
IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in China Resources Cement Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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 Codes: 712 and 2512)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE REMAINING INTEREST IN THE PINGNAN JOINT VENTURE

**Financial adviser to
China Resources Cement Holdings Limited**

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	acquisition of the 9.1% equity interest in the Pingnan Joint Venture (comprising the registered capital of RMB57,700,000) from Guangxi Yufeng pursuant to the Yufeng Acquisition Agreement
“Associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Bond(s)”	the zero coupon convertible bond(s), due 2010 in the aggregate principal amount of HK\$800.0 million convertible into Share(s) at the initial conversion price of HK\$2.00 per share issued by China Resources Cement Finance Limited, a wholly owned subsidiary of the Company, on 13 January 2005 and guaranteed by the Company
“China Resources Cement Investments”	China Resources Cement Investments Limited, a company established in PRC with limited liability and a wholly owned subsidiary of the Company whose principal businesses are the marketing of cement products, procurement of materials and projects management
“China Resources Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong 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 Main Board of the Stock Exchange
“Consideration”	an aggregate value of RMB64,624,000, equivalent to approximately HK\$62,138,000, in cash payable by the Company to Guangxi Yufeng pursuant to the Yufeng Acquisition Agreement
“Conversion Share(s)”	Share(s) to be allotted and issued by the Company upon conversion of the Bond(s)

DEFINITIONS

“CRE”	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability
“CR Land”	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability
“CR Logic”	China Resources Logic Limited, a company incorporated in Bermuda with limited liability
“CRNC”	China Resources National Corporation, a state owned enterprise in PRC
“CR Power”	China Resources Power Holdings Company Limited, a company incorporated in Hong Kong with limited liability
“Director(s)”	director(s) of the Company
“Group”	Company and its subsidiaries
“Guangxi Yufeng”	Guangxi Yufeng Group Cement Company Limited, a limited liability company established in PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Independent Third Parties”	independent third parties who are not connected persons of the Company as defined in the Listing Rules, and are independent of the Company and connected persons of the Company
“Latest Practicable Date”	13 September 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers

DEFINITIONS

“Pingnan Joint Venture”	Guangxi Pingnan China Resources Yufeng Cement Company Limited, a limited liability company established in PRC
“PRC”	The People’s Republic of China
“PRD”	Pearl River Delta region in Guangdong Province, PRC
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental JV Agreement”	a supplemental agreement relating to the Pingnan Joint Venture entered into between Tricot and Guangxi Yufeng on 11 April 2005
“Tricot”	Tricot Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
“Tricot Acquisition Agreement”	a sale and purchase agreement dated 29 November 2004 entered into between the Company and China Resources Holdings
“Yufeng Acquisition Agreement”	a sale and purchase agreement dated 31 August 2005 entered into between China Resources Cement Investments, Guangxi Yufeng and Tricot
“%”	per cent

Unless otherwise specified in this circular, amounts denominated in Renminbi have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB1.04. 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.

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Codes: 712 and 2512)

Executive Directors:

Qiao Shibo (*Chairman*)
Shi Shanbo (*Vice Chairman and General Manager*)
Zhou Junqing
Zhou Longshan
Sun Mingquan
Zheng Yi

Registered office:

P.O. Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Non-executive Directors:

Jiang Wei
Keung Chi Wang, Ralph

*Head office and principal place of
business in Hong Kong:*

Room 4107, 41/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Independent non-executive Directors:

Chan Mo Po, Paul
Lin Zongshou
Lui Pui Kee, Francis

16 September 2005

To Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE REMAINING INTEREST IN THE PINGNAN JOINT VENTURE

INTRODUCTION

The Board announced on 1 September 2005 that China Resources Cement Investments, a wholly owned subsidiary of the Company, entered into the Yufeng Acquisition Agreement with Guangxi Yufeng and Tricot on 31 August 2005 for the acquisition of the remaining 9.1% equity interest in the Pingnan Joint Venture.

LETTER FROM THE BOARD

BACKGROUND OF THE ACQUISITION

On 29 November 2004, the Company entered into the Tricot Acquisition Agreement with China Resources Holdings, whereby China Resources Holdings agreed to sell and the Company agreed to acquire the entire issued share capital of Tricot, which in turn holds approximately 73.5% interest in the Pingnan Joint Venture, and the related shareholder's loan for a total consideration of approximately HK\$151.7 million. The Tricot Acquisition Agreement was approved by Shareholders on 10 January 2005 and completed on 13 January 2005.

On 23 February 2005, the Board passed a resolution approving Tricot to enter into the Supplemental JV Agreement with Guangxi Yufeng, under which the registered capital of the Pingnan Joint Venture was increased from RMB217.7 million, which is equivalent to approximately HK\$209.3 million, to approximately RMB636.9 million, which is equivalent to approximately HK\$612.4 million. According to the Supplemental JV Agreement, both parties agreed that Tricot would contribute all the incremental registered capital of the Pingnan Joint Venture in an aggregate amount of approximately RMB419.2 million, which is equivalent to approximately HK\$403.1 million. The Supplemental JV Agreement was approved by Shareholders on 11 April 2005 and the increase in registered capital of the Pingnan Joint Venture was approved by the relevant government authorities in PRC on 29 July 2005. Up to the date of this circular, Tricot has contributed an additional amount of RMB202.8 million, which is equivalent to approximately HK\$195.0 million, into the capital of the Pingnan Joint Venture. Although Tricot has not fully contributed the increased amount of the registered capital, as confirmed by Global Law Office, PRC lawyers of the Company, the Group's equity interest in the Pingnan Joint Venture has been legally increased from 73.5% to 90.9% since 29 July 2005 as the result of the Supplemental JV Agreement. Accordingly, the shareholding of Guangxi Yufeng in the Pingnan Joint Venture has been diluted to 9.1%.

On 31 August 2005, China Resources Cement Investments, a wholly owned subsidiary of the Company, entered into the Yufeng Acquisition Agreement with Guangxi Yufeng and Tricot in relation to the Acquisition. Details of the Yufeng Acquisition Agreement are as follows:

THE YUFENG ACQUISITION AGREEMENT

Date	31 August 2005
Parties	(1) Guangxi Yufeng, as vendor; (2) China Resources Cement Investments, as purchaser; and (3) Tricot, as the majority shareholder in the Pingnan Joint Venture

LETTER FROM THE BOARD

Interest to be acquired	9.1% equity interest in the Pingnan Joint Venture (comprising the registered capital of RMB57,700,000) held by Guangxi Yufeng
Consideration	RMB64,624,000, equivalent to approximately HK\$62,138,000, in cash
Term of payment	RMB26,000,000 payable before 31 August 2005; RMB13,000,000 payable before 30 September 2005; RMB13,000,000 payable before 31 October 2005; the balance of RMB12,624,000 payable within three days after the completion of business registration in PRC in respect of the transfer of the interest to be acquired from Guangxi Yufeng to the Company

The first instalment of RMB26,000,000 due on 31 August 2005 has been paid by the Company.

Tricot, as a party to the Yufeng Acquisition Agreement, has agreed to give up its pre-emptive rights in respect of the interest held by Guangxi Yufeng in the Pingnan Joint Venture.

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration of RMB64,624,000, which is equivalent to approximately HK\$62,138,000, was arrived at after arm's length negotiations between China Resources Cement Investments and Guangxi Yufeng. It will be funded by internal financial resources of the Group. The consideration was calculated on the basis of the original investment cost of Guangxi Yufeng of RMB57,700,000 (equivalent to approximately HK\$55,481,000) plus interest at 6% per annum accrued for a period of two years.

REASONS FOR THE ACQUISITION

With the acquisition of 73.5% equity interest in the Pingnan Joint Venture by the Company, the Group has successfully increased its annual cement production capacity from 3.3 million tonnes to 5.2 million tonnes. As stated in the circular issued by the Company dated 24 March 2005, the Company decided to build another 5,000 tonnes per day dry process clinker production line at the existing plant operated by the Pingnan Joint Venture to capture additional market share in the cement market in the PRD.

For the six months ended 30 June 2005, the Pingnan Joint Venture recorded an unaudited net profit of approximately HK\$8,757,000 on unaudited turnover of approximately HK\$147,277,000. Having considered the satisfactory operating results of the Pingnan Joint Venture and the current

LETTER FROM THE BOARD

market conditions, the Directors are of the view that the Acquisition will generate additional values for Shareholders and will allow the Group to be more flexible in the implementation of its business and growth strategies.

It is expected that the Acquisition will be completed on or before 31 December 2005. Upon the completion of the Acquisition, the Pingnan Joint Venture will become a wholly owned subsidiary of the Company. This will enable the Group to achieve greater flexibility in and maintain full control over the management, operation and cashflow of the Pingnan Joint Venture and to further strengthen and consolidate the Group's business position in the cement business in the PRD, which ideally fits in the Group's business and growth strategies.

The Directors consider that the Yufeng Acquisition Agreement was entered into in the ordinary course of business and on normal commercial terms and the consideration for the Acquisition is fair and reasonable as far as Shareholders are concerned and the Acquisition is in the best interest of the Company and Shareholders as a whole.

INFORMATION ABOUT TRICOT

Tricot is an investment holding company which was incorporated in the British Virgin Islands on 1 July 2003 and its principal business is the investment holding in the Pingnan Joint Venture.

INFORMATION ABOUT THE PINGNAN JOINT VENTURE

The Pingnan Joint Venture was established on 20 May 2002 with a registered and paid up capital of RMB217.7 million, which is equivalent to approximately HK\$209.3 million. The cumulative amount paid up as capital at 30 June 2005 was RMB420.5 million, which is equivalent to approximately HK\$404.3 million. The principal activity of the Pingnan Joint Venture is the production and sale of cement products.

The Pingnan Joint Venture only commenced operation in October 2004. No turnover was recorded for the period from 20 May 2002 (date of establishment) to 30 September 2004. The Pingnan Joint Venture recorded losses before taxation of HK\$18,258,000, HK\$4,305,000 and HK\$262,000 and losses after taxation of HK\$10,963,000, HK\$4,305,000 and HK\$262,000 for the years ended 31 December 2004 and 2003 and for the period from 20 May 2002 (date of establishment) to 31 December 2002 respectively. As at 31 December 2004, the audited net asset of the Pingnan Joint Venture was approximately HK\$189.7 million of which approximately HK\$50,271,000 was attributable to Guangxi Yufeng as the minority shareholder of the Pingnan Joint Venture.

LETTER FROM THE BOARD

INFORMATION ABOUT GUANGXI YUFENG

Guangxi Yufeng is a limited liability company established in PRC. Its principal activities include its investment holding in the Pingnan Joint Venture. To the best knowledge of the Directors, Guangxi Yufeng and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ABOUT THE COMPANY

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

FINANCIAL EFFECT OF THE ACQUISITION ON THE COMPANY

After completion of the Acquisition, the Pingnan Joint Venture will become a wholly owned subsidiary of the Group. Its operating results will be included in the Group's consolidated profit and loss account and will be fully attributable to Shareholders.

On basis of the audited net assets of the Pingnan Joint Venture as at 31 December 2004 attributable to Guangxi Yufeng of HK\$50,271,000, the consideration of RMB64,624,000, which is equivalent to approximately HK\$62,138,000, represents a premium of 23.6% to the attributable net asset value to be acquired by the Group. A goodwill of approximately HK\$11,867,000 would have arisen from the Acquisition and would be recognised as an asset on the balance sheet and would be reviewed for impairment at least annually or more frequently if there are indications that the carrying value may not be recoverable. Any impairment would then be recognised immediately in the consolidated profit and loss account and would not be subsequently reversed.

GENERAL

As the relevant percentage ratios defined under the Listing Rules exceed 5%, under Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company and is subject to its disclosure requirements.

Yours faithfully,
for and on behalf of the Board
Qiao Shibo
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company are taken or deemed to have under such provisions of the SFO); or which are required to be entered in the register referred to therein pursuant to section 352 of the SFO; or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the shares and underlying shares of:**(a) The Company**

Name of Director	Capacity	Number of Shares held	Underlying Shares	Total	Aggregate long position in Shares and underlying Shares to issued share capital of the Company (note 1) %
Qiao Shibo	Beneficial owner	–	3,800,000	3,800,000	0.995
Shi Shanbo	Beneficial owner	–	3,100,000	3,100,000	0.812
Zhou Junqing	Beneficial owner	–	2,800,000	2,800,000	0.733
Zhou Longshan	Beneficial owner	–	2,800,000	2,800,000	0.733
Sun Mingquan	Beneficial owner	–	2,600,000	2,600,000	0.681
Zheng Yi	Beneficial owner	–	2,600,000	2,600,000	0.681
Keung Chi Wang, Ralph	Beneficial owner	–	800,000	800,000	0.209
Chan Mo Po, Paul	Beneficial owner	–	200,000	200,000	0.052
Lin Zongshou	Beneficial owner	–	200,000	200,000	0.052
Lui Pui Kee, Francis	Beneficial owner	–	200,000	200,000	0.052

Underlying Shares represented by share options outstanding under the share option scheme of the Company to subscribe for Shares are as follows:

Name of Director	Date of grant	Date of expiry	Exercise price HK\$	Number of underlying Shares	Aggregate long position in underlying Shares to issued share capital of the Company (note 1) %
Qiao Shibo	5 December 2003	4 December 2013	2.325	3,000,000	0.995
	16 December 2004	15 December 2014	1.660	800,000	
Shi Shanbo	5 December 2003	4 December 2013	2.325	2,300,000	0.812
	16 December 2004	15 December 2014	1.660	800,000	
Zhou Junqing	5 December 2003	4 December 2013	2.325	2,000,000	0.733
	16 December 2004	15 December 2014	1.660	800,000	
Zhou Longshan	5 December 2003	4 December 2013	2.325	2,000,000	0.733
	16 December 2004	15 December 2014	1.660	800,000	
Sun Mingquan	5 December 2003	4 December 2013	2.325	1,800,000	0.681
	16 December 2004	15 December 2014	1.660	800,000	
Zheng Yi	5 December 2003	4 December 2013	2.325	1,800,000	0.681
	16 December 2004	15 December 2014	1.660	800,000	
Keung Chi Wang, Ralph	5 December 2003	4 December 2013	2.325	800,000	0.209
Chan Mo Po, Paul	5 December 2003	4 December 2013	2.325	200,000	0.052
Lin Zongshou	5 December 2003	4 December 2013	2.325	200,000	0.052
Lui Pui Kee, Francis	5 December 2003	4 December 2013	2.325	200,000	0.052

notes:

1. Based on 381,863,461 Shares in issue as at the Latest Practicable Date.
2. The above options granted on 5 December 2003 are vested in five tranches of 20% each on each anniversary of the date of grant commencing from the first anniversary of the date of grant.
3. The above options granted on 16 December 2004 are vested in four tranches of 25% each on each anniversary of the date of grant commencing from the first anniversary of the date of grant.
4. Consideration for each of the above grants is HK\$1.00.

(b) CRE, an associated corporation of the Company

Name of Director	Capacity	Number of shares held	Underlying shares	Total	Aggregate long position in shares and underlying shares to issued share capital of CRE (note 1) %
Qiao Shibo	Beneficial owner	–	3,800,000	3,800,000	0.172
Shi Shanbo	Beneficial owner	–	100,000	100,000	0.005
Zhou Junqing	Beneficial owner	–	100,000	100,000	0.005
Zhou Longshan	Beneficial owner	372,000	188,000	560,000	0.028
	Interest of spouse	–	50,000	50,000	
Sun Mingquan	Beneficial owner	–	60,000	60,000	0.025
	Interest of spouse	–	484,000	484,000	
Zheng Yi	Beneficial owner	–	60,000	60,000	0.003
Jiang Wei	Beneficial owner	–	600,000	600,000	0.027
Keung Chi Wang, Ralph	Beneficial owner	–	2,966,000	2,966,000	0.134

Underlying shares represented by share options outstanding under the two share option schemes of CRE (the old scheme being adopted on 17 September 1992, amended on 17 June 1999 and terminated on 31 January 2002 and the new scheme being adopted on 31 January 2002 and amended on 20 August 2004) to subscribe for ordinary shares in CRE are as follows:

Name of Director	Date of grant	Date of expiry	Exercise price HK\$	Number of underlying shares	Aggregate long position in underlying shares to issued share capital of CRE (note 1) %
Qiao Shibo	7 February 2002	6 February 2012	7.17	1,800,000	0.172
	14 January 2004	13 January 2014	9.72	2,000,000	
Shi Shanbo	5 March 2002	4 March 2012	7.35	100,000	0.005
Zhou Junqing	5 March 2002	4 March 2012	7.35	100,000	0.005
Zhou Longshan	5 March 2002	4 March 2012	7.35	110,000	0.011 (note 2)
	14 April 2003	13 April 2013	6.29	128,000	
Sun Mingquan	7 February 2002	6 February 2012	7.17	150,000	0.025 (note 3)
	5 March 2002	4 March 2012	7.35	60,000	
	14 January 2004	13 January 2014	9.72	200,000	
	25 May 2004	24 May 2014	9.15	134,000	
Zheng Yi	5 March 2002	4 March 2012	7.35	60,000	0.003
Jiang Wei	8 March 2002	7 March 2012	7.50	600,000	0.027
Keung Chi Wang, Ralph	20 June 2000	19 June 2010	7.19	1,400,000	0.134
	7 February 2002	6 February 2012	7.17	500,000	
	14 January 2004	13 January 2014	9.72	216,000	
	2 June 2004	1 June 2014	9.55	850,000	

notes:

1. Based on 2,214,970,120 shares of CRE in issue as at Latest Practicable Date.
2. Out of these options for 110,000 shares in CRE, options for 50,000 shares are held by Mr. Zhou Longshan's spouse, and therefore Mr. Zhou is deemed to be interested in these share options.
3. Total options for 484,000 shares in CRE are held by Ms. Sun Mingquan's spouse, and therefore Ms. Sun is deemed to be interested in these share options.
4. All the options granted as mentioned above will expire on the date falling ten years from the date of grant. Options are generally either fully vested and exercisable immediately after the date of grant or vested in four tranches over a period of three years from date of grant.
5. Consideration for each of the above grants is HK\$1.00.

(c) CR Logic, an associated corporation of the Company

Name of Director	Capacity	Number of shares held	Underlying shares	Total	Aggregate long position in shares and underlying shares to issued share capital of CR Logic (note 1) %
Shi Shanbo	Beneficial owner	96,000	120,000	216,000	0.008
Zhou Junqing	Beneficial owner	–	120,000	120,000	0.004
Zhou Longshan	Beneficial owner	–	60,000	60,000	0.008
	Interest of spouse	100,000	60,000	160,000	
Sun Mingquan	Beneficial owner	50,000	60,000	110,000	0.004
Zheng Yi	Beneficial owner	–	60,000	60,000	0.002
Jiang Wei	Beneficial owner	–	720,000	720,000	0.027

Underlying shares represented by share options outstanding under the share option scheme of CR Logic being adopted on 26 November 2001 and amended on 21 February 2002 to subscribe for shares in CR Logic are as follows:

Name of Director	Date of grant	Date of expiry	Exercise price HK\$	Number of underlying shares	Aggregate long position in underlying shares to issued share capital of CR Logic (note 1) %
Shi Shanbo	9 April 2002	8 April 2012	0.820	120,000	0.004
Zhou Junqing	9 April 2002	8 April 2012	0.820	120,000	0.004
Zhou Longshan	9 April 2002	8 April 2012	0.820	120,000	0.004 (note 2)
Sun Mingquan	9 April 2002	8 April 2012	0.820	60,000	0.002
Zheng Yi	9 April 2002	8 April 2012	0.820	60,000	0.002
Jiang Wei	9 April 2002	8 April 2012	0.820	720,000	0.027

notes:

1. Based on 2,668,066,071 shares of CR Logic in issue at the Latest Practicable Date.
2. Out of these options for 120,000 shares in CR Logic, options for 60,000 shares are held by Mr. Zhou Longshan's spouse and therefore Mr. Zhou is deemed to be interested in these share options.
3. The exercisable period is from the date of grant to the date of expiry.
4. Consideration for each of the above grants is HK\$1.00.

(d) CR Land, an associated corporation of the Company

Name of Director	Capacity	Number of shares held	Underlying shares	Total	Aggregate long position in shares and underlying shares to issued share capital of CR Land <i>(note 1)</i> %
Qiao Shibo	Beneficial owner	–	700,000	700,000	0.046
Shi Shanbo	Beneficial owner	–	120,000	120,000	0.008
Zhou Junqing	Beneficial owner	–	120,000	120,000	0.008
Zhou Longshan	Beneficial owner	–	80,000	80,000	0.009
	Interest of spouse	–	60,000	60,000	
Sun Mingquan	Beneficial owner	–	80,000	80,000	0.005
Zheng Yi	Beneficial owner	–	80,000	80,000	0.005
Jiang Wei	Beneficial owner	–	1,420,000	1,420,000	0.094
Keung Chi Wang, Ralph	Beneficial owner	–	3,300,000	3,300,000	0.218

Underlying shares represented by share options outstanding under the two share option schemes of CR Land (the old scheme being adopted on 28 May 1997 and terminated on 31 January 2002 and the new scheme being adopted on 31 January 2002) to subscribe for shares in CR Land are as follows:

Name of Director	Date of grant	Date of expiry	Exercise price HK\$	Number of underlying shares	Aggregate long position in underlying shares to issued share capital of CR Land (note 1) %
Qiao Shibo	1 June 2005	31 May 2015	1.230	700,000	0.046
Shi Shanbo	4 March 2002	3 March 2012	1.590	120,000	0.008
Zhou Junqing	4 March 2002	3 March 2012	1.590	120,000	0.008
Zhou Longshan	4 March 2002	3 March 2012	1.590	140,000	0.009 (note 2)
Sun Mingquan	4 March 2002	3 March 2012	1.590	80,000	0.005
Zheng Yi	4 March 2002	3 March 2012	1.590	80,000	0.005
Jiang Wei	4 March 2002	3 March 2012	1.590	720,000	0.094
Keung Chi Wang, Ralph	1 June 2005	31 May 2015	1.230	700,000	0.218
	27 June 1997	27 May 2007	4.592	2,000,000	
	20 July 2000	27 May 2007	0.990	1,300,000	

notes:

1. Based on 1,511,314,428 shares of CR Land in issue at the Latest Practicable Date.
2. Out of the options for 140,000 shares in CR Land, options for 60,000 shares are held by Mr. Zhou Longshan's spouse and therefore Mr. Zhou is deemed to be interested in these share options.
3. Except for options granted on 4 March 2002 and 1 June 2005 which are exercisable within a period of ten years from the date of grant, the expiry date for all share options is 27 May 2007.
4. Consideration for each of the above grants is HK\$1.00.

(e) CR Power, an associated corporation of the Company

Name of Director	Capacity	Number of shares held	Underlying shares	Total	Aggregate long position in shares and underlying shares to issued share capital of CR Power (note 1) %
Qiao Shibo	Beneficial owner	–	1,100,000	1,100,000	0.030
	Interest of spouse	–	30,000	30,000	
Shi Shanbo	Beneficial owner	–	500,000	500,000	0.013
Zhou Junqing	Beneficial owner	–	120,000	120,000	0.003
Zhou Longshan	Beneficial owner	–	120,000	120,000	0.004
	Interest of spouse	–	30,000	30,000	
Sun Mingquan	Beneficial owner	–	90,000	90,000	0.005
	Interest of spouse	–	100,000	100,000	
Zheng Yi	Beneficial owner	–	90,000	90,000	0.002
Jiang Wei	Beneficial owner	–	1,600,000	1,600,000	0.042

Underlying shares represented by share options outstanding under the Pre-IPO Share Option Scheme of CR Power (being adopted on 6 October 2003) to subscribe for ordinary shares in CR Power are as follows:

Name of Director	Date of grant	Date of expiry	Exercise price HK\$	Number of underlying shares	Aggregate long position in underlying shares to issued share capital of CR Power (note 1) %
Qiao Shibo	12 November 2003	5 October 2013	2.80	630,000	0.030 (note 2)
	18 March 2005	17 March 2015	3.99	500,000	
Shi Shanbo	12 November 2003	5 October 2013	2.80	500,000	0.013
Zhou Junqing	12 November 2003	5 October 2013	2.80	120,000	0.003
Zhou Longshan	12 November 2003	5 October 2013	2.80	150,000	0.004 (note 3)
Sun Mingquan	12 November 2003	5 October 2013	2.80	190,000	0.005 (note 4)
Zheng Yi	12 November 2003	5 October 2013	2.80	90,000	0.002
Jiang Wei	12 November 2003	5 October 2013	2.80	1,000,000	0.042
	18 March 2005	17 March 2015	3.99	600,000	

notes:

1. Based on 3,809,080,000 shares of CR Power in issue at the Latest Practicable Date.
2. Out of these options for 630,000 shares in CR Power, options for 30,000 shares are held by Mr. Qiao Shibo's spouse, and therefore Mr. Qiao is deemed to be interested in these share options.
3. Out of these options for 150,000 shares in CR Power, options for 30,000 shares are held by Mr. Zhou Longshan's spouse, and therefore Mr. Zhou is deemed to be interested in these share options.
4. Out of these options for 190,000 shares in CR Power, options for 100,000 shares are held by Ms. Sun Mingquan's spouse, and therefore Ms. Sun is deemed to be interested in these share options.
5. The exercisable period of the options which were granted on 12 November 2003 is divided into five tranches exercisable during the periods from 6 October 2004, 2005, 2006, 2007 and 2008 to 5 October 2013. The exercisable period of the options which were granted on 18 March 2005 is divided into five tranches exercisable during the periods from 18 March 2006, 2007, 2008, 2009 and 2010 to 17 March 2015.
6. Consideration for each of the above grants is HK\$1.00.

Mr. Qiao Shibo and Mr. Jiang Wei, being Directors, are also directors of China Resources Holdings; Mr. Qiao is also a director of CRNC.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective Associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code or which were required pursuant to Section 352 of the SFO to be recorded in the register referred to therein. Nor any of the Directors and the chief executive (including their spouses and children under the age of 18) had, as at the Latest Practicable Date, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors or chief executives of the Company, the following persons, not being a Director or chief executive of the Company, had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of interested party	Number of shares held	Approximate shareholding %	Principal amount of Bonds held HK\$	Number of Conversion Shares (assuming a conversion price of HK\$2.00)	Aggregate long position in Shares and underlying Shares to the existing issued share capital of the Company %
CRNC	270,132,647	70.7	742,872,000	371,436,000	168.0
China Resources Co., Limited	270,132,647	70.7	742,872,000	371,436,000	168.0
CRC Bluesky Limited	270,132,647	70.7	742,872,000	371,436,000	168.0
China Resources Holdings	270,132,647	70.7	742,872,000	371,436,000	168.0
Firstsuccess Investments Limited	–	–	742,872,000	371,436,000	97.3

note: Firstsuccess Investments Limited is a wholly owned subsidiary of China Resources Holdings. China Resources Holdings is deemed by virtue of Section 316 of Part XV of the SFO to have the same interests in shares as those of Firstsuccess Investments Limited. China Resources Holdings is a 100% subsidiary of CRC Bluesky Limited which is in turn owned as to 100% by China Resources Co., Limited, which is in turn held as to 99.98% by CRNC. Each of CRNC, China Resources Co., Limited and CRC Bluesky Limited is deemed by virtue of Section 316 of Part XV of the SFO to have the same interests in shares as those of China Resources Holdings.

As at the Latest Practicable Date, so far as is known to the Directors, the following persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name of company	Name of substantial shareholder	Approximate shareholding interests held %
Guangxi Hongshuihe Cement Joint Stock Company Limited	China National Building Material Group Corporation	12.2
Zhanjiang China Resources Hongshuihe Cement Co., Ltd.	Profit Pool Holdings Limited	30.0

Save as disclosed above, so far as is known to the Directors or chief executives of the Company, as at the Latest Practicable Date, no persons (other than Directors or chief executive of the Company) had interests or short positions in the Shares and underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; nor were there any persons interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group or any options in respect of such capital.

SERVICE CONTRACTS

As at the Latest Practicable Date, no Director has an unexpired service contract with the Company or any of its subsidiaries excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective Associates has any interest in any company or business which competes or may compete with the business of the Group.

OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (i) none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 December 2004, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at Latest Practicable Date and is significant in relation to the business of the Group.

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2004, being the date to which the latest published audited financial statements of the Company were made up, other than those reported in the Company's interim report for the six months ended 30 June 2005.

MISCELLANEOUS

- (a) The Company's share registrar is Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) The Company Secretary is Mr. Lee Yip Wah, Peter, a practising solicitor in Hong Kong.
- (c) The Company's Qualified Accountant, Mr. Lau Chung Kwok Robert, is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of the Canadian Institute of Chartered Accountants.
- (d) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.