



華潤水泥控股有限公司 China Resources Cement Holdings Limited (Incorporated in the Cayman Islands with limited liability)

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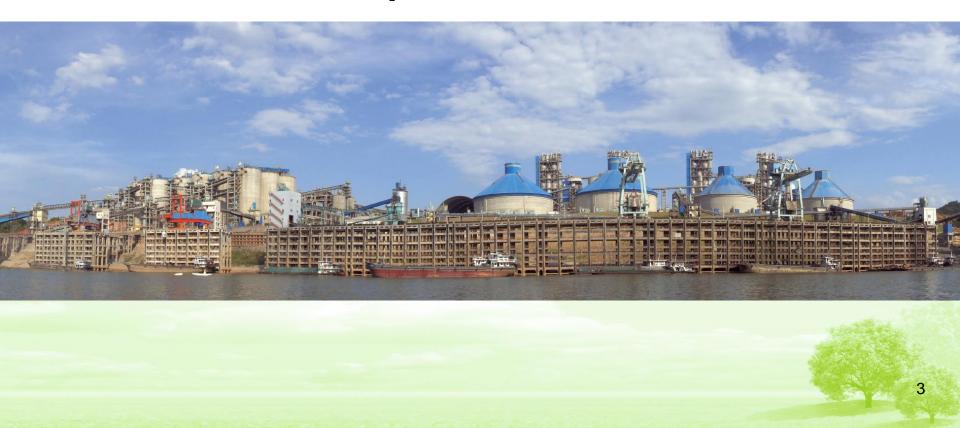
Agenda



- 1 Corporate Overview
- Financial Review
- Operational Review
- Outlook & Prospects
- **5** Q&A
- 6 Appendix



1. Corporate Overview



Overview





Consumer goods

Power

Property

Cement

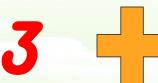
Gas

Medication

Finance

Strategic Business Unit of China Resources Group

(holding 73.34% of issued shares)





Development Strategy

- Control of Resources
- Conversion of Resources
- Distribution of Resources
- Lowest Total Cost
- Leading in Regional Market



Largest NSP clinker and cement producer

in Southern China by production capacity

™ Largest concrete producer

in China by sales volume



- Green Cement Pioneer in China
- Co-chairman of Cement Sustainability

Business Environment - Demand



Macro Economy in 1H 2012

GDP growth 7.8% FAI growth 20.4%

CR Cement's operating area

All provincial GDP / FAI growth above national average

except Guangdong (with GDP of 7.4% and FAI of 10.1%)

Government's Attitude

Emphasize "Steady Growth"

Reduced required reserve ratio, cut interest rate, approved new projects and launched

the concession policy for the first home buyers

Downstream Sectors

Property Control measures continue, but favorable policies since April lifted the

volume of property transactions in the Chinese Mainland month by month

Affordable Homes – targets 5 million units to be completed in 2012

Railway Resumed construction

Targets investment of RMB 580 billion for 2012

Water Conservancy Key area of public finance investment

Aggregate national investment will reach RMB 480 billion for 2012

Business Environment – Supply



Cement Production for 1H 2012

Nationally 990 million tons, 5.5% increase, **down** 14.1 ppts

CR Cement's 190 million tons, 8.9% increase, **above** national average **operating area** (Guangdong at 0.1%, Hainan at 0.7%)

New Clinker Production Capacity released in 1H 2012

Nationally 57 lines with 82.9 million tons, total 1.5 billion tons

CR Cement's operating area

15 lines with 20.6 million tons, total 310 million tons

(including 14 lines with 19.8 million tons, total 260 million tons in Southern China)

Obsolete Capacity to be eliminated in 2012

Nationally 275 million tons, 80% increase over 2011

CR Cement's 68.3 million tons involving 331 enterprises **operating area**(including 44.0 million tons in Southern China)

2012 Interim Results



Turnover

HK\$11,033.9 million

+9.8%

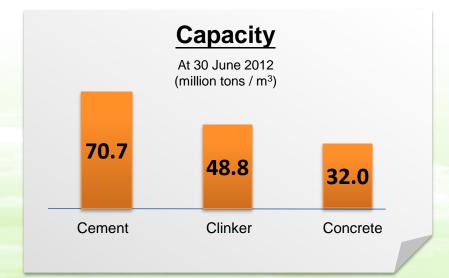
Profit

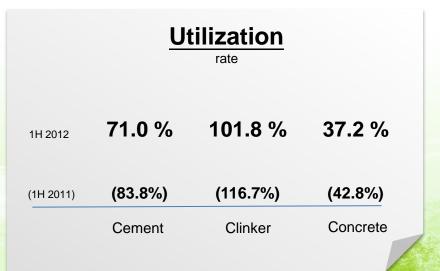
attributable to owners of the Company

HK\$635.2 million

-68.9%

EPS: HK\$0.097







2. Financial Review



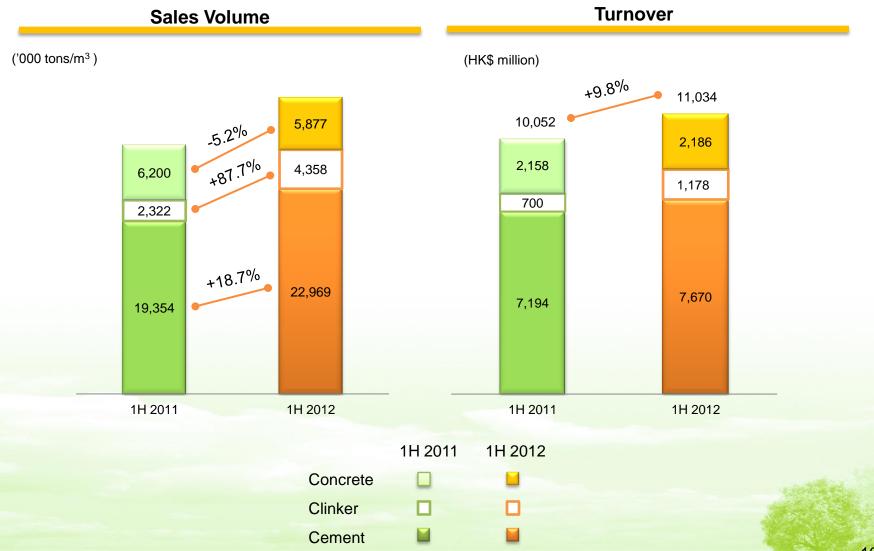


Financial Highlights

	1H 2011	1H 2012	Change
Turnover (HK\$ million)	10,051.7	11,033.9	+9.8%
EBITDA (HK\$ million)	3,127.4	1,973.9	-36.9%
Profit attributable to owners of the Company (HK\$ million)	2,045.3	635.2	-68.9%
Basic earnings per share (HK\$)	0.314	0.097	N/A

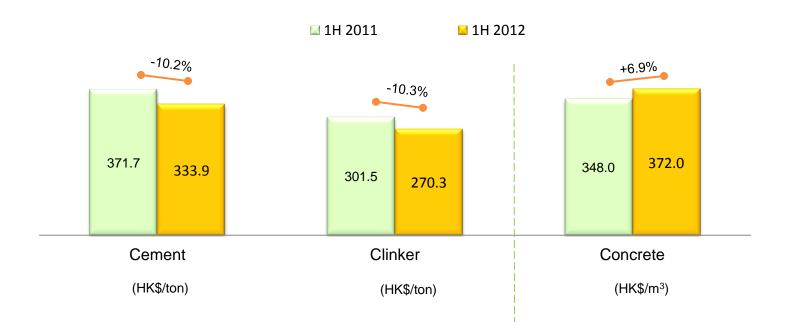
Increased Sales Volume & Turnover





Average Selling Price





Cement & Clinker

- The decrease was due to:
- The sluggish demand caused by weakened economy
- Poor weather conditions: more than normal rainfalls in Southern China which have led to accumulation of inventory and led to a price cut

Concrete

The increase reflected the transfer of cost increases to the market



Gross Profit and Margin

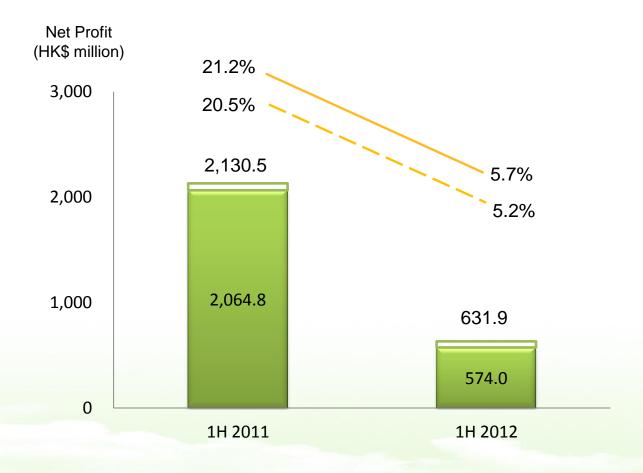
Consolidated Gross Profit

Gross Margin by Product



Net Profit





Net Profit

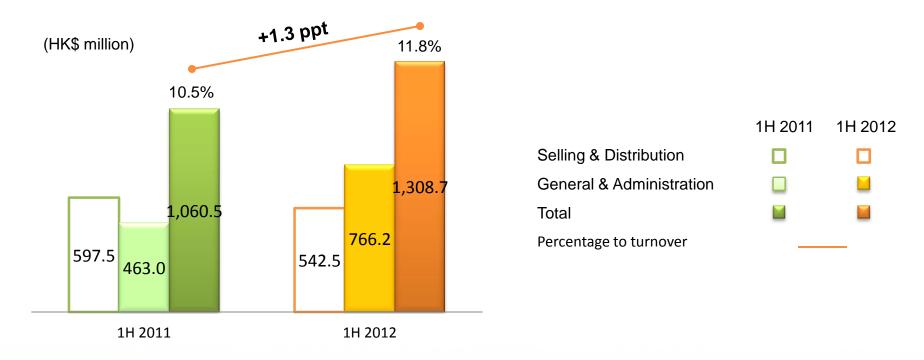
Net Profit (excluding share of results of jointly controlled entities and associates)

Net Margin

Net Margin (excluding share of results of jointly controlled entities and associates)

Selling, General and Administration Expenses





Selling, general and administration expenses increased due to:

Our expanded operations, the relatively inflexible fixed overheads incurred, the newly constructed and acquired plants which were operating at the tune-in stage, and the exchange loss of HK\$50.7 million



Financial Position

			1
	31 Dec 2011	30 Jun 2012	Change
Total assets (HK\$ million)	50,457.8	50,372.0	-0.2%
Total debts (HK\$ million)	21,375.2	22,750.9	+6.4%
Net borrowings (HK\$ million)	17,625.5	20,265.1	+15.0%
Net gearing ratio	91.3%	104.2%	N/A
Net assets per share (HK\$)	2.96	2.98	+0.7%

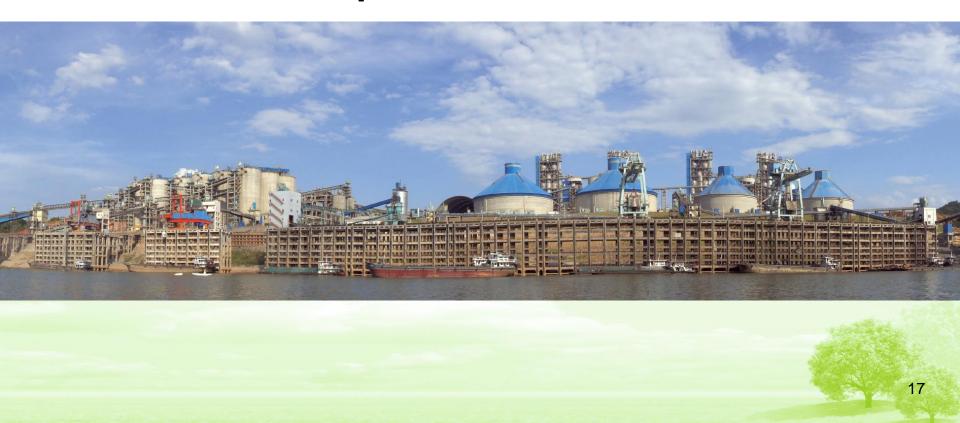


Cash Flows

(HK\$ million)	31 Dec 2011	30 Jun 2012	Change
Net cash generated from operating activities	5,150.8	408.2	-92.1%
Net cash used in investing activities	(13,290.3)	(2,465.9)	-81.4%
Net cash generated from financing activities	7,571.2	811.7	-89.3%
Net decrease in cash and cash equivalents for the period	(568.3)	(1,246.0)	-119.3%
Cash and cash equivalent at end of the period	3,737.8	2,474.9	-33.8%



3. Operational Review

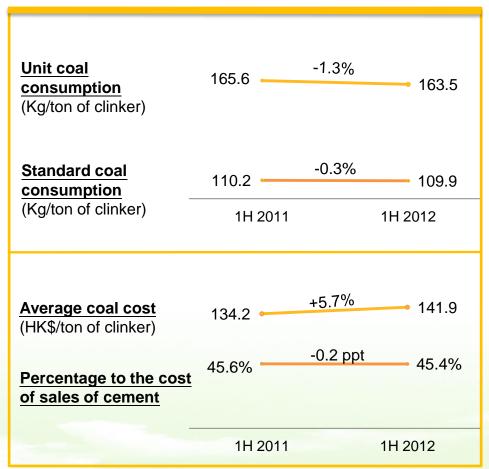






Coal

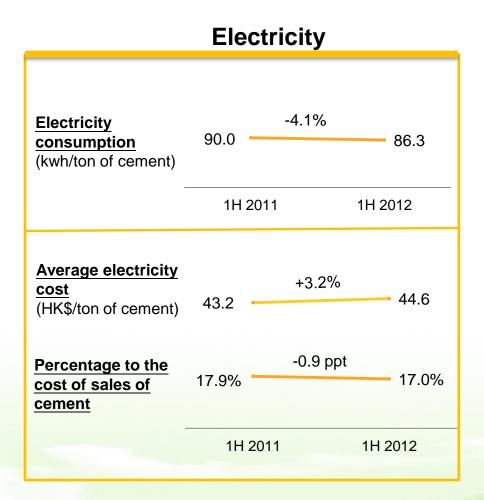
- Average price of coal purchased increased 7.2% to HK\$868/ton (1H 2011: HK\$810/ton)
- Standard coal consumption decreased to 109.9 kg/ton of clinker (1H 2011: 110.2 kg/ton of clinker)
- Average coal cost of production increased as the effect of increase in coal price was partially offset by the effect of improved coal consumption
- Coal cost represented approximately 45.4% of the cost of sales of cement (1H 2011: 45.6%)





Improved Electricity Consumption

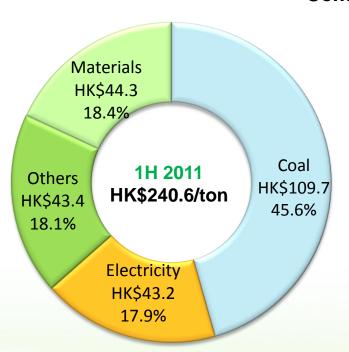
- Improved electricity consumption represents a cost saving of approximately HK\$66.6 million (1H 2011: HK\$24.8 million)
 - Residual heat recovery generators performed satisfactorily and generated 691.7 million kwh (1H 2011: 493.0 million kwh) of electricity, increased by 40.3%
 - The electricity generated accounted for approximately 28.5% (1H 2011: 23.4%) of our required electricity consumption, represents a cost saving of approximately HK\$438.4 million (1H 2011: HK\$284.8 million)
- Average electricity cost increased by 3.2% to HK\$44.6/ton of cement due to the increase in electricity tariffs since the 2H 2011 as offset by reduced electricity consumption for production and higher utilization of the residual heat recovery generators
- Electricity cost represented approximately 17.0% of the cost of sales of cement (1H 2011: 17.9%)

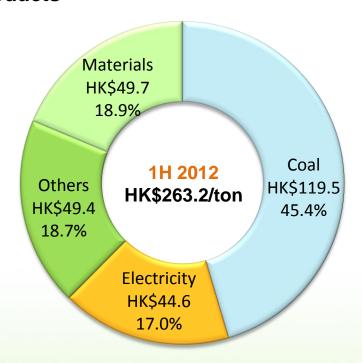






Cement Products





Coal Procurement



Coal

- Reduce supply risk:
 - ✓ Reduced procurement from Vietnam to 33% of the total procurement (FY 2011: 45%)
 - ✓ Strengthened cooperation with China Resources Power and increased the procurement to approximately 310,000 tons
- Ensure steady supply and reduce the cost of procurement:
 - ✓ Expanded channels of procurement: 52% sourced from Northern China and the remaining 15% sourced from other areas, e.g. Yunnan, Guizhou, Hunan and Fujian

Annual Production Capacity



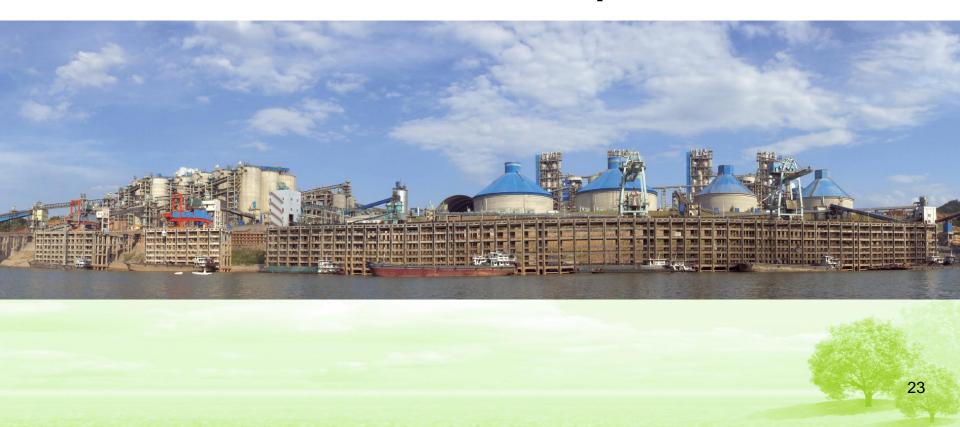
As at 30 June 2012

	Cement Clinker		Concrete			
Province/SAR	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	14	10.9	6	6.8	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	85	70.7	39	48.8	54	32.0
Mengxi* (40.6% share)	24	15.1	9	10.8	-	-
Guangzhou JV*	8	8.1	2	3.7	1	0.5
Attributable	-	10.7	-	6.5	-	0.3

^{*} Associates and jointly controlled entities of the Company



4. Outlook & Prospects





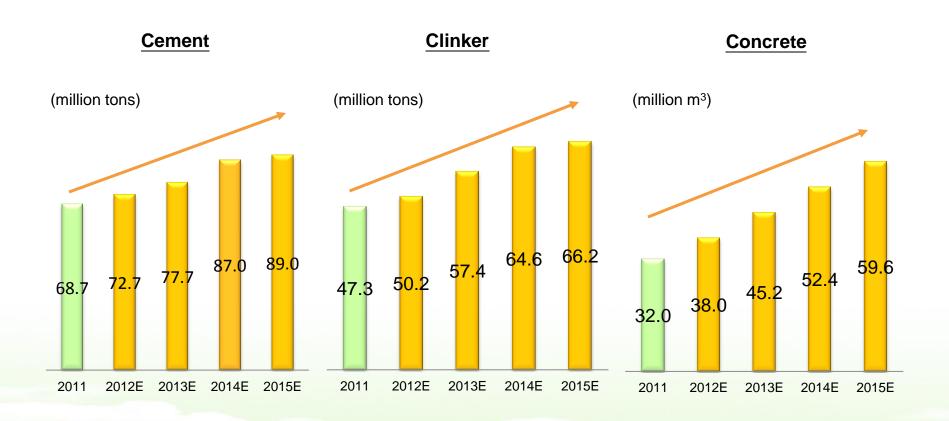


OUR GOAL in 2H 2012

- Positively participate in the consolidation of the regional cement markets in accordance with our "3 + 2" development strategy
- Continue to seek new development opportunities, and contribute unremitting efforts to realize our strategic objectives

Capacity Expansion Through Organic Growth





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

Sustainable Development Pioneer



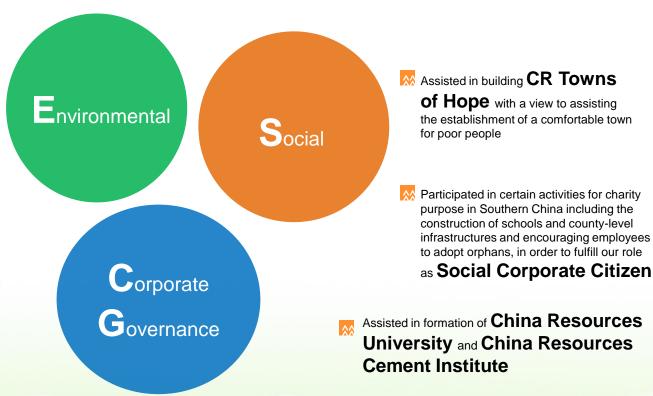
... Persistence in environmental protection and green cement development

- Completed installation of

 Denitrogenation equipment to a NSP clinker production line in Nanning
- Established China Resources Cement

 Technology Center in

 Guangzhou with focus on R&D of new technologies on energy saving and emission reduction
- Participated in the "China Resources
 Hezhou Circular Economy
 industry Demonstration Zone" project



Established Committees of

Safety Management and the Safety and Environmental Protection Department, conducted safety inspections so as to ensure the Group would be prevented from substantial safety risks

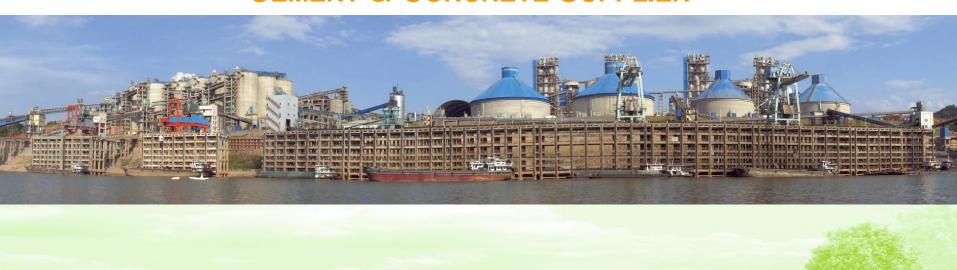
Deputy General Manager of the Company was appointed the Commissioner of Anti-corruption of the Company to promote the establishment of the Company's **Anti-Corruption and Integrity** Policies, improve the internal control procedures, monitor and control the source of risks for anti-corruption and integrity



5. Q & A

Devote with a thanksgiving heart and move towards the vision of

"Being The Best & Most Respected Cement & Concrete Supplier"





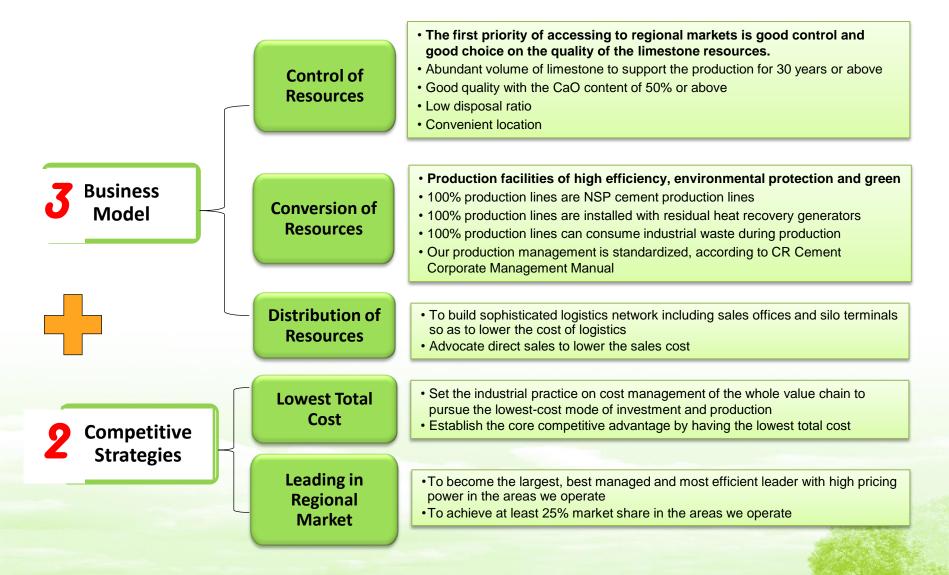
6. Appendix



Development Strategy of Cement

- "3+2" Strategy





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

