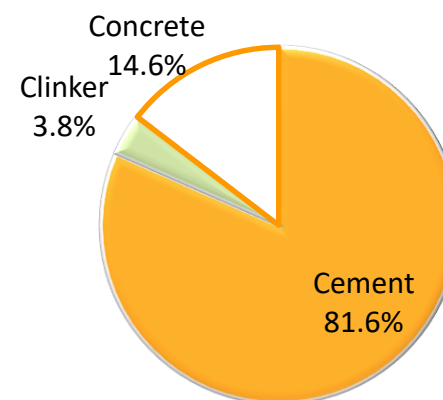
Turnover by Product

(HK\$ million)



| | 2019 YoY | 1Q20 YoY |
|--------------|--------------|---------------|
| Cement | -2.0% | -21.8% |
| Clinker | +9.1% | -44.9% |
| Concrete | +10.4% | -36.5% |
| Total | +0.4% | -25.5% |

1Q20



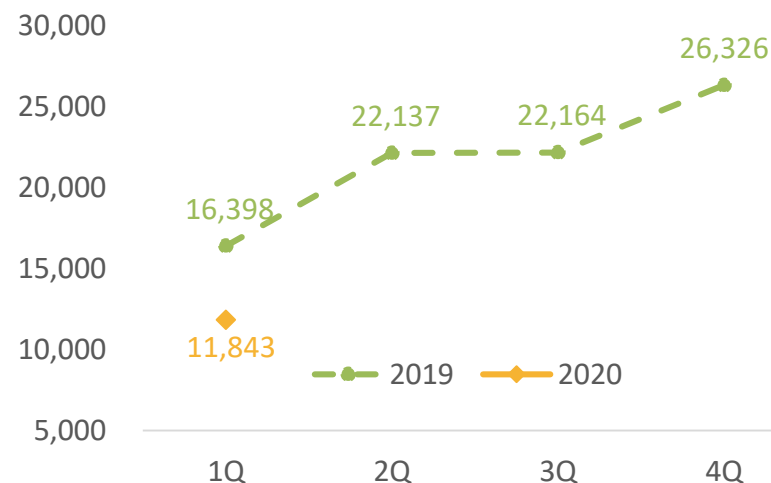
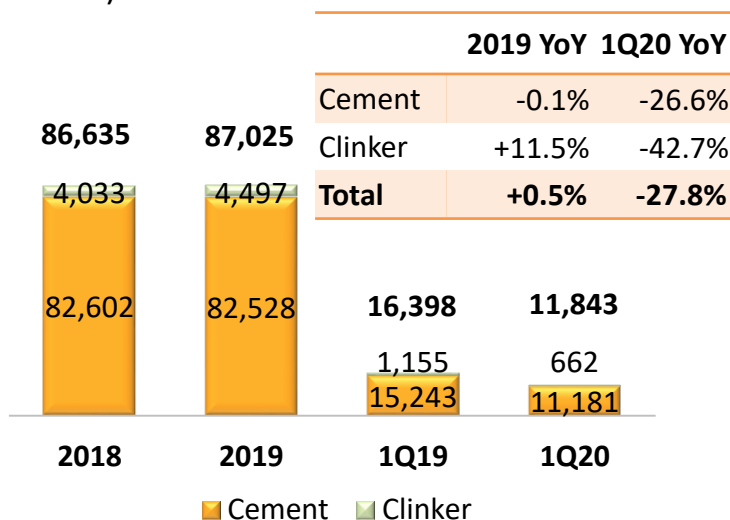
Sales Volume



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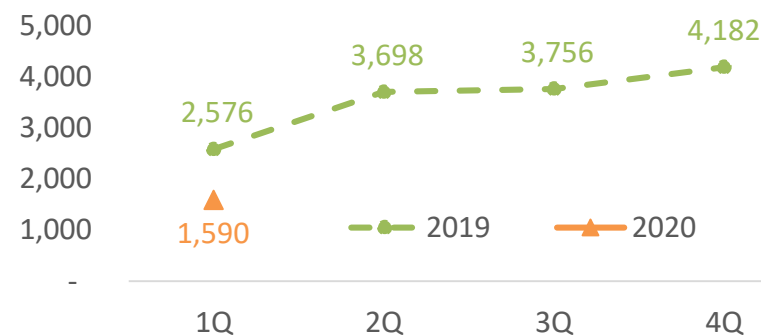
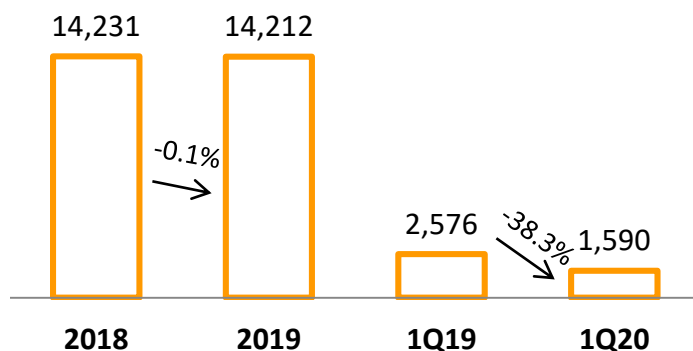
Cement & Clinker Sales Volume

('000 tons)



Concrete Sales Volume

('000 m³)



Breakdown of Cement Sales Volume



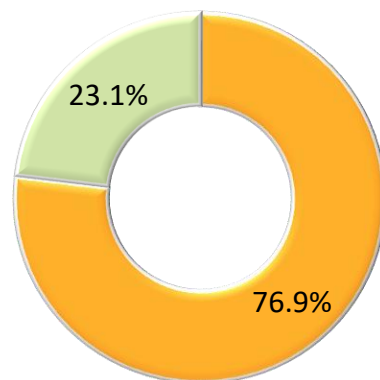
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By Product Type (2019)

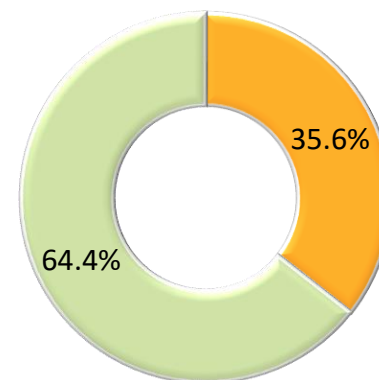
42.5 or higher grades cement

Others



Bag

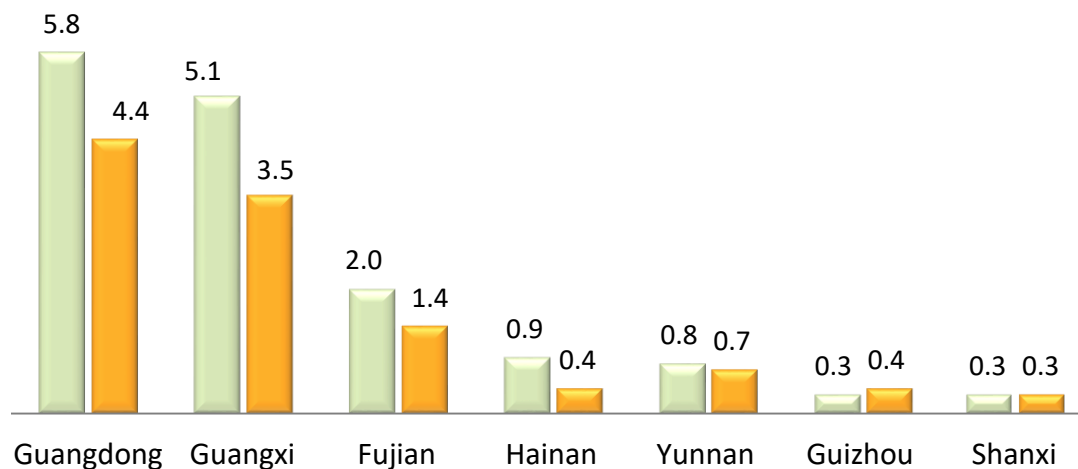
Bulk



By Region (1Q20)

(million tons)

1Q19 1Q20



% of total cement sales volume

| | |
|--------------|-------------|
| Guangdong | 39.4% |
| Guangxi | 31.7% |
| Fujian | 12.3% |
| Hainan | 4.0% |
| Yunnan | 6.5% |
| Guizhou | 3.9% |
| Shanxi | 2.2% |
| Total | 100% |

Average Selling Price

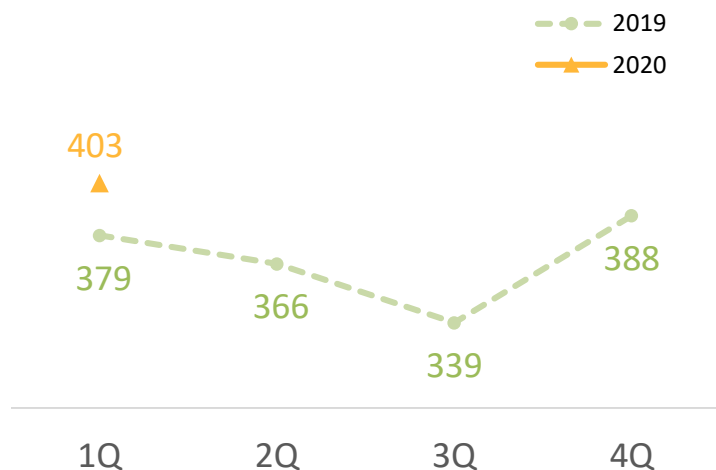


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Cement & Clinker

(HK\$ per ton)

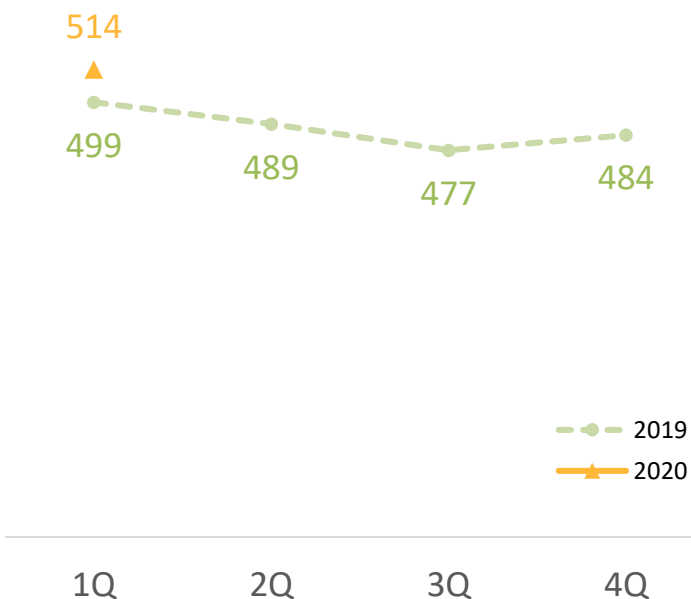
| | 2019 | YoY | 1Q20 | YoY |
|------------------|------|-------|------|-------|
| Cement & Clinker | 368 | -1.9% | 403 | +6.3% |



Concrete

(HK\$ per m³)

| | 2019 | YoY | 1Q20 | YoY |
|----------|------|--------|------|-------|
| Concrete | 486 | +10.6% | 514 | +2.8% |



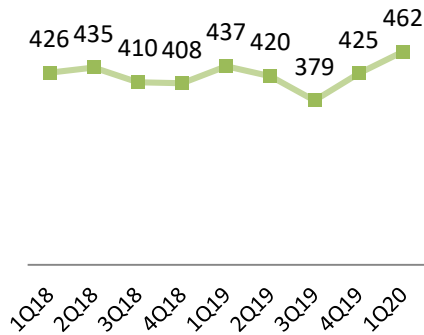
Cement Selling Price by Region

(HK\$ per ton)

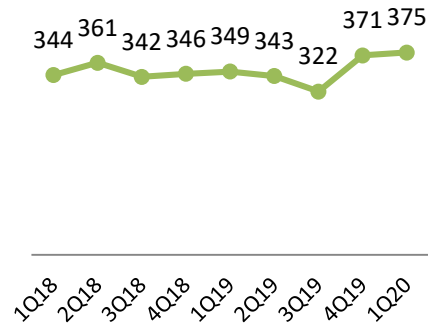


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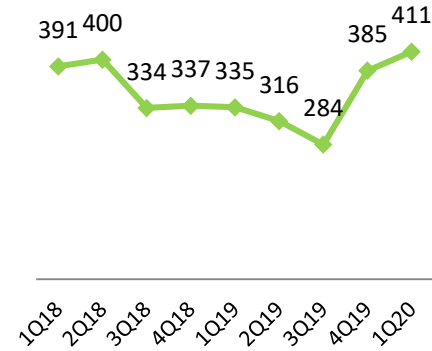
Guangdong



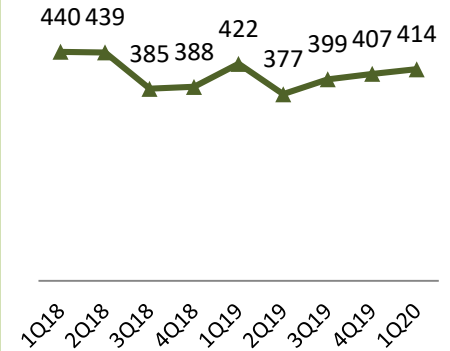
Guangxi



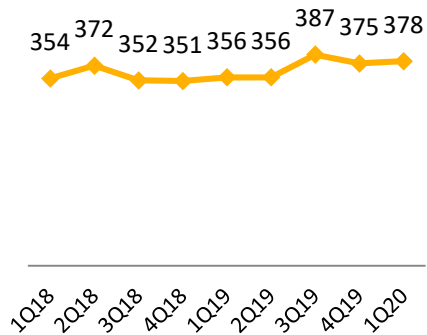
Fujian



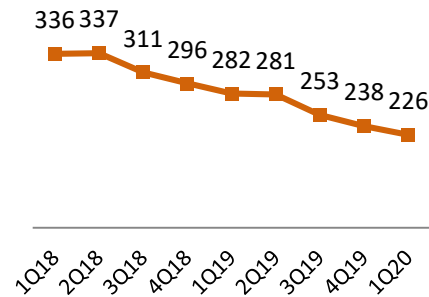
Hainan



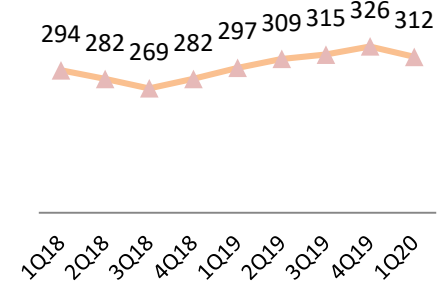
Yunnan



Guizhou



Shanxi



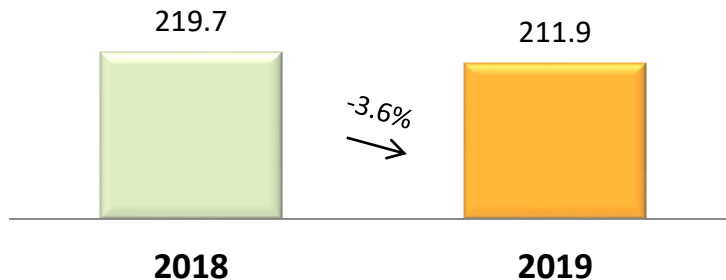
Cost Structure of Cement Products



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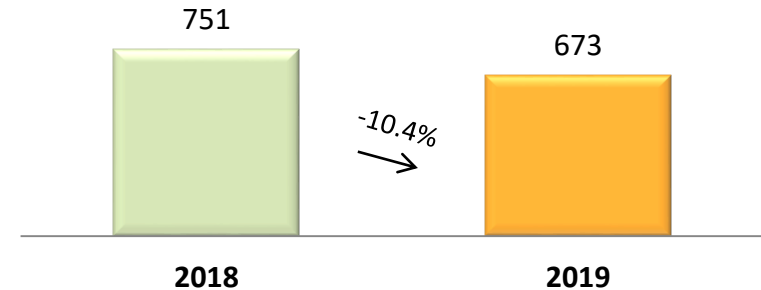
Unit Cost

(HK\$ per ton)

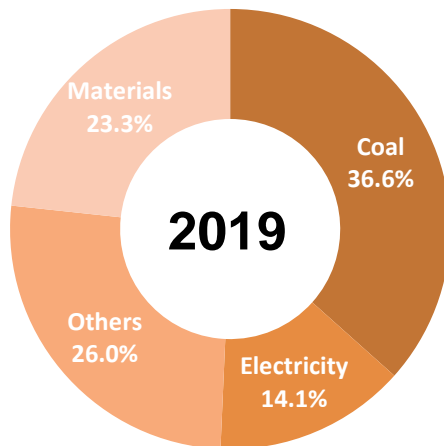


Average Coal Purchase Price

(HK\$ per ton)



Unit Cost Breakdown



| (HK\$ per ton) | 2018 | 2019 | YoY |
|----------------|--------------|--------------|--------------|
| Coal | 87.2 | 77.5 | -11.1% |
| Electricity | 31.1 | 29.9 | -3.9% |
| Materials | 48.3 | 49.4 | +2.3% |
| Others | 53.1 | 55.1 | +3.8% |
| Total | 219.7 | 211.9 | -3.6% |

Notes:

1. Cement products refer to cement & clinker;
2. Others: Staff, depreciation, repairs and maintenance costs and other indirect costs accounting for 8.6%, 7.8%, 5.8% and 3.8% respectively of total unit cost.

Gross Profit & Margin

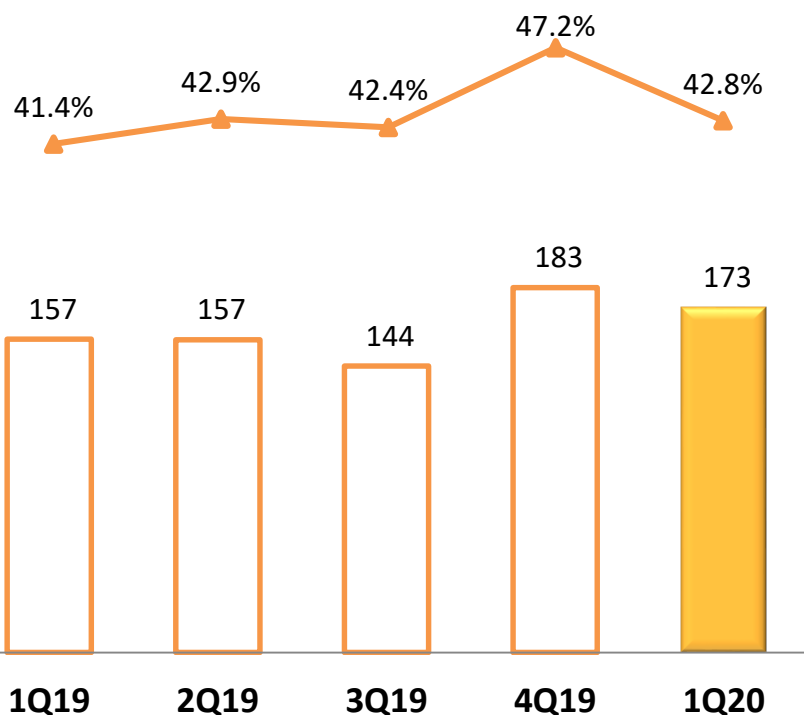


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Cement & Clinker

(HK\$ per ton)

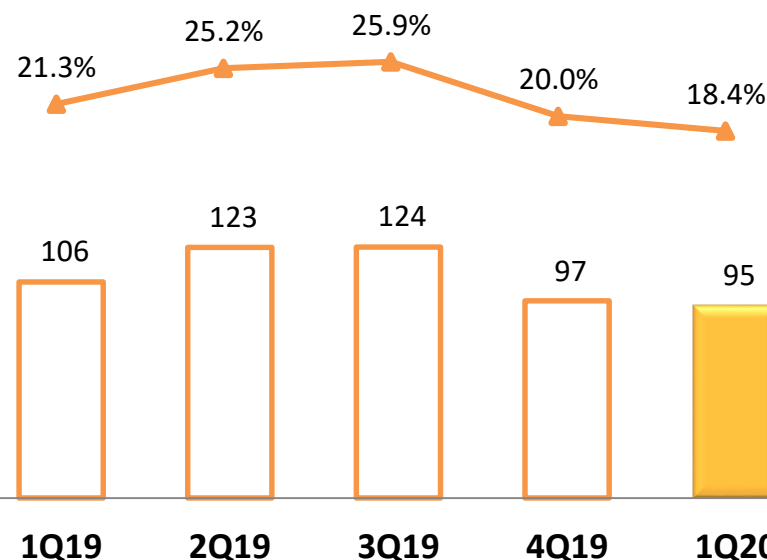
| | 2018 | 2019 |
|--------------|-------|-------|
| Gross Profit | 161 | 162 |
| Gross Margin | 42.8% | 43.9% |



Concrete

(HK\$ per m³)

| | 2018 | 2019 |
|--------------|-------|-------|
| Gross Profit | 106 | 113 |
| Gross Margin | 24.2% | 23.1% |



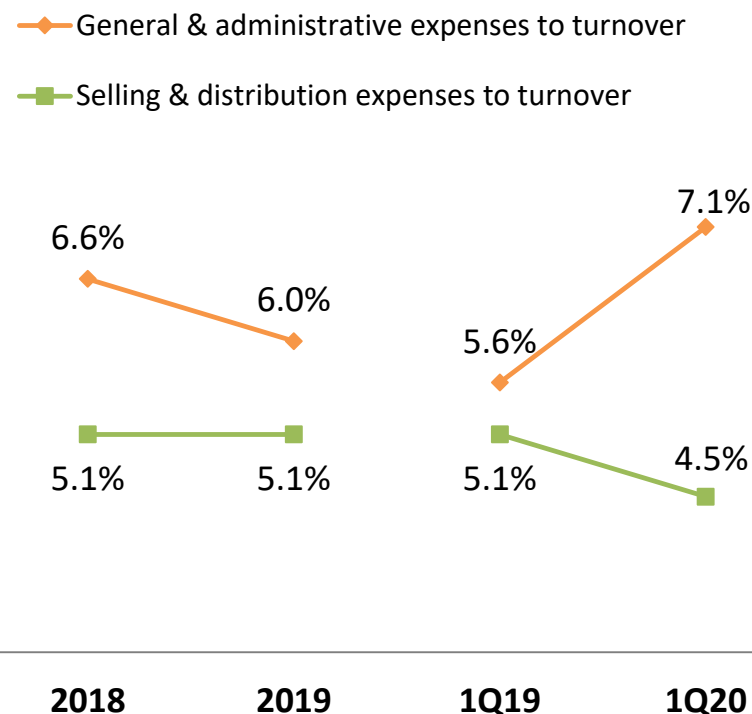
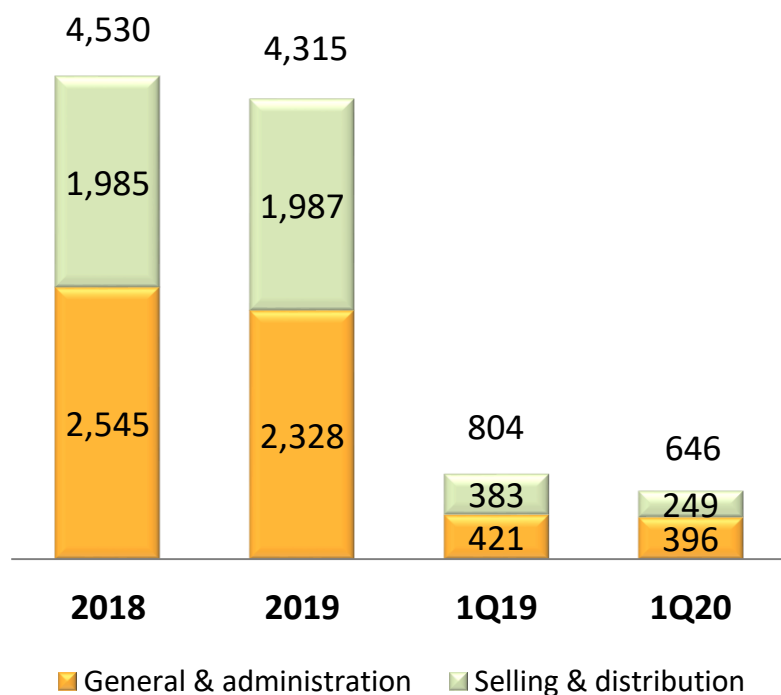
Selling, General & Administrative Expenses

(HK\$ million)



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| | 2019 YoY | 1Q20 YoY |
|--------------------------|--------------|---------------|
| General & administration | -8.5% | -5.9% |
| Selling & distribution | +0.1% | -34.8% |
| Total | -4.7% | -19.7% |



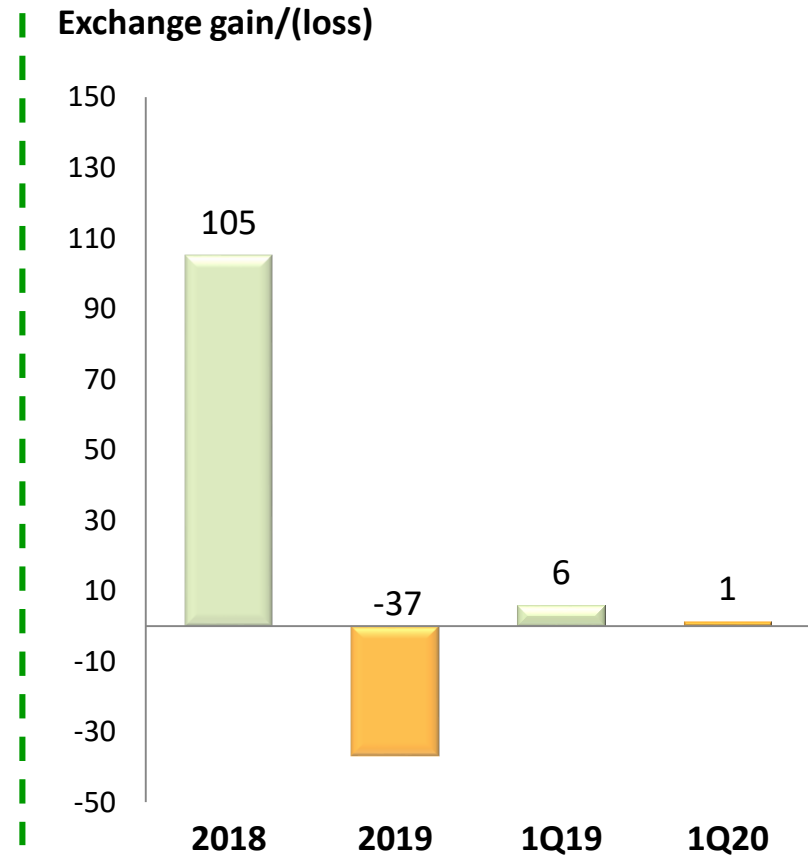
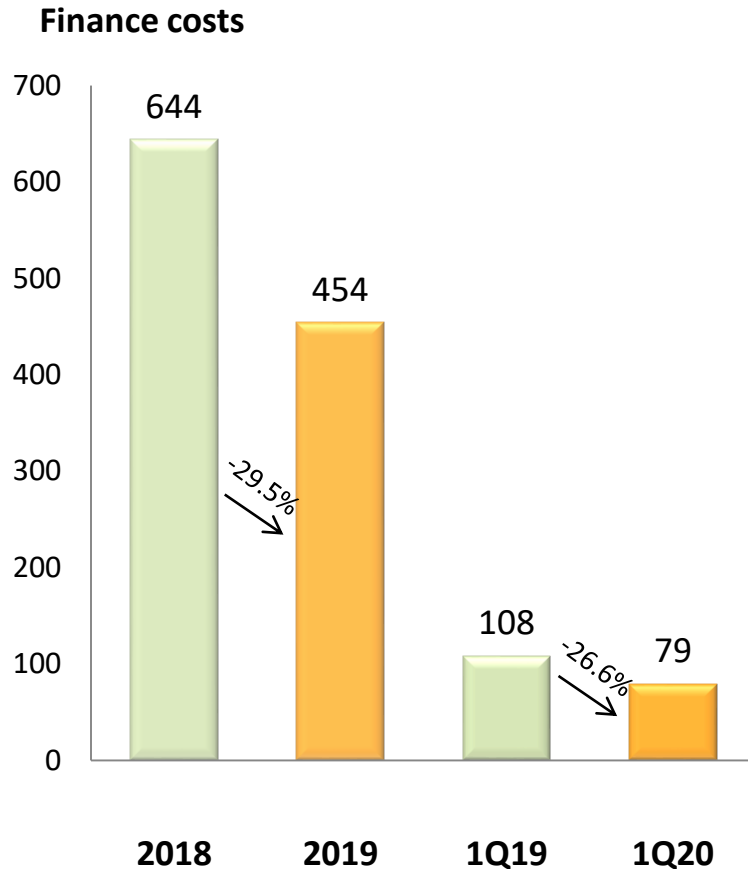
Finance Costs & Exchange Gain/(Loss)



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(HK\$ million)



Share of results of Associates & JVs

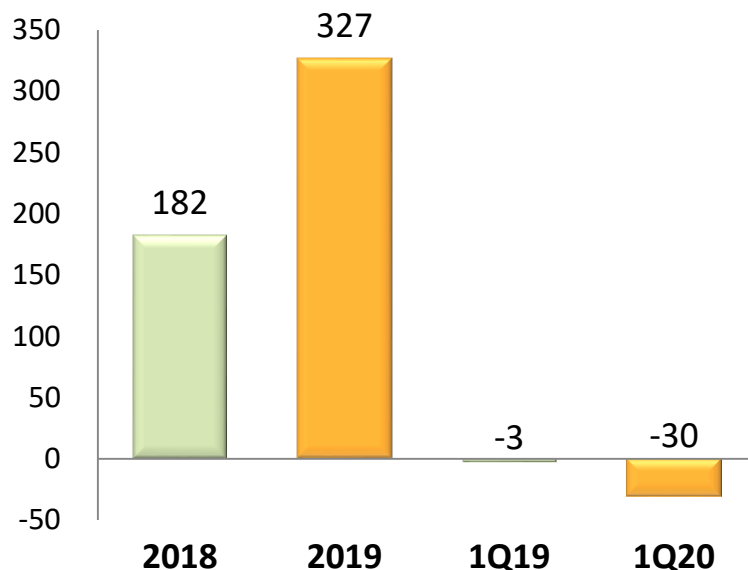


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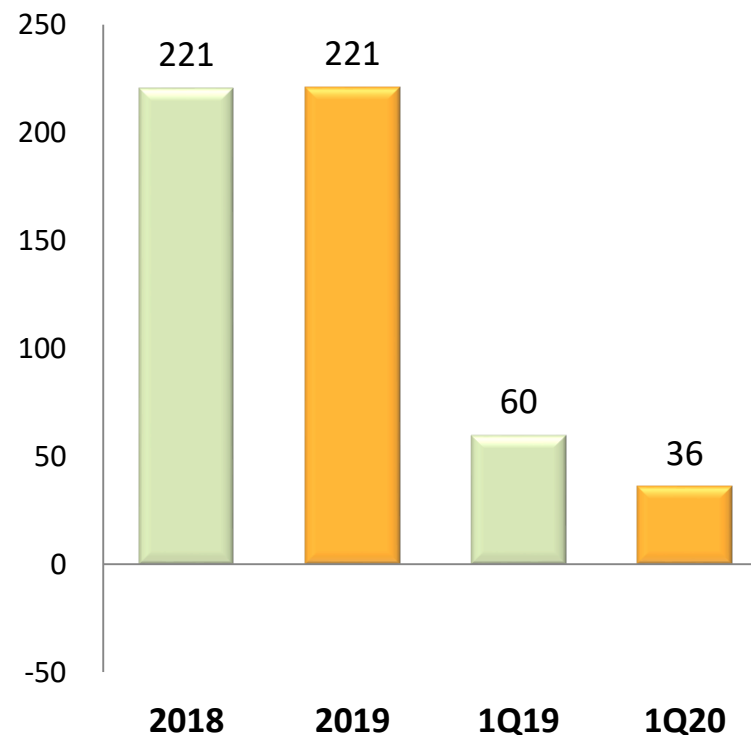
(HK\$ million)

Share of results of associates



| HK\$ million | 2018 | 2019 |
|----------------|-------|-------|
| Fujian | 26.3 | 100.3 |
| Yunnan | 136.5 | 289.5 |
| Inner Mongolia | 17.0 | -89.9 |
| Guangdong | -4.8 | 15.6 |

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.



| | 1Q19 | 1Q20 | YoY |
|-------------------------|-------|-------|----------|
| Taxation (HK\$ million) | 621.7 | 478.3 | -23.1% |
| Effective tax rate | 27.0% | 27.1% | +0.1 ppt |

Note: 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 | 31 Mar 2020 | Change |
|-----------------------------|-------------|-------------|----------|
| Cash and bank balances | 12,847.8 | 9,736.2 | -24.2% |
| Total assets | 61,170.9 | 59,168.3 | -3.3% |
| Gearing ratio | 18.9% | 19.1% | +0.2 ppt |
| Net assets per share (HK\$) | 6.01 | 6.05 | +0.7% |

Notes:

- 1. Gearing ratio is calculated by dividing the total bank borrowing and unsecured medium term notes by equity attributable to owners of the Company.**
- 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.**

Cash Flow



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| (HK\$ million) | 31 Dec 2018 | 31 Dec 2019 | Change |
|--|-------------|-------------|---------|
| Net cash generated from operating activities | 11,331.0 | 11,284.9 | -0.4% |
| Net cash used in investing activities | (1,075.0) | (2,617.6) | +143.5% |
| Net cash used in financing activities | (2,803.3) | (7,837.4) | +179.6% |
| Net increase in cash and cash equivalents for the year | 7,452.7 | 829.9 | -88.9% |
| Cash and cash equivalent at end of the year | 12,301.5 | 12,847.8 | +4.4% |

- Total payment for capital expenditure of the Group in 2019 was HK\$3,153.7 million.
- Expected capital expenditures are approximately HK\$1,321.6 million and HK\$1,283.4 million in 2020 and 2021 respectively.

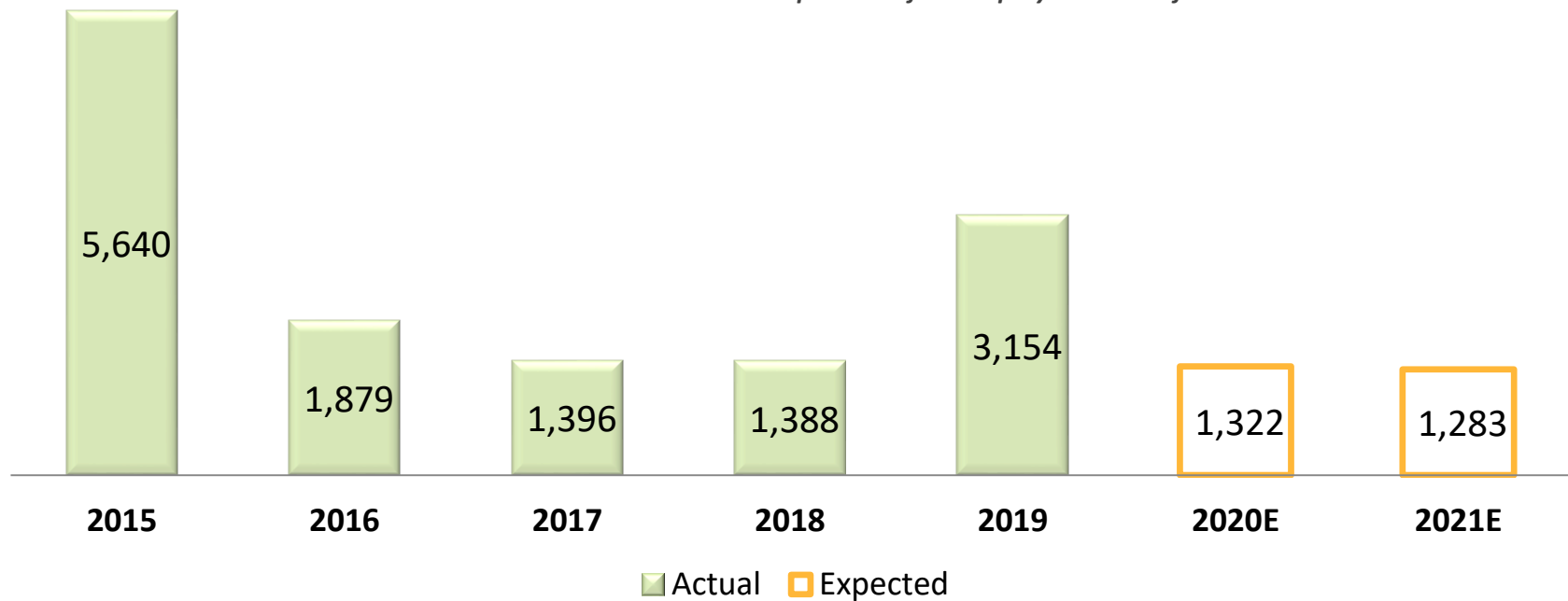


Capital Expenditure

(HK\$ million)

| New Business Segment | 2019 Capital Expenditure (HK\$ Million) |
|----------------------------|--|
| Aggregates | 182.1 |
| Prefabricated Construction | 112.3 |
| New Materials* | 906.5 |

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

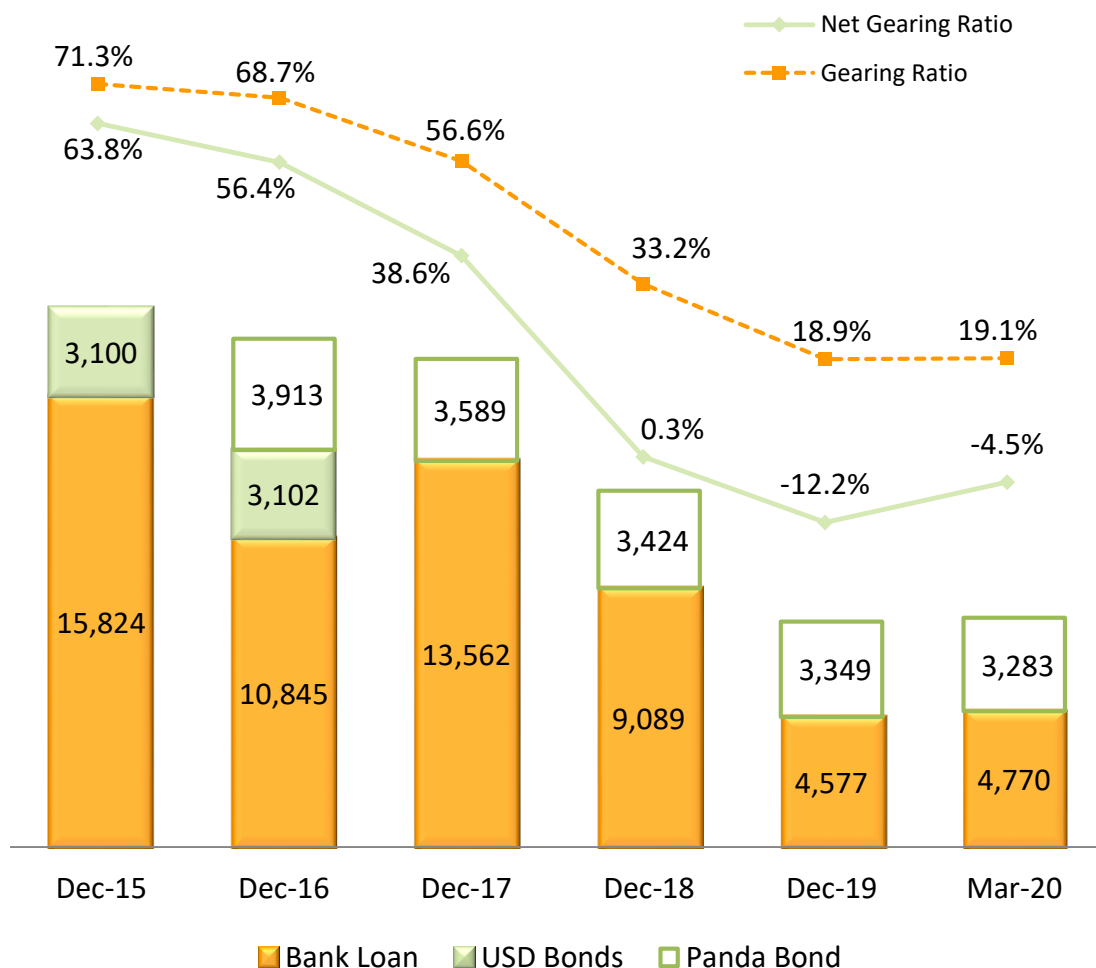


Debt Structure

(HK\$ million)



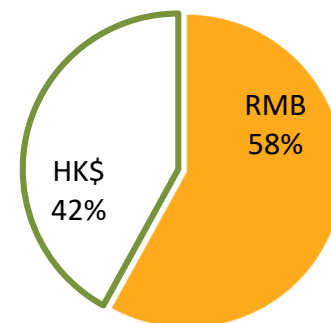
華潤水泥控股有限公司
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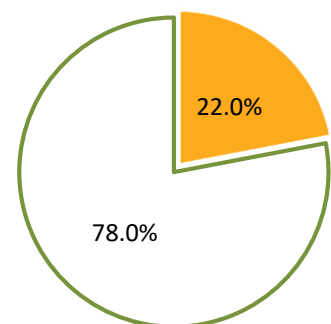
Notes:

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 (31 Dec 2019)



Duration (31 Mar 2020)



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



Operational Review



Production Capacity



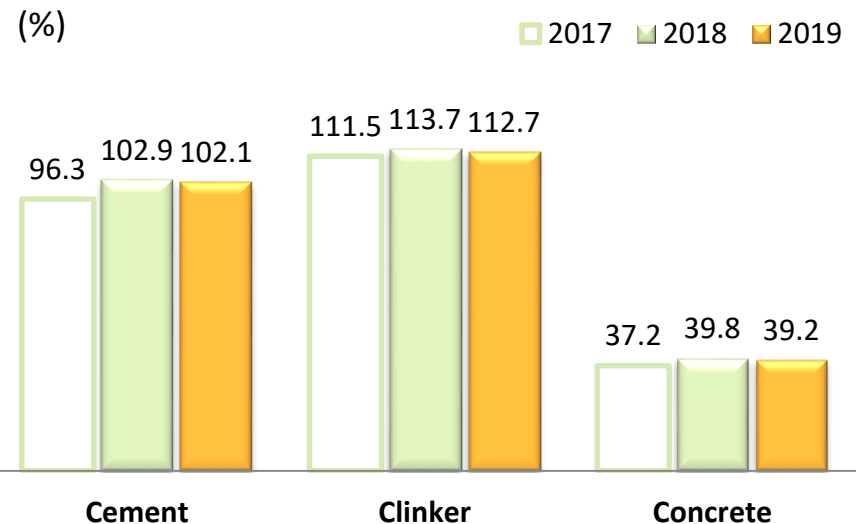
華潤水泥控股有限公司

China Resources Cement Holdings Limited

- As at 31 Mar 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 60 concrete batching plants with annual production capacity of **36.3** million m³ of concrete.
- The respective annual production capacities attributable to the Company according to equity interests in associates and joint ventures were **20.2** million tons of cement, **11.6** million tons of clinker and **4.4** million m³ of concrete.



Utilization Rate



Energy Consumption



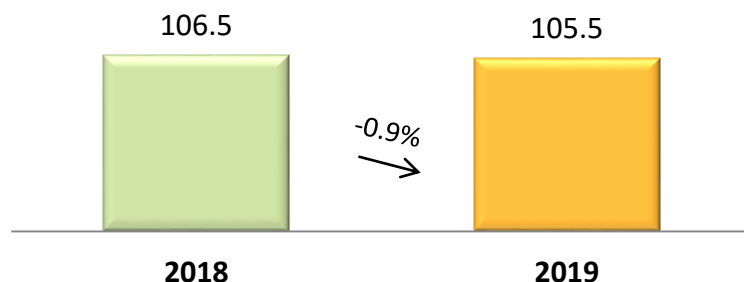
華潤水泥控股有限公司

China Resources Cement Holdings Limited

- **Residual heat recovery generators** – approximately 2,084 million kwh, cost saving of approx. HK\$1,017.9 million
- **Direct power supply** agreements and price bidding arrangements – cost saving of approx. HK\$165.8 million

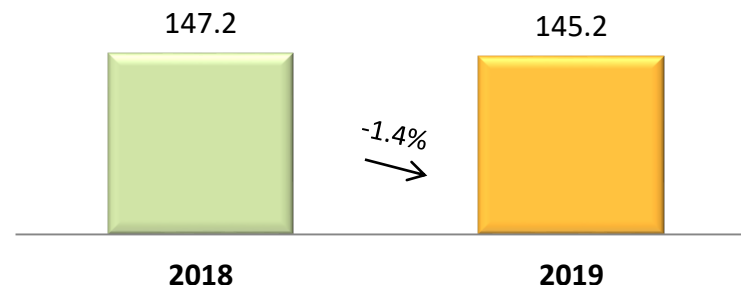
Standard Coal Consumption

(kg per ton of clinker)



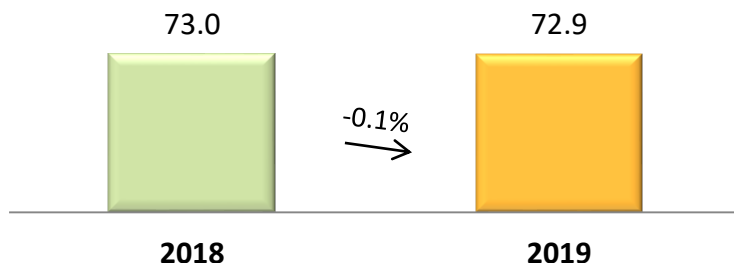
Unit Coal Consumption

(kg per ton of clinker)

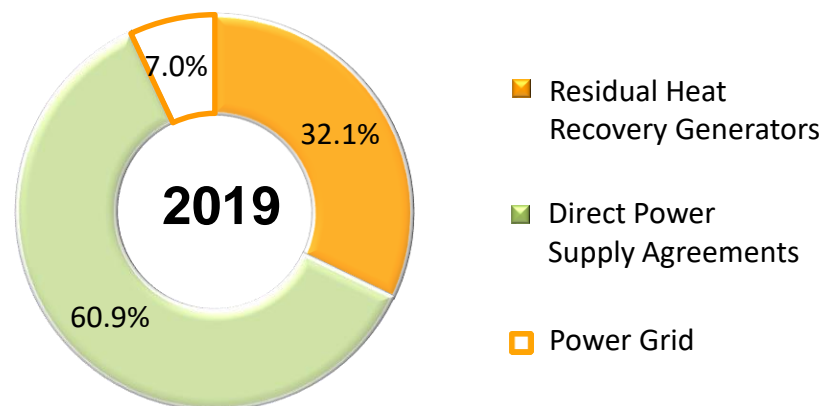


Electricity Consumption

(kwh per ton of cement)



Electricity Consumption Mix





Operational Management



Internal benchmark management

- Indicators for the entire processes from excavation to production
- Launched **74** technical assistance tasks
- Implemented **219** technological upgrades

Lean management

- Upgrade of packaging machines and dust collection systems at all plants
- Plan for mine water treatment in **Lianjiang** and **Hepu**

Digitalization & intelligentization

- **Tianyang**: Trial operation of intelligent manufacturing pilot project first phase
- **Nanning**: Equipment and quality management systems
- **Fengkai**: Real-time online automatic batching system

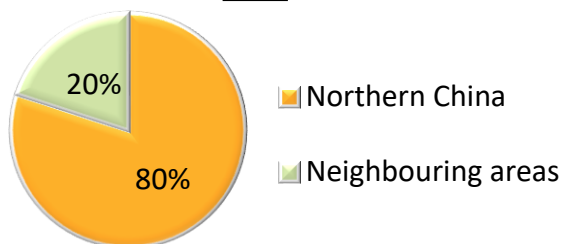
Procurement Management



Coal Procurement

- The Group purchased **10.05 million tons** of coal
- The proportion of direct procurement from coal producers: **82%**
- Secure a stable supply of high-quality coal: Cooperation with large-scale domestic coal suppliers

2019



Supply Chain Management

- SRM system & “Sunshine Procurement”

Logistics Management



Shipping and silo capacity

- Annual shipping capacity along Xijiang River: **34.4 million tons**
- **35** silo terminals with annual capacity of approximately **21.4 million tons**
- Optimize layout of silo terminals & cooperation methods

Enhance logistics digitalization

- “**Smart Card**” system: launched at fourteen cement plants
- **Mobile Apps**: rolled out in all operating regions

Operational Review (Cont'd)



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

Environmental Protection



Emission reduction

- Emission levels of **NO_x**, **SO₂** and **particulate matters** lower than national standard limits
- **Bag filters for ultra-low emissions**: applied in Hepu and Guigang, Guangxi, Yangchun and Fengkai, Guangdong
- **Carbon emission**: Guangdong & Fujian

Green mines construction

- Policies, systems & security measures for mine excavation and restoration
- Utilization of resources on stone residue from excavation

Green factories

- Provincial-level & AR-level: **6 production plants**; National-level: **5 production plants**

Social recognition

- Guangzhou Zhujiang Cement was awarded the Bronze Award for the Manufacturing Sector of “BOCHK Corporate Environmental Leadership Award 2018” by the Federation of Hong Kong Industry.

Production Safety



Production safety standardization

- First-Class Enterprise in National Production Safety Standardization: **28** cement production plants
- Second-Class Enterprise in Safety Standardization: limestone mines of **17** cement production plants

Safety management

- **Intelligent safety alarm system** for vehicles in materials storage yards: pilot projects in Pingnan, Nanning and Luoding
- Inspections, supervision, assistance & guidance at **32** cement production plants & **54** concrete batching plants

Safety training

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

Innovation



R&D Capability

- The laboratory of R&D Centre
 - **1,982** checks and tests for production plants
 - Optimization projects for production plants
- **158 patent licenses**: 24 inventions & 134 utility models

New Product & New Technology

- Promote “Wang Pai Gong Jiang” renovation cement, masonry cement & pervious concrete
- Cement designed for nuclear power stations
- Nano-curing agent product suitable for rapid demolding of precast concrete components

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 2019, 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

| Location | Type | Annual Processing Capacity (tons) | Status |
|---------------------------------|-----------------|-----------------------------------|-----------------|
| Binyang, Guangxi | Municipal waste | 110,000 | Operation |
| Tianyang, Guangxi | Municipal waste | 180,000 | 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 |
| Fengqing, Yunnan [#] | Municipal waste | 110,000 | Trial operation |



The municipal waste co-processing project in Tianyang, Guangxi

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.

Major Developments



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2019

- Apr** □ **New Materials:** Acquired 40.0% equity interests of **Universal Marble** by cash consideration of HK\$906.5 million
- Oct** □ **Concrete:** Subscribed 9.0% total share capital of **YCIH Concrete (1847.HK)*** by cash consideration of HK\$135.0 million
- Nov** □ **Aggregate:** Won the bid for mining rights of a quarry of granite used for construction in Wuping County, Fujian, with resource reserve of 56.0 million tons and planned annual production capacity of 2.0 million tons

2020

- Jan** □ **Prefabricated Construction:** Acquired land for the production of prefabricated construction components in Jiangmen City, Guangdong, and Laibin City, 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 City, Guizhou
- Mar** □ **Aggregate:** Won the bid for mining rights of a limestone quarry in Shangsi County, Guangxi, with resource reserve of 65.0 million tons and planned annual production capacity of 5.0 million tons

**Note: YCIH Concrete is a subsidiary of Yunnan Construction and Investment Holding Group Co., Ltd..*



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, and promote **High-Quality Development**
- However, the global economy is **facing challenges** affected by the novel **Coronavirus Epidemic**

- To reduce corporate **funding costs & operational costs**
 - ✓ Preferential policies on taxation, finance and social security, reduced the reserve requirement ratio of financial institutions, supplied special loans, lower port-related fees, exemption of highway toll fees, provide discounts on electricity consumption and encourage reduction and exemption of corporate rents
- To promote **construction activity and infrastructure investment**
 - ✓ To promote the resumption of enterprises and projects according to requirements in the fields of **highways and waterways, housing construction and municipal infrastructure**
 - ✓ To **accelerate construction or early commencement of key projects and infrastructure** that have been specified in national planning or in line with the direction of the “Fourteenth Five-Year” Plan

Coronavirus Epidemic | Supportive Government Policies

Cement Demand Drivers



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Infrastructure



- ✓ Acceleration of the issuance and use of special local government bonds, the early assignment of partial new quotas of special bonds, expansion of the scope of project capital and reduction of the minimum capital ratio
- ✓ **2020:** Railway – RMB800.0 billion; Highways & waterways - RMB1.8 trillion
- ✓ **2020:** Total operational length: Railway – 150,000 km; High-speed rails – 30,000 km; Highways – 5,000,000 km; Urban rail transit – 6,000 km

Real Estate



- ✓ Implement city-specific policies & conduct guidance based on property type, local market condition, etc.
- ✓ Consolidate city governments' responsibility to stabilize local property market
- ✓ Improve the housing market system & the housing protection system

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
- ✓ By 2020, impoverished regions will be basically connected to main national highways & county will be connected to roads of Grade II or above

Greater Bay

The government is supportive of the construction of the Greater Bay Area:

- **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

Strategies and Prospects

- **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**.
- **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

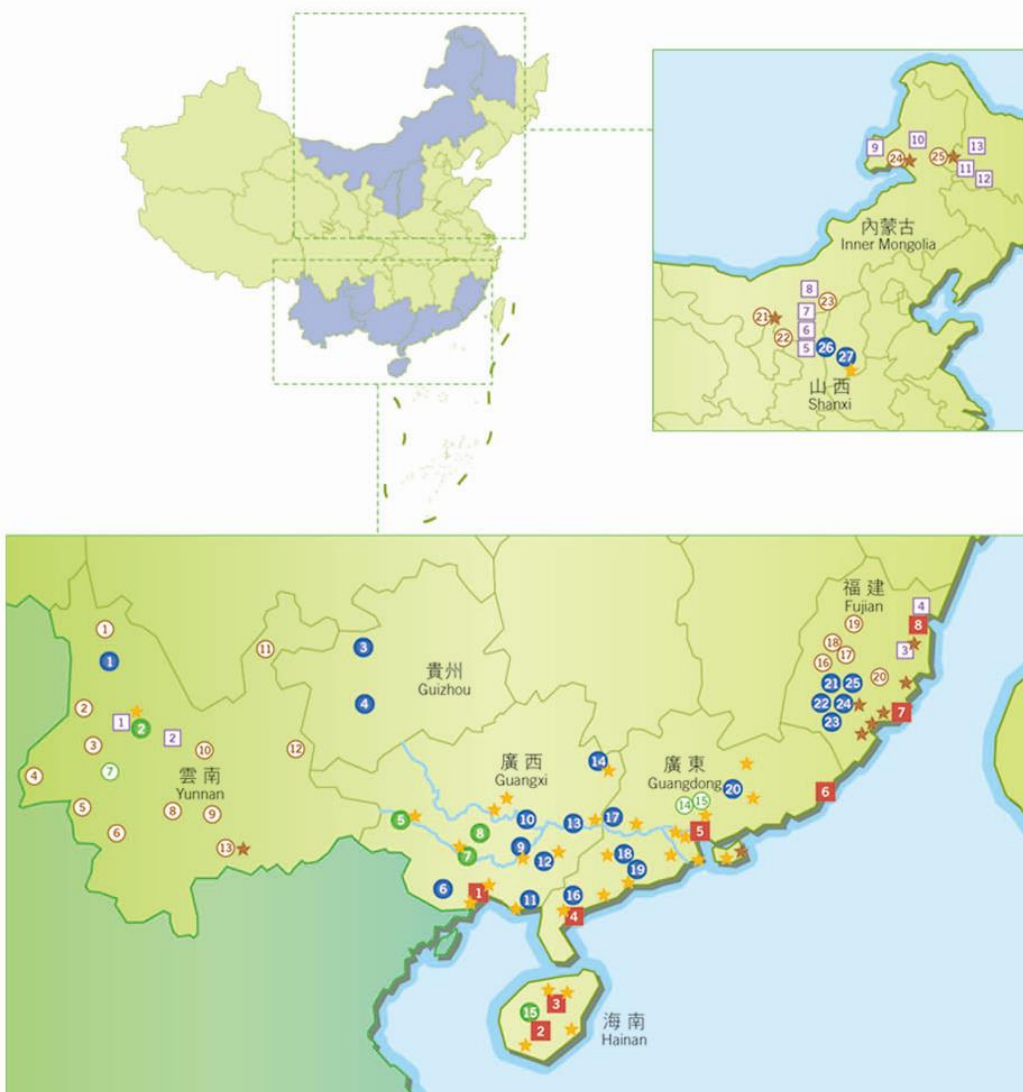
To become a respected world-class cement company



Production Capacity Map



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



● 水泥·熟料生產基地
The cement and clinker production plants

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

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

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

■ 水泥粉磨線
The cement grinding lines

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

★ 混凝土攪拌站
The concrete batching plants

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

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

○ 聯營及合營公司擁有的設有協同處置項目的水泥·熟料生產基地
The cement and clinker production plants with co-processing projects owned by associates and joint ventures

- | | | |
|---------------|---------------|--------------|
| 7 鳳慶 Fengqing | 14 珠水 Zhushui | 15 越堡 Yuebao |
|---------------|---------------|--------------|

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

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

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

Note: Please refer to the 2019 Annual Report for details.

CR Cement's Production Capacity



華潤水泥控股有限公司

China Resources Cement Holdings Limited

Controlled by the Group

(As at 31 Mar 2020)

| Province/AR/SAR | Cement | | Clinker | | Concrete | |
|-----------------|--------------|--------------|--------------|--------------|---------------|------------------------|
| | 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 | 5 | 3.0 |
| 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 | 60 | 36.3 |

Controlled by associates and joint ventures

| Province/AR/SAR | Cement | | Clinker | | Concrete | |
|---------------------|--------------|--------------|--------------|--------------|---------------|------------------------|
| | No. of lines | million tons | No. of lines | million tons | No. of plants | million m ³ |
| Guangdong | 8 | 7.3 | 2 | 3.7 | - | - |
| Fujian | 13 | 10.8 | 5 | 6.6 | 9 | 5.4 |
| Yunnan | 32 | 23.1 | 15 | 15.5 | 1 | 0.3 |
| Inner Mongolia | 21 | 17.3 | 6 | 8.5 | 5 | 1.5 |
| Hong Kong | - | - | - | - | 5 | 2.3 |
| Total | 74 | 58.5 | 28 | 34.3 | 20 | 9.5 |
| Attributable | - | 20.2 | - | 11.6 | - | 4.4 |

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.

Greater Bay Area



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China Resources Cement Holdings Limited

- February 2019, Chinese government promulgated the **Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”)**
- July 2019, Guangdong published the Implementation Opinions regarding the Thorough Launch of the Outline Development Plan for the GBA and Three-Year Action Plan for Promoting the Construction of the GBA by Guangdong Province (2018-2020)
- Total Area:** 56,000 km², including **Hong Kong, Macau** and 9 cities in **Guangdong**
- 2018: Population:** 71 million, **GDP:** RMB11 trillion



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

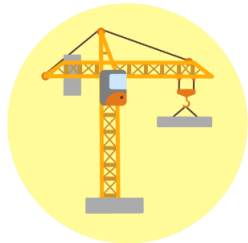


Aggregates



- The Chinese government aimed at forming a relatively comprehensive and reasonable security mechanism for the supply of manufactured gravel.
- 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%
 - ✓ 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.

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 2019, 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 location | Planned annual production capacity (tons) | Resource reserve (tons) | Total CAPEX (HK\$ mil) | Remarks |
|------------------|---|-------------------------|------------------------|--------------------------------------|
| Wuping, Fujian | 2,000,000 | 56,000,000 | 355.3 | ➤ Acquired mining rights in Nov 2019 |
| Shangsi, Guangxi | 5,000,000 | 65,000,000 | 445.1 | ➤ Acquired mining rights in Mar 2020 |

Aggregate Production Line



Aggregate Production Line in Guigang, Guangxi plant

Aggregate Product



Coarse Aggregate



Manufactured Gravel

Prefabricated Construction



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China Resources Cement Holdings Limited

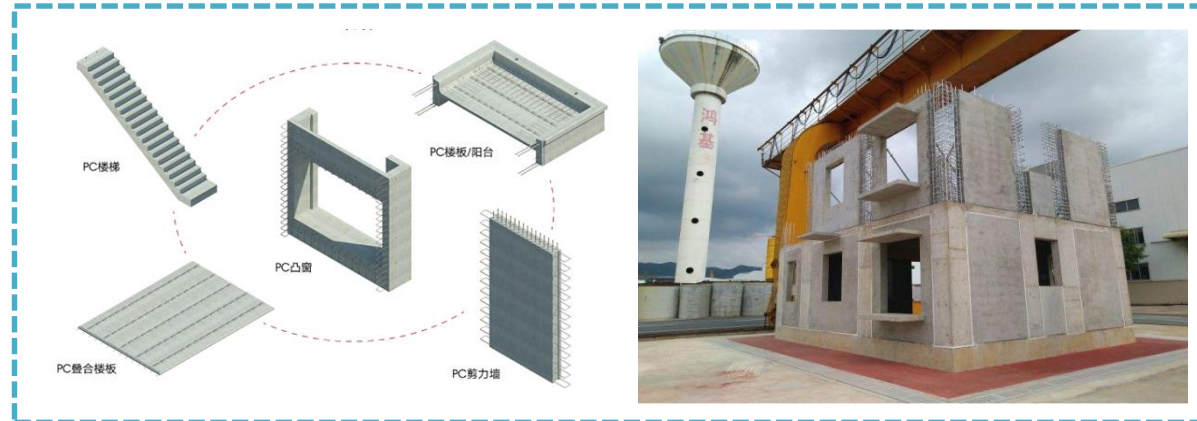
- **Prefabricated construction** components are produced in factories for prefabricated buildings, and transported to the construction site and assembled onsite. The products generally are floor slabs, walls, stairs and balconies etc.
- **Advantages** include:
 - ✓ Improve project quality and construction 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



Model house in Nanning Hongji

Prefabricated Construction (Cont'd)



華潤水泥控股有限公司

China Resources Cement Holdings Limited

| Project name | 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 |
| Zhanjiang Runyang | 400,000 | 454.6 | 90.3 | Under construction | ➤ Completion: Phase I (annual capacity: 200,000 m ³) - 2021 |
| Jiangmen Yamen | 50,000 | 227.9 | 0 | 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 | 546.4 | 89.3 | Under construction | ➤ Concrete batching plant commenced operation in Dec 2019; ➤ Completion: Precast concrete production lines – 2021 |
| Guigang Runhe | 200,000 | 234.4 | 50.2 | Under construction | ➤ Concrete batching plant commenced operation in Nov 2019; ➤ Completion: Precast concrete production lines – 2020 |
| Laibin Runhe | 200,000 | 215.0 | 0 | Planning | ➤ Completion: 2022 |
| Total | 1,305,000 | 1,678.3 | 229.8 | | |

***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

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) generated from 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

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Important Shareholders' Dates

| Events | Dates |
|--|--------------|
| Annual General Meeting | 29 June 2020 |
| Ex-dividend Date for 2019 Final Dividend | 2 July 2020 |
| Payment for 2019 Final Dividend | 20 July 2020 |



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