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CONTINUING CONNECTED TRANSACTIONS

The shares of the Company have been listed on the Stock Exchange since December 2003. The Company has previously obtained from the Stock Exchange the Waiver from strict compliance with the disclosure and independent shareholders' approval requirements under the Listing Rules for the three financial years ending 31 December 2005 in relation to the Continuing Connected Transactions. The Waiver will expire on 31 December 2005. As the Company intends to carry out the Continuing Connected Transactions in its ordinary and usual course of business, Jingyang Cement, an indirect wholly-owned subsidiary of the Company, entered into the Union Cement Purchase Agreement with Union Cement, and the Ganghui Sales Agreement with Ganghui on 15 September 2005 to renew the terms and conditions of the Continuing Connected Transactions for the financial year ending 31 December 2006.

As each of Union Cement and Ganghui is an associate of CHPL, which is a controlling shareholder of the Company, and hence a connected person of the Company, the transactions under the Union Cement Purchase Agreement and the Ganghui Sales Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

The Continuing Connected Transactions will be subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

An independent board committee comprising the independent non-executive Directors will be appointed to consider the terms of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps. TIS Securities (HK) Limited has been appointed to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps.

A circular containing, among others, further details of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps, a letter from the independent board committee, a letter of advice from TIS Securities (HK) Limited as the independent financial adviser to the independent board committee and the Independent Shareholders and a notice for convening the Extraordinary General Meeting to approve the Union Cement Agreement, the Ganghui Sales Agreement and the Proposed Caps will be despatched to the Shareholders as soon as practicable.

I. CONTINUING CONNECTED TRANSACTIONS

The shares of the Company have been listed on the Stock Exchange since December 2003. The Company has previously obtained from the Stock Exchange the Waiver from strict compliance with the disclosure and independent shareholders' approval requirements under the Listing Rules for the three financial years ending 31 December 2005 in relation to the Continuing Connected Transactions. The Waiver will expire on 31 December 2005. The annual transaction amounts of the Continuing Connected Transactions have not exceeded the cap amounts as set down in the Waiver. As the Company intends to carry out the Continuing Connected Transactions in its ordinary and usual course of business, the Group has entered into the follow agreements:

(A) The Union Cement Purchase Agreement

Date:	15 September 2005
Parties:	Jingyang Cement as purchaser Union Cement as supplier
Subject:	Pursuant to the Union Cement Purchase Agreement, Jingyang Cement will purchase clinker from Union Cement from time to time
Term:	The New Purchase Agreement has a term of one financial year ending 31 December 2006 and will be subject to the approval by the Independent Shareholders at the Extraordinary General Meeting
Price:	To be determined by reference to the prevailing market prices of clinker of the same type and quality. The average market price of clinker changes from time to time subject to market condition. Generally, the Company would compare the quotations from various potential suppliers and determine the price taking into consideration of the quality of the clinker and the related transportation costs
Proposed cap amount:	The Directors propose that the transaction value under the Union Cement Purchase Agreement for the financial year ending 31 December 2006 will not exceed RMB396 million (equivalent to approximately HK\$381 million)

(B) The Ganghui Sales Agreement

Date:	15 September 2005
Parties:	Jingyang Cement as supplier Ganghui as purchaser
Subject:	Pursuant to the Ganghui Sales Agreement, Jingyang Cement will sell certain cement products to Ganghui from time to time
Term:	The Ganghui Sales Agreement has a term of one financial year ending 31 December 2006 and will be subject to the approval by the Independent Shareholders at the Extraordinary General Meeting
Price:	To be determined by reference to the prevailing market prices of the cement products
Proposed cap amount:	The Directors propose that the transaction value under the Ganghui Sales Agreement for the financial year ending 31 December 2006 will not exceed RMB50 million (equivalent to approximately HK\$48 million)

II. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Although the Waiver covers the three financial years ending 31 December 2005, the Group commenced purchases of clinker from Union Cement in 2005. The annual cap in respect of purchases from Union Cement as set out in the Waiver in respect of the financial year ending 31 December 2005 is US\$19,324,000 (equivalent to approximately HK\$150,341,000). As shown in the 2005 interim report of the Company, for the six months ended 30 June 2005, the dollar value of clinker that the Group had purchased from Union Cement amounted to approximately US\$4,972,000 (equivalent to approximately HK\$38,781,600), representing an approximately 96% of the aggregate purchases of clinker by the Group for the same period. The Group intends to continue to source from Union Cement as Union Cement is able to provide reliable delivery of clinker with quality that meets with the Group's requirements at prices comparable to those offered by other suppliers. In addition, Union Cement is in close proximity to Jingyang Cement, it would be beneficial for the Group to source clinker from Union Cement taking into consideration the transportation costs.

As set out in the Waiver, the aggregate amount of sales of cement products to Ganghui shall not exceed 20% of the total annual sales of the Group for the financial year in question. As shown in the annual and interim reports of the Company, for the two financial years ended 31 December 2004 and the six months ended 30 June 2005, the dollar value of cement products that the Group had sold to Ganghui amounted to approximately US\$11,302,000 (equivalent to approximately HK\$88,155,600), US\$8,897,000 (equivalent to approximately HK\$69,396,600) and US\$4,400,000 (equivalent to approximately HK\$34,320,000) respectively. Such sales to Ganghui represented approximately 14%, 11%, and 12% of the aggregate sales of the Group for

the two financial years ended 31 December 2004 and the six months ended 30 June 2005 respectively. The Group intends to continue to supply cement products to Ganghui as Ganghui has been the Group's customer for over six years with good financial standing.

III. THE LISTING RULES

As each of Union Cement and Ganghui is an associate of CHPL, which is a controlling shareholder of the Company, and hence a connected person of the Company, the transactions under the Union Cement Purchase Agreement and the Ganghui Sales Agreement will constitute continuing connected transactions for the Company under the Listing Rules.

The Continuing Connected Transactions will be subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

The Directors are of the view that the Union Cement Purchase Agreement and its terms have been negotiated on an arm's length basis and on normal commercial terms between the Group and Union Cement and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole. The Directors are also of the view that the Ganghui Sales Agreement and its terms have been negotiated on an arm's length basis and on normal commercial terms between the Group and Ganghui and are fair and reasonable in the best interests of the Group and the Shareholders as a whole.

The amount of the Proposed Cap of RMB396,000,000 (equivalent to approximately HK\$380,769,231) (excluding all taxes) for the transactions under the Union Cement Purchase Agreement is determined based on arm's length negotiations between the Group and Union Cement with reference to the Group's estimated demand for clinker and the estimated market price of clinker for the year 2006. The annual cap set out in the Waiver was determined on the same basis. While the Company does not anticipate a substantial increase in the market price of clinker in the year 2006, it is expected that there will be an increase in the Group's demand for clinker. The Group's cement production capacity has increased from 3.33 million tonnes per year in 2004 to 4.2 million tonnes per year in August 2005 and the Group has outgrown its capacity to produce clinker for its own use. The Company also anticipates that there will be an increase in the demand for cement in the overseas markets and the Company intends to further expand into these markets. The production of cement for this export market requires a specific type of clinker which the Group does not produce. Based on the above, the Board expected a larger cap so as to cope with the Group's increasing demand for clinker.

The amount of the Proposed Cap of RMB50,000,000 (equivalent to approximately HK\$48,076,923) (excluding all taxes) for the transactions under the Ganghui Sales Agreement is determined based on arm's length negotiations between the Group and Ganghui with reference to, among others, the historical figures on sales of cement products by the Group to Ganghui, the estimated amount of sales to Ganghui and the estimated average sale price of various types of cement products for the year 2006. According to the statistics provided by Shanghai Cement Federation, the average market

price of cement in Shanghai for the first six months of 2005 is RMB240 (approximately HK\$231) per tonne (excluding all taxes). Besides, the Company does not anticipate a substantial increase in the market price of cement in the year 2006. In view of the increasing demand for cement products in the overseas markets and to maximize the profit margin of its products, the Company anticipates a decrease in the Group's sales to Ganghui as it intends to focus on other domestic and export markets of its cement products in the coming year, the Proposed Cap is therefore set at an amount smaller than the previous caps.

The Company will seek the approval of the Independent Shareholders of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps on the following conditions:

- (a) (i) The cap amount of the transactions under the Union Cement Purchase Agreement for the financial year ending 31 December 2006 will not exceed RMB396,000,000 (equivalent to HK\$380,769,231) (excluding all taxes).
- (ii) The cap amount of the transactions under the Ganghui Sales Agreement for the financial year ending 31 December 2006 will not exceed RMB50,000,000 (equivalent to HK\$48,076,923) (excluding all taxes).
- (b) The Company will comply with the relevant requirements under the Listing Rules governing the Continuing Connected Transactions.

IV. GENERAL

The Group is principally engaged in the production and sales of cement and other cement products under the brandname of “嘉新” (Chia Hsin). Union Cement is principally engaged in the production and sale of cement and clinker. Ganghui is principally engaged in the trading of cement and the production of blended cement according to customer specifications.

An independent board committee comprising the independent non-executive Directors will be appointed to consider the terms of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps. TIS Securities (HK) Limited has been appointed to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps.

V. EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting will be convened at which ordinary resolutions will be proposed to consider, among others, and, if thought fit, approve the Union Cement Purchase Agreement, the Ganghui Sales Agreement, the transactions contemplated under such agreements and the Proposed Caps where CHPL, International Chia Hsin Corp. and their respective associates will abstain from voting.

A circular containing, among others, further details of the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps, a letter from the

independent board committee, a letter of advice from TIS Securities (HK) Limited as the independent financial adviser to the independent board committee and the Independent Shareholders and a notice for convening the Extraordinary General Meeting to approve the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate”	has the same meaning as given to it under the Listing Rules
“Board”	the board of Directors
“Company”	Chia Hsin Cement Greater China Holding Corporation, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as given to it under the Listing Rules
“Continuing Connected Transactions”	the transactions as contemplated under the Union Cement Purchase Agreement and/or the Ganghui Sales Agreement
“CHPL”	Chia Hsin Pacific Limited, a company incorporated in the Cayman Islands with limited liability and a controlling shareholder of the Company
“Directors”	directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Shareholders to be convened to consider, amongst other things, and, if thought fit, approve the Union Cement Purchase Agreement, the Ganghui Sales Agreement and the Proposed Caps
“Ganghui”	上海嘉新港輝有限公司 (Shanghai Chia Hsin Ganghui Co., Ltd.), a co-operative joint venture incorporated in the PRC with limited liability, the entire equity interest of which is indirectly wholly owned by CHPL
“Ganghui Sales Agreement”	the sales agreement entered into between Jingyang Cement and Ganghui on 15 September 2005, the particulars of which are set out in the paragraph headed “I. Continuing Connected Transactions” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than CHPL, International Chia Hsin Corp. and their respective associates who are entitled to vote at the Extraordinary General Meeting
“Jingyang Cement”	嘉新京陽水泥有限公司 (Chia Hsin Jingyang Cement Co., Ltd.), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Caps”	the proposed caps in respect of the Continuing Connected Transactions for the financial year ending 31 December 2006 as set out in the paragraph headed “I. Continuing Connected Transactions” in this announcement
“RMB”	Reminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	shares of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Union Cement”	江蘇聯合水泥有限公司 (Jiangsu Union Cement Co., Ltd.), a sino-foreign equity joint venture established in the PRC with limited liability and is indirectly owned as to 80% by CHPL
“Union Cement Purchase Agreement”	the purchase agreement entered into between Jingyang Cement and Union Cement on 15 September 2005, the particulars of which are set out in the paragraph headed “I. Continuing Connected Transactions” in this announcement
“Waiver”	the waiver from strict compliance with the disclosure and independent shareholders’ approval requirements under the Listing Rules for the three financial years ending 31 December 2005 in relation to the Continuing Connected Transactions
“%”	per cent.

In this Announcement, the exchange rate of HK\$1 to RMB1.04 and the exchange rate of US\$1.0 to HK\$7.8 are used for illustrative purpose.

By Order of the Board of
**Chia Hsin Cement Greater China
Holding Corporation**
WANG Chien Kuo, Robert
Chairman

Hong Kong, 21 September 2005

** For identification purposes only*

As at the date of this announcement, Mr. Wang Chien Kuo, Robert, Mr. Lan Jen Kuei, Konrad, Mr. Chang Kang Lung, Jason and Ms. Wang Li Shin, Elizabeth are executive Directors. Mr. Chang Yung Ping, Johnny and Mr. Chang An Ping, Nelson are non-executive Directors. Mr. Mackenzie Davin A., Mr. Zhuge Pei Zhi and Mr. Wu Chun Ming are independent non-executive Directors.

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