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

(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTION

Financial adviser to
China Resources Cement Holdings Limited

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

The directors of China Resources Cement Holdings Limited announced that the Company's indirect wholly owned subsidiary, Redland Concrete Limited, entered into an acquisition agreement with Grand Max Investment Limited on 30th July, 2003 for the acquisition of its 50 per cent. shareholding interests in Redland Precast Concrete Products Limited, for the consideration of HK\$23,179,500.

As Grand Max is owned and controlled by Mr. Chan Siu Cheung, a former director of Redland Concrete, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

A circular containing, among other things, a letter from an independent financial adviser containing its views on the Acquisition and details of the Acquisition will be despatched to the Shareholders of the Company within 21 days after the publication of this announcement.

THE ACQUISITION AGREEMENT DATED 30TH JULY, 2003

Vendor: Grand Max

Purchaser: Redland Concrete

Shares to be acquired: 4,000,000 Redland Precast Shares, representing 50 per cent. of the issued share capital of Redland Precast, which are all the Redland Precast Shares beneficially owned by Grand Max

Presently Redland Concrete also owns 4,000,000 Redland Precast Shares. Following the completion of the Acquisition, Redland Precast will become a wholly owned subsidiary of Redland Concrete

Consideration: HK\$23,179,500

The consideration has been arrived at after arm's length negotiations between the vendor and the purchaser

Based on the audited consolidated net profits of Redland Precast for the year ended 31st December, 2002 of approximately HK\$8.3 million, the consideration represents a historic price earnings multiple of about 5.6 times. The consolidated net asset value of Redland Precast was approximately HK\$59.3 million as at 31st December, 2002. The consideration represents a discount of approximately of 21.8% to the consolidated net assets of Redland Precasts as attributable to the 50 per cent. interest to be acquired

The directors of the Company consider that the Acquisition Agreement are entered into in the ordinary course of business and on normal commercial terms which are fair and reasonable as far as shareholders of the Company are concerned

Payment arrangement: The consideration for the Acquisition shall be satisfied in cash (funded through internal resources) in the following manner:

- HK\$8,179,500 shall be payable upon signing of the Acquisition Agreement; and
- the balance of the consideration of HK\$15 million shall be payable on or before 6th August, 2003

Completion: The completion of the Acquisition Agreement shall take place immediately after the signing of the Acquisition Agreement and compliance with the requirements of the Listing Rules

INFORMATION ABOUT REDLAND PRECAST

The Redland Precast Group is principally engaged in producing the facade and balcony, precast concrete segments and glass fibre concrete segments in the PRC and its main customers are civil engineering and building concerns, including the Hong Kong Government, quasi government organisations, property developers and construction contractors in Hong Kong.

The audited consolidated net asset value of Redland Precast was approximately HK\$59.3 million as at 31st December, 2002. The audited consolidated turnover, net profit before and after taxation and extraordinary items of Redland Precast in respect of the two financial years ended 31st December, 2002 are as follows:

	Year ended 31st December,	
	2002	2001
	(HK\$'000)	(HK\$'000)
Turnover	174,277	213,569
Net profit before taxation, extraordinary items and minority interests	7,826	15,500
Net profit after taxation, extraordinary items and minority interests	8,285	12,950

REASONS FOR THE ACQUISITION

The Group intends to become a leading value added provider of cement, concrete and related products and services to the building and construction industry in the major markets in Hong Kong and the PRC. Consistent with the acquisition strategy of the Group as set out in the section headed “Future plans and prospects” of the Prospectus and in view of the future business prospects of Redland Precast, Redland Concrete and Grand Max had a discussion in mid July and after further discussion and negotiation, both parties entered into the Acquisition Agreement. The Acquisition will further expand the business range of the Group to precast product. Accordingly, the Group will have a range of products and services starting from limestone exploration to precast concrete products. Upon completion of the Acquisition, Redland Precast will become an indirect wholly owned subsidiary of the Company.

The Acquisition will also enable the Company to centralise the management and operation of Redland Precast and better integrate the operations of the Redland Group and the Redland Precast Group. In addition, based on the business network of the Group in the PRC, Redland Precast will have an ample opportunity to expand into the PRC precast product markets.

INFORMATION ABOUT THE COMPANY

The Company is a listed company on the Stock Exchange and the business of the Group includes production, distribution and sale of cement, concrete, mortars and shotcrete in Hong Kong and the PRC.

Shareholder’s loan

As at the date of the Acquisition Agreement, each of Redland Concrete and Grand Max has provided shareholders’ loans of approximately HK\$19.4 million to Redland Precast. Such shareholders’ loans provided by Redland Concrete and Grand Max are in proportion to their respective shareholding interest in Redland Precast on the same terms. All such loans are unsecured, bearing interest at the Hong Kong prime rate minus 2% per annum and repayable on demand. Such terms will remain unchanged after completion of the Acquisition. After completion of the Acquisition, the provision of such loans by Grand Max to Redland Precast will constitute a connected transaction of the Company. The directors of the Company, including the independent

non-executive directors, are of the view that such loans to Redland Precast are on normal commercial terms. Accordingly, such financial assistance is exempted connected transaction under rule 14.24(8) of the Listing Rules.

GENERAL

As Grand Max is owned and controlled by Mr. Howard Chan, a former director of Redland Concrete, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As at the date of this announcement, based on the information available to the Company, Mr. Howard Chan and his associates, as defined in the Listing Rules, are not interested in any issued share capital of the Company.

Accordingly, the Acquisition is conditional upon the approval of the shareholders of the Company. Written approval of the Acquisition has been obtained from China Resources (Holdings) Company Limited, which together with its associates hold approximately 74.5% of the issued share capital of the Company, and are not interested in the Acquisition except through their interests in the Company. Accordingly, China Resources (Holdings) Company Limited and its associates are not required to abstain from voting in respect of the Acquisition under the Listing Rules. In view of the aforesaid and to avoid the unnecessary expenses of convening shareholder's meeting, shareholders' approval by way of a resolution passed at an extraordinary general meeting would not be required. A waiver application was made to the Stock Exchange from strict compliance with rule 14.26 of the Listing Rules regarding the holding a physical shareholders' meeting for the approval of the Acquisition.

A circular containing, among other things, a letter from an independent financial adviser containing its views on the Acquisition and details of the Acquisition will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

DEFINITIONS

“Acquisition”	The acquisition of 4,000,000 Redland Precast Shares as provided under the Acquisition Agreement
“Acquisition Agreement”	An acquisition agreement dated 30th July, 2003 entered between Redland Concrete and Grand Max as referred to in this announcement
“Company”	China Resources Cement Holdings Limited, a company incorporated in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited
“Grand Max”	Grand Max Investment Limited, a company incorporated in Hong Kong with limited liability and owned and controlled by Mr. Howard Chan
“Group”	Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Howard Chan”	Chan Siu Cheung, a former director of Redland Concrete (resigned on 11th November, 2002) and holds shareholding interests in Grand Max
“PRC”	People's Republic of China
“Prospectus”	A prospectus of the Company dated 26th June, 2003

“Redland Concrete”	Redland Concrete Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Redland Group”	Redland Concrete and its subsidiaries
“Redland Precast”	Redland Precast Concrete Products Limited, a joint venture company incorporated in Hong Kong with limited liability owned as to 50% by Redland Concrete and 50% by Grand Max
“Redland Precast Group”	Redland Precast and its subsidiaries
“Redland Precast Share(s)”	ordinary shares of HK\$1 each in the issued share capital of Redland Precast
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
China Resources Cement Holdings Limited
Lee Yip Wah, Peter
Secretary

Hong Kong, 1st August, 2003

*Please also refer to the published version of this announcement in the (**The Standard**)*