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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)

(Stock Code: 712)

CONNECTED TRANSACTION

ACQUISITION OF 30% EQUITY INTEREST IN SHENZHEN TIEJIAN

Financial adviser to
China Resources Cement Holdings Limited

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

The directors of the Company announced that Goodsales Investments, the Company's wholly owned subsidiary, entered into an Acquisition Agreement with Zhong Tie Jian Chang, on 19 July 2004 for the acquisition of a 30% equity interest in Shenzhen Tiejian, an indirect non-wholly owned subsidiary of the Company, at the consideration of RMB15.0 million (equivalent to approximately HK\$14.2 million).

As Zhong Tie Jian Chang is a substantial shareholder of Shenzhen Tiejian, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

As each of the relevant percentage ratios is less than 2.5%, the connected transaction is only subject to the reporting and announcement requirements in accordance with rules 14A.45 and 14A.47 and is exempt from the independent shareholders' approval requirement under the Listing Rules.

THE ACQUISITION AGREEMENT DATED 19 JULY 2004

- Seller:** Zhong Tie Jian Chang, its principal activities are construction business and investment holding including Shenzhen Tiejian
- Buyer:** Goodsales Investments, its sole principal activity is investment holding of Shenzhen Tiejian
- Assets to be acquired:** 30% equity interest in Shenzhen Tiejian
- Consideration:** RMB15.0 million (equivalent to approximately HK\$14.2 million).
- Payment arrangement:** As agreed with Zhong Tie Jian Gong Group Limited Shenzhen Branch Company, a fellow subsidiary of Zhong Tie Jian Chang, the consideration has been satisfied by way of setting off against part of the trade receivables as at the date of this announcement owed by it to Shenzhen Tiejian. Upon the signing of the Acquisition Agreement, part of the trade receivables has also applied to offset the full amount of shareholder' loan from Zhong Tie Jian Chang to Shenzhen Tiejian which amounted to RMB3.0 million (equivalent to approximately HK\$2.8 million).

These trade receivables arose from the sales of concrete to Zhong Tie Jian Gong Group Limited Shenzhen Branch Company in the ordinary course of business of Shenzhen Tiejian. These sales of concrete to Zhong Tie Jian Chang and its associates, as defined in the Listing Rules, constitute an ongoing connected transaction of the Company under the Listing Rules. As stated in the prospectus of the Company dated 26 June 2003, the Company has applied for, and the Stock Exchange has granted to the Company, a waiver from the disclosure requirements in respect of the sale of concrete from Shenzhen Tiejian to Zhong Tie Jian Chang and its associates, as defined in the Listing Rules, for three years.

There is no condition precedents and long stop date in the Acquisition Agreement. The Acquisition was completed on 19 July 2004.

REASONS FOR THE ACQUISITION

As mentioned in the Company's annual report dated 18 March 2004, the Group acquired 100% equity interests in two companies, namely Shenzhen Wenwei Concrete Limited and Shenzhen Shengcheng Concrete Limited on 1 January 2004. These two acquired companies were also engaged in the manufacture and sale of concrete products in Shenzhen and are in direct competition with Shenzhen Tiejian. The acquisition of the remaining 30% equity interest in Shenzhen Tiejian will resolve the potential difference in interests between the minority interests and the Group as a whole. Immediately after the Acquisition, all the three concrete plants in Shenzhen will become wholly owned subsidiaries of the Group. Accordingly, the Group can better serve the market and enable the Group to carry out its business and expansion strategy in Shenzhen.

The consideration for the Acquisition was arrived at after arm's length negotiation and was determined with reference to the audited net asset value of Shenzhen Tiejian as at 31 December 2003, amounted to approximately RMB34.3 million (equivalent to approximately HK\$32.4 million) and the net profit for the year ended 31 December 2003 of Shenzhen Tiejian, amounted to approximately RMB5.1 million (equivalent to approximately HK\$4.8 million). The consideration represented a premium of RMB4.7 million (equivalent to approximately HK\$4.4 million) to the attributable interests of 30% of the audited net asset value of Shenzhen Tiejian as at 31 December 2003. Having taken into account the synergy effect in operation of the three concrete plants within Shenzhen, the directors of the Company, including the independent non-executive directors of the Company, consider that the consideration is fair and reasonable as far as shareholders of the Company are concerned. The original cost of investments devoted by Zhong Tie Jian Chang in March 2002 was RMB7.5 million (equivalent to approximately HK\$7.1 million).

The directors of the Company, including the independent non-executive directors of the Company, consider that the Acquisition Agreement was 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.

INFORMATION ABOUT SHENZHEN TIEJIAN

Shenzhen Tiejian was established as a limited liability company on 26 March 2002 in the PRC with a registered capital of RMB25.0 million, or approximately HK\$23.6 million. It is currently an indirect non-wholly owned subsidiary of the Group which is beneficially held as to 70% by Goodsales Investments and 30% by Zhong Tie Jian Chang. It is principally engaged in the

manufacturing and sale of ready mixed concrete in Shenzhen. Pursuant to an acquisition agreement dated 26 March 2003, the Group acquired the 70% interests of Shenzhen Tiejian from China Resources (Holdings) Company Limited, the controlling shareholder of the Group, at the consideration of HK\$21.2 million as disclosed in the prospectus of the Company dated 26 June 2003.

The audited profit before taxation and minority interests and net profit after taxation and minority interests of Shenzhen Tiejian for the year ended 31 December 2003 were approximately RMB5.1 million (equivalent to approximately HK\$4.8 million) and approximately RMB5.1 million (equivalent to approximately HK\$4.8 million) respectively. The audited profit before taxation and minority interests and net profit after taxation and minority interests of Shenzhen Tiejian for the year ended 31 December 2002 were approximately RMB7.5 million (equivalent to approximately HK\$7.1 million) and approximately RMB6.4 million (equivalent to approximately HK\$6.0 million) respectively.

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.

GENERAL

As Zhong Tie Jian Chang is a substantial shareholder of Shenzhen Tiejian, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As each of the relevant percentage ratios is less than 2.5%, the connected transaction is only subject to the reporting and announcement requirement in accordance with rules 14A.45 and 14A.47 and is exempt from the independent shareholders' approval requirement.

As at the date of this announcement, the Board of the Company comprises twelve directors, of which six are executive directors, namely Mr. Qiao Shibo, Mr. Shi Shanbo, Ms. Zhou Junqing, Mr. Zhou Longshan, Ms. Sun Mingquan and Mr. Zheng Yi, three are non-executive directors, namely Mr. Ning Gaoning, Mr. Jiang Wei and Mr. Keung Chi Wang, Ralph and three are independent non-executive directors, namely Mr. Chan Mo Po, Paul, Mr. Lin Zongshou and Mr. Lui Pui Kee, Francis.

DEFINITIONS

“Acquisition”	the acquisition of 30% equity interest in Shenzhen Tiejian as provided under the Acquisition Agreement
“Acquisition Agreement”	an acquisition agreement dated 19 July 2004 entered into between Goodsales Investments and Zhong Tie Jian Chang as referred to in this announcement
“Board”	the board of directors of the Company
“Company”	China Resources Cement Holdings Limited, a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange
“Goodsales Investments”	Goodsales Investments Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
“Group”	Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the legal currency in the PRC
“Shenzhen Tiejian”	Shenzhen China Resources Tiejian Concrete Co., Ltd., a limited liability company established in the PRC, which is beneficially held as to 70% by Goodsales Investments and 30% by Zhong Tie Jian Chang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhong Tie Jian Chang”

中鐵建廠工程局深圳實業公司 (Zhong Tie Jian Chang Construction Department Shenzhen Industrial Company), a state owned enterprise

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of HK\$1.0 = RMB1.06. This exchange is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

By order of the Board

China Resources Cement Holdings Limited

Lee Yip Wah, Peter

Secretary

Hong Kong, 20 July 2004

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