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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)

ANNOUNCEMENT

SUMMARY

On 11th August, 2003, the board of directors of the company was informed by China Resources Holdings that Tricot, a wholly-owned subsidiary of China Resources Holdings, had entered into two acquisition agreements with Guangxi Yu Feng and Guangxi Ping Nan Xian Industrial on 11th August, 2003, to acquire from Guangxi Yu Feng and Guangxi Pingnan Xian Industrial of a 50.53% and 22.97% interest, respectively, in Guangxi Ping Nan Yu Feng.

Introduction

Further to the memorandum of understanding of 28th April, 2003 entered into between China Resources Machinery and Minmetals (Holdings) Co., Limited, a wholly owned subsidiary of China Resources Holdings, and Guangxi Yu Feng as disclosed under the section headed “Relationship with China Resources Holdings” in the prospectus, the board of directors of the company was informed by China Resources Holdings that its wholly owned subsidiary, Tricot, had entered into two acquisition agreements with Guangxi Yu Feng and Guangxi Pingnan Xian Industrial on 11th August, 2003 to acquire from Guangxi Yu Feng and Guangxi Pingnan Xian Industrial of a 50.53% and a 22.97% interest, respectively, in Guangxi Ping Nan Yu Feng. The aggregate consideration for the acquisition shall be approximately RMB160 million, which is equivalent to approximately HK\$151 million. The remaining 26.5% interest in Guangxi Ping Nan Yu Feng will continue to be held by Guangxi Yufeng Group Cement.

Information on Guangxi Ping Nan Yu Feng

Based on the information available to the company, Guangxi Ping Nan Yu Feng was established on 20th May, 2002 for the purpose of engaging in clinker and cement production in Ping Nan, Guangxi ZAR. The current registered capital of Guangxi Ping Nan Yu Feng is RMB217.7 million, equivalent to approximately HK\$205.2 million. Guangxi Ping Nan Yu Feng intends to construct one dry process rotary kiln clinker production line and one cement production line. Full commercial production of Guangxi Ping Nan Yu Feng is expected to commence in the first half of year 2005, whereupon, it is expected to have an annual production capacities of clinker and cement of approximately 1.5 and 1.1 million tonnes, respectively. The total investment required is expected to be approximately RMB667.7 million, equivalent to approximately HK\$629.9 million, which will be financed by the capital contributions from the shareholders of, and bank loans to be raised by, Guangxi Ping Nan Yu Feng.

Position of the company in the Guangxi Ping Nan Yu Feng project

According to the option deed dated 20th June, 2003 entered into between China Resources Holdings and the company as referred to under the section headed "Relationship with China Resources Holdings" in the prospectus, the company was granted a call option to acquire all or any part of the interest in Guangxi Ping Nan Yu Feng held by China Resources Holdings or its nominees at the original investment costs of China Resources Holdings or such nominees plus interest at 0.5% above HIBOR accruing from the period commencing on the respective date of payments of such investment (whether in the form of capital contribution or shareholders' loans) up to the date of transfer, such option being exercisable for a period of twelve months from the commencement of commercial production of Guangxi Ping Nan Yu Feng.

According to the acquisition agreement, Tricot shall have the right to nominate eight out of eleven directors to the board of Guangxi Ping Nan Yu Feng. It is currently intended by China Resources Holdings that three of such eight directors will be from the company. In view of the call option referred to above, the company considers that such arrangement is in the best interest of the company so as to facilitate the transition and integration of Guangxi Ping Nan Yu Feng into the group if the company exercises its option to acquire the interest in Guangxi Ping Nan Yu Feng. However, the directors will consider, amongst other things, the financial position of the company and the condition of the capital market at that time before deciding whether to exercise the call option or not and any related financial arrangements. In the event that the company decides to exercise its call option, it will satisfy all the then relevant requirements under the Listing Rules. If the company decides not to exercise its call option,

the company will then publish an announcement to explain the reasons for such decision and the opinion of the independent non executive directors of the company.

In this announcement, conversion of RMB into Hong Kong dollars is based on the approximate exchange rate of RMB1.06 to HK\$1.

Definitions

“acquisition”	the acquisition of 50.53% and 22.97% interest in Guangxi Ping Nan Yu Feng from Guangxi Yu Feng and Guangxi Pingnan Xian Industrial, respectively
“acquisition agreements”	two agreements dated 11th August, 2003 entered into between Tricot and Guangxi Yu Feng and Guangxi Pingnan Xian Industrial in relation to the acquisition
“China Resources Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, which holds 74.5% shareholding interest in the company
“company”	China Resources Cement Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“group ”	the company and its subsidiaries
“Guangxi Ping Nan Yu Feng”	廣西平南魚峰水泥有限公司 (Guangxi Ping Nan Yu Feng Cement Company Limited), an equity joint venture company established in the People’s Republic of China
“Guangxi Yu Feng”	廣西魚峰集團有限公司 (Guangxi Yu Feng Group Company Limited), a company established in the People’s Republic of China
“Guangxi Yufeng Group Cement”	廣西魚峰集團水泥有限公司 (Guangxi Yufeng Group Cement Company Limited), a company established in the People’s Republic of China and presently an associated company of Guangxi Yu Feng

“Guangxi Pingnan Xian Industrial”	廣西平南縣工業投資有限公司 (Guangxi Pingnan Xian Industrial Investment Limited), a company established in the People’s Republic of China
“Guangxi ZAR”	Guangxi Zhuang Autonomous Region
“HIBOR”	Hong Kong Interbank Offered Rate
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“prospectus”	a prospectus of the company dated 26th June, 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tricot”	Tricot Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of China Resources Holdings

By order of the board
China Resources Cement Holdings Limited
Shi Shanbo
Director

Hong Kong, 12th August, 2003

Please also refer to the published version of this announcement in The Standard.