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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)

CONTINUING CONNECTED TRANSACTIONS

Financial adviser



AURORA ASIA LIMITED

The Company has previously obtained the Existing Waivers from the Stock Exchange in respect of, among other things, the following continuing connected transactions:

- (1) sale of concrete by the Group to CR Construction Company and CR Construction Corp.; and
- (2) purchase of steel products by the Group from Strong Progress.

The Company has also obtained the 2004 Shareholders' Approval in respect of, among other things, the following continuing connected transactions:

- (1) sale of cement products by Zhanjiang CR Cement to an associate of Profit Pool; and
- (2) purchase of fuel, diesel and lubricant oil by the Group from subsidiaries of CRE.

The Existing Waivers will expire on 31 December 2005 while the 2004 Shareholders' Approval for the relevant transactions and caps is only for the period up to 31 December 2005. As the Group intends to continue carrying out the Continuing Connected Transactions in its ordinary and usual course of business and on normal commercial terms, it entered into the Cement Supply Agreement, the Concrete Supply Agreements, the Steel Purchase Agreement and the Fuel, Diesel and Lubricant Oil Purchase Agreements with connected persons in respect of the Continuing Connected Transactions. The Agreements are conditional upon approval from the Independent Shareholders at the EGM.

As the Continuing Connected Transactions will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules, the Company has to comply with the announcement, reporting and shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

As China Resources Holdings is a connected person of the Company under the Listing Rules, China Resources Holdings and its associates will, to the extent they hold any Shares, abstain from voting on the resolutions in respect of the Concrete Supply Agreements, the Steel Purchase Agreement, the Fuel, Diesel and Lubricant Oil Purchase Agreements, the Concrete Transactions, the Steel Products Transactions, the Oil Products Transactions and the relevant New Caps at the EGM.

The Company will despatch to the Shareholders as soon as practicable a circular containing, among other things, particulars of the Agreements, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser and a notice for convening the EGM. The votes of the Independent Shareholders at the EGM will be taken by poll.

BACKGROUND

Reference is made to the prospectus of the Company dated 26 June 2003 and the circulars of the Company dated 27 October 2003 and 4 October 2004 regarding the continuing connected transactions. The Company has previously obtained the Existing Waivers from the Stock Exchange in respect of, among other things, the continuing connected transactions. The Existing Waivers will expire on 31 December 2005. On 8 September 2004, the Company announced that the Group had entered into various agreements in respect of, among other things, the Cement Transactions and the Oil Products Transactions and proposed to revise the caps for the relevant transactions. On 20 October 2004, the Company obtained the 2004 Shareholders' Approval from the then independent Shareholders for the relevant transactions and caps for the period up to 31 December 2005.

As the Group intends to continue carrying out the Continuing Connected Transactions in its ordinary and usual course of business and on normal commercial terms, it entered into the Cement Supply Agreement, the Concrete Supply Agreements, the Steel Purchase Agreement and the Fuel, Diesel and Lubricant Oil Purchase Agreements with connected persons in respect of the Continuing Connected Transactions. The Agreements are conditional upon approval from the Independent Shareholders at the EGM.

THE AGREEMENTS

(1) Cement Supply Agreement

Date

21 November 2005

Parties

Zhanjiang CR Cement as supplier

Huadeli, an associate of Profit Pool, as purchaser

Term

The Cement Supply Agreement is for the period from the Approval Date to 31 December 2008 and is subject to the approval from the Independent Shareholders at the EGM.

Subject

Zhanjiang CR Cement has agreed to sell and Huadeli has agreed to purchase such quantities of cement products as may be ordered by Huadeli from time to time.

Prices

The prices will be negotiated on an arm's length basis between Huadeli and Zhanjiang CR Cement with reference to the prevailing market prices.

(2) Concrete Supply Agreements

The Group entered into two supply agreements in respect of the Concrete Transactions.

Date

21 November 2005

Parties

(i) Redland Concrete (or its subsidiaries) as supplier

CR Construction Company (or its subsidiaries) as purchaser

(ii) China Resources Concrete (or its subsidiaries) as supplier

CR Construction Corp. (or its subsidiaries) as purchaser

Term

Each of the Concrete Supply Agreements is for the period from the Approval Date to 31 December 2008 and is subject to the approval from the Independent Shareholders at the EGM.

Subject

- (i) The Redland Concrete Group has agreed to sell and CR Construction Company Group has agreed to purchase such quantities of concrete as may be ordered by CR Construction Company Group from time to time.
- (ii) The China Resources Concrete Group has agreed to sell and CR Construction Corp. Group has agreed to purchase such quantities of concrete as may be ordered by CR Construction Corp. Group from time to time.

Prices

The prices will be negotiated on an arm's length basis between the relevant parties involved with reference to the prevailing market prices.

(3) Steel Purchase Agreement

Date

21 November 2005

Parties

Strong Progress as supplier

Redland Precast as purchaser

Term

The Steel Purchase Agreement is for the period from the Approval Date to 31 December 2008 and is subject to the approval from the Independent Shareholders at the EGM.

Subject

Strong Progress has agreed to sell and Redland Precast has agreed to purchase such quantities of steel products as may be ordered by Redland Precast from time to time.

Prices

The prices will be negotiated on an arm's length basis between Strong Progress and Redland Precast with reference to the prevailing market prices. Pursuant to the Steel Purchase Agreement, the terms of the orders would be no less favourable to Redland Precast than those Strong Progress would offer to independent third parties.

(4) Fuel, Diesel and Lubricant Oil Purchase Agreements

The Group entered into two purchase agreements in respect of the Oil Products Transactions.

Date

21 November 2005

Parties

- (i) CR Petrochems (or its subsidiaries) as supplier
China Resources Cement (or its subsidiaries) as purchaser
- (ii) CR Petrochems (or its subsidiaries) as supplier

China Resources Concrete (or its subsidiaries) as purchaser

Term

Each of the Fuel, Diesel and Lubricant Oil Purchase Agreements is for the period from the Approval Date to 31 December 2008 and is subject to the approval from the Independent Shareholders at the EGM.

Subject

The CR Petrochems Group has agreed to sell and the China Resources Cement Group or the China Resources Concrete Group (as the case may be) has agreed to purchase such quantities of fuel, diesel and lubricant oil as may be ordered by the Group from time to time.

Prices

The prices will be negotiated on an arm's length basis between the CR Petrochems Group and the China Resources Cement Group or the China Resources Concrete Group (as the case may be) with reference to the prevailing market prices. Pursuant to each of the agreements, if, under special circumstances, the relevant parties could not or should not determine the prices with reference to market prices, then the relevant parties shall determine the prices on a fair and reasonable basis. The executive Directors understand that, under the aforesaid special circumstances (which are unforeseen), the relevant parties would still consider the counter party as an independent third party. The executive Directors confirm that the prices of the purchases under the Fuel, Diesel and Lubricant Oil Purchase Agreements will be on normal commercial terms and no less favourable than those available to the Group from independent third parties.

REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTIONS

The business of the Group includes production, distribution and sale of cement, concrete, mortars and shotcrete in Hong Kong and PRC. The Group intends to continue carrying out the Continuing Connected Transactions in its ordinary and usual course of business and on normal commercial terms.

The Directors believe that:

- (1) the Cement Transactions will generate revenue to the Group from the sale of cement products;
- (2) the Concrete Transactions will generate revenue to the Group from the sale of concrete;
- (3) the Steel Products Transactions will ensure reliable delivery of steel products with quality that meets with the Group's requirements at prices comparable to those offered by other suppliers; and
- (4) the Oil Products Transactions will ensure (i) a steady supply of fuel, diesel and lubricant oil for the production of cement and concrete; and (ii) timely delivery of fuel, diesel and lubricant oil to the Group.

VALUE OF THE CONTINUING CONNECTED TRANSACTIONS

(1) Value of the Cement Transactions

The cap amount under the IPO Waiver for the year ended 31 December 2003 and the cap amounts under the 2004 Shareholders' Approval for each of the two years ending 31 December 2005 relating to the Cement Transactions and the actual amounts of the Cement Transactions for each of the two years ended 31 December 2004 and the unaudited amount for the nine months ended 30 September 2005 are set out below:

	Year ended/ending 31 December		
	2003	2004	2005
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Cap amount	10.0	22.0	25.0
Actual amount of sales	8.9	13.2	7.7 <i>(Note)</i>

Note: This amount is the unaudited figure for the nine months ended 30 September 2005 and is for reference only.

The cap amounts in respect of the Cement Transactions under the IPO Waiver/2004 Shareholders' Approval have not been exceeded for any of the two years ended 31 December 2004 or up to the date of this announcement.

The Group intends to continue carrying out the Cement Transactions in its ordinary and usual course of business and on normal commercial terms. Based on (i) the historical sale of cement products by Zhanjiang CR Cement to Huadeli, an associate of Profit Pool, for the year ended 31 December 2004 and the nine months ended 30 September 2005; (ii) the estimated demand for cement products by Huadeli for the three financial years ending 31 December 2008 as a result of increasing demand for high quality ready mixed concrete for construction projects in Zhanjiang, PRC in compliance with stricter regulatory standards imposed by the Chinese Government; and (iii) a buffer in value of approximately 5% per annum to meet the possible increase in prices of cement products, the Directors estimate that the total amount of the Cement Transactions will not exceed the limit of HK\$18.0 million, HK\$20.0 million and HK\$22.0 million respectively for the three financial years ending 31 December 2008.

(2) Value of the Concrete Transactions

The cap amounts under the IPO Waiver relating to the Concrete Transactions for each of the three years ending 31 December 2005 and the actual amounts of the Concrete Transactions for each of the two years ended 31 December 2004 and the unaudited amount for the nine months ended 30 September 2005 are set out below:

	Year ended/ending 31 December		
	2003 <i>HK\$ million</i>	2004 <i>HK\$ million</i>	2005 <i>HK\$ million</i>
Cap amount	5% of the total sales of the Group (<i>Note 1</i>)	5% of the total sales of the Group (<i>Note 2</i>)	5% of the total sales of the Group (<i>Note 3</i>)
Actual amount of sales	29.9	19.2	15.0 (<i>Note 4</i>)
% to the sales of the Group	2.8% (<i>Note 1</i>)	1.3%	Not applicable (<i>Note 5</i>)

Notes:

1. The total sales of the Group for the year ended 31 December 2003 were approximately HK\$1,070 million on the assumption that the Group was formed on 1 January 2003.
2. The total sales of the Group for the year ended 31 December 2004 were approximately HK\$1,438 million.
3. The total sales of the Group for the year ending 31 December 2005 cannot be confirmed as the financial year has not ended yet.
4. This amount is the unaudited figure for the nine months ended 30 September 2005 and is for reference only.
5. This amount cannot be confirmed as the financial year has not ended yet.

The cap amounts in respect of the Concrete Transactions under the IPO Waiver have not been exceeded for any of the two years ended 31 December 2004 or up to the date of this announcement.

The Group intends to continue carrying out the Concrete Transactions in its ordinary and usual course of business and on normal commercial terms. Based on (i) the historical sale of concrete by the Group to CR Construction Company and CR Construction Corp. for the two years ended 31 December 2004 and the nine months ended 30 September 2005; (ii) the estimated demand for concrete products by CR Construction Company and CR Construction Corp. for the three financial years ending 31 December 2008 as a result of their potential construction projects; and (iii) a buffer in value of approximately 5% for the financial year ending 31 December 2006 to meet the possible increase in prices of concrete products, the Directors estimate that the total amount of the Concrete Transactions will not exceed the limit of HK\$50.0 million for each of the three financial years ending 31 December 2008.

(3) Value of the Steel Products Transactions

The cap amounts under the 2003 Waiver relating to the Steel Products Transactions for each of the three years ending 31 December 2005 and the actual amounts of the Steel Products Transactions for each of the two years ended 31 December 2004 and the unaudited amount for the nine months ended 30 September 2005 are set out below:

	Year ended/ending 31 December		
	2003	2004	2005
	HK\$ million	HK\$ million	HK\$ million
Cap amount	10.0	10% of total cost of sales of the Group (Note 1)	10% of total cost of sales of the Group (Note 2)
Actual amount of purchases	4.1	41.0	64.6 (Note 3)
% to total cost of sales of the Group	Not applicable (Note 4)	3.9%	Not applicable (Note 5)

Notes:

1. The total cost of sales of the Group for the year ended 31 December 2004 was approximately HK\$1,064 million.
2. The total cost of sales of the Group for the year ending 31 December 2005 cannot be confirmed as the financial year has not ended yet.
3. This amount is the unaudited figure for the nine months ended 30 September 2005 and is for reference only.
4. The cap amount was expressed in terms of monetary value rather than as a percentage of the total cost of sales of the Group as that for each of the two years ending 31 December 2005.
5. This amount cannot be confirmed as the financial year has not ended yet.

The cap amounts in respect of the Steel Products Transactions under the 2003 Waiver have not been exceeded for any of the two years ended 31 December 2004 or up to the date of this announcement.

The Group intends to continue carrying out the Steel Products Transactions in its ordinary and usual course of business and on normal commercial terms. Based on (i) the historical purchases of steel products from Strong Progress for the two years ended 31 December 2004 and the nine months ended 30 September 2005; (ii) the estimated demand for steel products by the Group for the three financial years ending 31 December 2008 as a result of the future expansion plan of the Group; and (iii) a buffer in value of approximately 5% per annum to meet the possible increase in prices of steel products, the Directors estimate that the total amount of the Steel Products Transactions will not exceed the limit of HK\$90.0 million, HK\$100.0 million and HK\$110.0 million respectively for the three financial years ending 31 December 2008.

(4) Value of the Oil Products Transactions

The cap amount under the IPO Waiver for the year ended 31 December 2003 and the cap amounts under the 2004 Shareholders' Approval for each of the two years ending 31 December 2005 relating to the Oil Products Transactions and the actual amounts of the Oil Products Transactions for each of the two years ended 31 December 2004 and the unaudited amount for the nine months ended 30 September 2005 are set out below:

	Year ended/ending 31 December		
	2003	2004	2005
	HK\$ million	HK\$ million	HK\$ million
Cap amount	10.0	22.0	25.0
Actual amount of purchases	9.6	14.3	12.5 (Note)

Note: This amount is the unaudited figure for the nine months ended 30 September 2005 and is for reference only.

The cap amounts in respect of the Oil Products Transactions under the IPO Waiver/2004 Shareholders' Approval have not been exceeded for any of the two years ended 31 December 2004 or up to the date of this announcement.

The Group intends to continue carrying out the Oil Products Transactions in its ordinary and usual course of business and on normal commercial terms. Based on (i) the historical purchases of fuel, diesel and lubricant oil from CR Petrochems Group for the two years ended 31 December 2004 and the nine months ended 30 September 2005; (ii) the estimated demand for fuel, diesel and lubricant oil by the Group for the three financial years ending 31 December 2008 as a result of the future expansion plan of the Group; and (iii) a buffer in value of approximately 8% per annum to meet the possible increase in the prices of fuel, diesel and lubricant oil, the Directors estimate that the total amount of the Oil Products Transactions will not exceed the limit of HK\$21.0 million, HK\$23.0 million and HK\$25.0 million respectively for the three financial years ending 31 December 2008.

NEW CAPS

The Directors estimate that the aggregate annual values of the Continuing Connected Transactions for each of the three financial years ending 31 December 2008 will not exceed the limits set out below:

	New Caps for the year ending 31 December		
	2006 <i>HK\$ million</i>	2007 <i>HK\$ million</i>	2008 <i>HK\$ million</i>
Cement Transactions	18.0	20.0	22.0
Concrete Transactions	50.0	50.0	50.0
Steel Products Transactions	90.0	100.0	110.0
Oil Products Transactions	21.0	23.0	25.0

OPINION OF THE DIRECTORS

The Board considers that the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole and have been negotiated on an arm's length basis in the ordinary and usual course of business, on normal commercial terms and on terms no less favourable than those available to the Group from independent third parties. The independent non-executive Directors will provide their views on the terms of the Agreements in the circular to be despatched to the Shareholders upon reviewing the letter of advice to be provided by the independent financial adviser.

CONNECTION BETWEEN THE PARTIES

Huadeli is an associate of Profit Pool which holds 30% of the registered capital in Zhanjiang CR Cement. Huadeli is therefore a connected person of the Company under the Listing Rules.

China Resources Holdings is the controlling shareholder of the Company, holding beneficial interests of approximately 70.7% of the issued share capital of the Company. CR Construction Company and Strong Progress are both subsidiaries of China Resources Holdings and are accordingly connected persons of the Company under the Listing Rules.

CR Construction Corp. is a subsidiary of China Resources National Corporation which is the ultimate holding company of China Resources Holdings. CR Construction Corp. is therefore a connected person of the Company under the Listing Rules.

CR Petrochems is a subsidiary of CRE which is in turn a subsidiary of China Resources Holdings. Accordingly, CR Petrochems is a connected person of the Company under the Listing Rules.

In view of the above, the Continuing Connected Transactions between the Group and the relevant connected persons will constitute connected transactions of the Company under the Listing Rules.

INFORMATION ABOUT THE CONNECTED PERSONS

Huadeli

Huadeli is a company established in PRC and an associate of Profit Pool. It is principally engaged in the production of ready mixed concrete in PRC.

Profit Pool

Profit Pool is a company incorporated in Hong Kong and holds 30% of the registered capital in Zhanjiang CR Cement. It is an investment holding company.

CR Construction Company

CR Construction Company is a company incorporated in Hong Kong and a subsidiary of China Resources Holdings. It is principally engaged in the business of building construction.

CR Construction Corp.

CR Construction Corp. is a company established in PRC and a subsidiary of China Resources National Corporation, the ultimate holding company of the Company. It is principally engaged in the business of building construction.

Strong Progress

Strong Progress is a company incorporated in Hong Kong and a subsidiary of China Resources Holdings. It is principally engaged in distribution of steel products.

CR Petrochems

CR Petrochems is a company incorporated in Hong Kong and a subsidiary of CRE. It is principally engaged in the distribution of fuel and oil products.

China Resources Holdings

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

China Resources National Corporation

China Resources National Corporation is a state owned enterprise in PRC. It is an investment holding company.

CRE

CRE is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange. The company has a diversified portfolio of businesses in both Hong Kong and PRC including retail, beverage, food processing and distribution, textile, petroleum and chemical distribution, property and other investments.

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 PRC.

COMPLIANCE WITH LISTING RULES

For the Continuing Connected Transactions, as the Board anticipates that the relevant percentage ratios (other than the profit ratio) on an annual basis will not be less than 2.5% and the annual consideration is expected to be higher than HK\$10 million, the Company has to comply with the announcement, reporting and shareholders' approval requirements under Rule 14A.35 of the Listing Rules in respect of the Continuing Connected Transactions.

China Resources Holdings is the controlling shareholder of the Company, holding beneficial interests of approximately 70.7% of the issued share capital of the Company. China Resources Holdings and its associates will, to the extent they hold any Shares, abstain from voting on the resolutions in respect of the Concrete Supply Agreements, the Steel Purchase Agreement, the Fuel, Diesel and Lubricant Oil Purchase Agreements, the Concrete Transactions, the Steel Products Transactions, the Oil Products Transactions and the relevant New Caps at the EGM.

A circular containing, among other things, particulars of the Agreements, a letter from the Independent Board Committee, a letter from an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Agreements, the Continuing Connected Transactions and the New Caps and a notice for convening the EGM will be despatched to the Shareholders as soon as practicable. The votes of the Independent Shareholders at the EGM will be taken by poll.

The Company will comply with the continuing obligations under Rules 14A.37-40 of the Listing Rules.

DEFINITIONS

“Agreements”	the Cement Supply Agreement, the Concrete Supply Agreements, the Steel Purchase Agreement and the Fuel, Diesel and Lubricant Oil Purchase Agreements
“Approval Date”	the date on which approval will be obtained from the Independent Shareholders for the Agreements, the Continuing Connected Transactions and the New Caps at the EGM
“associate(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Cement Supply Agreement”	the supply agreement entered into between Zhanjiang CR Cement and Huadeli, an associate of Profit Pool, on 21 November 2005, for the supply of cement products by the Group
“Cement Transactions”	sale of cement products by Zhanjiang CR Cement to Huadeli
“China Resources Cement”	China Resources Cement Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“China Resources Cement Group”	China Resources Cement and its subsidiaries
“China Resources Concrete”	China Resources Concrete Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“China Resources Concrete Group”	China Resources Concrete and its subsidiaries
“China Resources Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of both CRE and the Company
“Company”	China Resources Cement Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Concrete Supply Agreements”	the supply agreement entered into between Redland Concrete and CR Construction Company on 21 November 2005 and the supply agreement entered into between China Resources Concrete and CR Construction Corp. on 21 November 2005 regarding the supply of concrete by the Group
“Concrete Transactions”	sale of concrete by the Group to the CR Construction Company Group and the CR Construction Corp. Group
“connected person(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	the Cement Transactions, the Concrete Transactions, the Steel Products Transactions and the Oil Products Transactions
“controlling shareholder”	shall have the meaning ascribed thereto under the Listing Rules
“CR Construction Company”	China Resources Construction Company Limited, a company incorporated in Hong Kong and a subsidiary of China Resources Holdings
“CR Construction Company Group”	CR Construction Company and its subsidiaries
“CR Construction Corp.”	華潤建築有限公司 (China Resources Construction Corp.), a company established in PRC and a subsidiary of China Resources National Corporation

“CR Construction Corp. Group”	CR Construction Corp. and its subsidiaries
“CR Petrochems”	China Resources Petrochems (Group) Company Limited, a company incorporated in Hong Kong and a subsidiary of CRE
“CR Petrochems Group”	CR Petrochems and its subsidiaries
“CRE”	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened on a date to be advised by the Company upon despatch of the circular to consider and, if thought fit, approve the Agreements, the Continuing Connected Transactions and the New Caps
“Existing Waivers”	the IPO Waiver and the 2003 Waiver
“Fuel, Diesel and Lubricant Oil Purchase Agreements”	the purchase agreement entered into between China Resources Cement and CR Petrochems on 21 November 2005 and the purchase agreement entered into between China Resources Concrete and CR Petrochems on 21 November 2005 regarding the purchase of fuel, diesel and lubricant oil by the Group
“Group”	the Company and its subsidiaries
“Guangxi CR Cement”	Guangxi China Resources Hongshuihe Cement Co., Ltd., a sino foreign joint venture established in PRC with limited liability and beneficially owned as to 90.4% by the Company
“HK\$”	Hong Kong dollars, being the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of PRC
“Huadeli”	華德力集團湛江建龍混凝土有限公司 (Huadeli Zhanjiang Jianlong Concrete Limited), a company established in PRC and an associate of Profit Pool
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors to consider and advise the Independent Shareholders with regard to the Agreements, the Continuing Connected Transactions and the New Caps
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“IPO Waiver”	the waiver granted by the Stock Exchange on 26 June 2003 to the Company waiving the Company’s obligation from strict compliance with provisions of Chapter 14 of the Listing Rules in force prior to 31 March 2004, subject to certain conditions in respect of, among other things, the Cement Transactions, the Concrete Transactions and the Oil Products Transactions
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Caps”	the maximum aggregate annual values of the Continuing Connected Transactions as set out under the heading “New Caps” in this announcement
“Oil Products Transactions”	purchases of fuel, diesel and lubricant oil by the Group from CR Petrochems Group
“PRC”	The People’s Republic of China
“Profit Pool”	Profit Pool Holdings Limited, a company incorporated in Hong Kong with limited liability which holds 30% of the registered capital in Zhanjiang CR Cement

“Redland Concrete”	Redland Concrete Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly owned subsidiary of the Company
“Redland Concrete Group”	Redland Concrete and its subsidiaries
“Redland Precast”	Redland Precast Concrete Products Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Steel Products Transactions”	purchases of steel products from Strong Progress by the Group
“Steel Purchase Agreement”	the purchase agreement entered into between Redland Precast and Strong Progress on 21 November 2005 regarding the purchase of steel products by the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strong Progress”	Strong Progress Limited, a company incorporated in Hong Kong and a subsidiary of China Resources Holdings
“Zhanjiang CR Cement”	Zhanjiang China Resources Hongshuihe Cement Co., Ltd., a sino foreign joint venture company established in PRC, which is beneficially held as to 30% by Profit Pool and 70% by Guangxi CR Cement which is in turn beneficially owned as to 90.4% by the Company
“2003 Waiver”	the waiver granted by the Stock Exchange on 11 November 2003 to the Company waiving the Company’s obligation from strict compliance with provisions of Chapter 14 of the Listing Rules in force prior to 31 March 2004 subject to certain conditions in respect of the Steel Products Transactions
“2004 Shareholders’ Approval”	the approval obtained from the then independent Shareholders at the extraordinary general meeting of the Company held on 20 October 2004 in respect of, among other things, the Cement Transactions, the Oil Products Transactions and the relevant caps for the two years ending 31 December 2005
“%”	per cent.

By Order of the Board
Lee Yip Wah, Peter
Company Secretary

Hong Kong, 23 November 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.