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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)

CONTINUING CONNECTED TRANSACTIONS

Advised by

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

The Board announces that the Company entered into the Hong Kong Tenancy Agreement in respect of the Hong Kong Premises with China Resources Property Management on 4 July 2005.

On 1 July 2005, China Resources Cement Investments entered into the Shenzhen Tenancy Agreement with China Resources (Shenzhen) in respect of the Shenzhen Premises.

As China Resources Holdings is the controlling shareholder of China Resources Property Management, China Resources (Shenzhen) and the Company and China Resources Cement Investments is a wholly owned subsidiary of the Company, China Resources Property Management and China Resources (Shenzhen) are connected persons of the Company under the Listing Rules. The Hong Kong Tenancy Agreement and the Shenzhen Tenancy Agreement therefore constitute the Continuing Connected Transactions of the Group under Rule 14A.34 of the Listing Rules.

As each of the relevant percentage ratios for the Continuing Connected Transactions is on an annual basis less than 2.5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Continuing Connected Transactions were entered into in the usual and ordinary course of business of the Group. They also consider that the terms of the Continuing Connected Transactions were negotiated and conducted on an arm's length basis and on normal commercial terms between the Company and China Resources Property Management and between China Resources Cement Investments and China Resources (Shenzhen) under each of the respective tenancy agreements, which were made with reference to the then prevailing market rates and based on terms which would be similar to those offered by China Resources Property Management and China Resources (Shenzhen) to other third parties. The Continuing Connected Transactions are expected to continue in the foreseeable future.

The Directors (including the independent non-executive Directors) are of the view that so far as the Shareholders are concerned, the Continuing Connected Transactions and the terms thereof are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

THE HONG KONG TENANCY AGREEMENT

The Board announces that the Company entered into the Hong Kong Tenancy Agreement on 4 July 2005. The terms of the Hong Kong Tenancy Agreement are summarised below:

Date:	4 July 2005
Landlord:	China Resources Property Management
Tenant:	The Company
Property:	Room 4106-07, 41/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Gross floor area:	4,952 square feet
Rent:	HK\$78,241.60 per month, payable in advance each month
Management fee:	HK\$11,389.60 per month, payable by the Company to China Resources Property Management

Other charges: Air conditioning charges of HK\$16,836.80 per month, payable by the Company to China Resources Property Management

Term: Commencing from 1 July 2005 and ending on 31 December 2007

Usage: Office premises

THE SHENZHEN TENANCY AGREEMENT

On 1 July 2005, China Resources Cement Investments entered into the Shenzhen Tenancy Agreement. The terms of the Shenzhen Tenancy Agreement are summarised below:

Date: 1 July 2005

Landlord: China Resources (Shenzhen)

Tenant: China Resources Cement Investments

Property: Units 1701, 1702 and 1706, 17/F., China Resources Building, 5001 Shen Nan Dong Lu, Shenzhen, the PRC

Gross floor area: 872 square metres

Rent: RMB104,640.00 (equivalent to HK\$98,716.98) per month, payable in advance each month

Management fee: RMB26,160.00 (equivalent to HK\$24,679.25) per month, payable by China Resources Cement Investments to China Resources (Shenzhen)

Term: Commencing from 1 July 2005 and ending on 31 December 2007

Usage: Office premises

INFORMATION ABOUT THE CONNECTED PERSONS

China Resources Property Management

China Resources Property Management is a company incorporated in Hong Kong with limited liability. It is a wholly owned subsidiary of China Resources Holdings. It is engaged in the provision of property management services.

China Resources (Shenzhen)

China Resources (Shenzhen) is a company incorporated in the PRC with limited liability. It is a wholly owned subsidiary of China Resources Holdings. It is engaged in property development and operation, retail premises management and related business.

China Resources Holdings

China Resources Holdings is a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company. Other than the activities engaged by the Company, China Resources Holdings is also engaged in retail distribution, brewing and distribution of beverages, textiles, property development, electric power and microelectronics, telecommunications, infrastructure development and other industries.

INFORMATION ABOUT THE COMPANY AND CHINA RESOURCES CEMENT INVESTMENTS

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.

China Resources Cement Investments

China Resources Cement Investments is a company incorporated in the PRC with limited liability. It is a wholly owned subsidiary of the Company and is an investment holding company. It is also engaged in marketing and sale of the Group's cement products and procurement of raw materials.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

During the period from 1 January 2003 to 30 June 2005, China Resources Dongguan Cement, a company which became a subsidiary of the Company in July 2003, had licenced a room of the Hong Kong Premises which it occupied as office premises from China Resources Property Management on a monthly basis intermittently. During the period from 1 June 2003 to 30 June 2005, the Company had licenced the Hong Kong Premises as its office premises from China Resources Property Management on a monthly basis intermittently. During the period from 1 January 2005 to 30 June 2005, China Resources Cement Investments had licenced the Shenzhen Premises which it occupied as office premises from China Resources (Shenzhen) on a monthly basis. No lease agreement has been signed during the above relevant periods and accordingly, the relevant landlords and the relevant tenants may refuse to renew the licence upon expiry at the end of each month. Total licence fees paid in respect of all the above licences for the Hong Kong Premises and the Shenzhen Premises during each of the two years ended 31 December 2004 and the six months period ended 30 June 2005 amounted to approximately HK\$887,000, HK\$1,145,000 and HK\$926,000 respectively.

In order to ensure that the Group may operate in a more stable environment and may use the office premises on longer terms, the Company entered into the Hong Kong Tenancy Agreement with China Resources Property Management and China Resources Cement Investments entered into the Shenzhen Tenancy Agreement with China Resources (Shenzhen).

THE CONTINUING CONNECTED TRANSACTIONS AND THE CAP AMOUNT

As China Resources Holdings is the controlling shareholder of China Resources Property Management, China Resources (Shenzhen) and the Company and China Resources Cement Investments is a wholly owned subsidiary of the Company, China Resources Property Management and China Resources (Shenzhen) are connected persons of the Company under the Listing Rules. The Hong Kong Tenancy Agreement and the Shenzhen Tenancy Agreement therefore constitute the Continuing Connected Transactions of the Group under Rule 14A.34 of the Listing Rules.

As each of the relevant percentage ratios for the Continuing Connected Transactions is on an annual basis less than 2.5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Continuing Connected Transactions were entered into in the usual and ordinary course of business of the Group. They also consider that the terms of the Continuing Connected Transactions were negotiated and conducted on an arm's length basis and on normal commercial terms between the Company and China Resources Property Management and between China Resources Cement Investments and China Resources (Shenzhen) under each of the respective tenancy agreements, which were made with reference to the then prevailing market rates and based on terms which would be similar to those offered by China Resources Property Management and China Resources (Shenzhen) to other third parties. The Continuing Connected Transactions are expected to continue in the foreseeable future.

The Directors (including the independent non-executive Directors) are of the view that so far as the Shareholders are concerned, the Continuing Connected Transactions and the terms thereof are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

The aggregate rent, management fee and other charges to be paid under the Hong Kong Tenancy Agreement and the Shenzhen Tenancy Agreement and the licence fees paid for the six months period ended 30 June 2005 by the Company to China Resources Property Management and by China Resources Cement Investments to China Resources (Shenzhen) will not exceed HK\$2,500,000, HK\$2,800,000 and HK\$2,800,000 respectively for the years ending 31 December 2005, 31 December 2006 and 31 December 2007.

The bases of three cap amounts mentioned above are determined with reference to the rent, management fee and other charges payable under the Hong Kong Tenancy Agreement and the Shenzhen Tenancy Agreement and the licence fees paid for the six months period ended 30 June 2005 by the Company to China Resources Property Management and by China Resources Cement Investments to China Resources (Shenzhen).

The Company did not comply with the reporting and announcement requirements under Rule 14A.34 of the Listing Rules when the aggregate licence fees paid to China Resources Property Management for the year ended 31 December 2004 were more than HK\$1,000,000. The Stock Exchange has indicated that it reserves the right to take appropriate action against the Company and/or its Directors in this respect.

DEFINITIONS

“Board”	board of directors of the Company
“China Resources Cement Investments”	China Resources Cement Investments Limited, a company incorporated in the PRC with limited liability
“China Resources Dongguan Cement”	China Resources Dongguan Cement Manufactory Holdings Limited, a company incorporated in Hong Kong with limited liability
“China Resources Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability
“China Resources Property Management”	China Resources Property Management Limited, a company incorporated in Hong Kong with limited liability
“China Resources (Shenzhen)”	China Resources (Shenzhen) Co., Ltd., a company incorporated in the PRC with limited liability
“Company”	China Resources Cement Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the connected transactions to be continued between the Group and its connected persons on an ongoing basis and as described under the paragraph headed “The continuing connected transactions and the cap amount” in this announcement
“Directors”	directors of the Company
“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
“Hong Kong Premises”	property referred to under the Hong Kong Tenancy Agreement
“Hong Kong Tenancy Agreement”	tenancy agreement entered into between the Company and China Resources Property Management on 4 July 2005
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen Premises”	property referred to under the Shenzhen Tenancy Agreement
“Shenzhen Tenancy Agreement”	tenancy agreement entered into between China Resources Cement Investments and China Resources (Shenzhen) on 1 July 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB1.06. This exchange rate 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

Shi Shanbo

Director

Hong Kong, 8 July 2005

As at the date of this announcement, the Board comprises eleven 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; two are non-executive Directors, namely 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.

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