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**華潤(集團)有限公司**

**China Resources (Holdings) Company Limited**

*(Incorporated in Hong Kong with limited liability)*



**順創投資有限公司**

**Smooth Concept Investments Limited**

*(Incorporated in the British Virgin Islands with limited liability)*



**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**

**PROPOSAL TO CONSTITUTE  
CHINA RESOURCES CEMENT HOLDINGS LIMITED  
AS A WHOLLY-OWNED SUBSIDIARY OF  
SMOOTH CONCEPT INVESTMENTS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES LAW OF THE CAYMAN ISLANDS**

**PROPOSED PRIVATISATION AND WITHDRAWAL OF LISTING OF  
CHINA RESOURCES CEMENT HOLDINGS LIMITED**

**PROPOSED CONDITIONAL CONVERTIBLE BOND OFFER TO THE  
CONVERTIBLE BONDHOLDERS  
TO ACQUIRE ALL OUTSTANDING CONVERTIBLE BONDS OF  
CHINA RESOURCES CEMENT FINANCE LIMITED**

**PROPOSED CONDITIONAL OPTION LAPSING PAYMENT TO THE  
OPTIONHOLDERS**

**Financial adviser to  
China Resources (Holdings) Company Limited  
and  
Smooth Concept Investments Limited**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

**Independent financial adviser to  
the independent committee of the board of directors of  
China Resources Cement Holdings Limited**



**SOMERLEY LIMITED**

**DESPATCH OF THE COMPOSITE DOCUMENT**

The Composite Document, together with the proxy forms in respect of the Court Meeting and the EGM, the Election Form and the Convertible Bond Offer Form, will be despatched to the Shareholders, the Convertible Bondholders and the Optionholders on Monday, 22 May 2006.

The respective notices of the Court Meeting and the EGM to be held on Thursday, 15 June 2006 are set out in the Composite Document.

Independent Shareholders, Convertible Bondholders and Optionholders should consider carefully the recommendation of the Independent Board Committee established in respect of the Proposal, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders and the factors, reasons and recommendation in relation to the Proposal, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders as set out in the letter from Somerley, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders.

Having considered the factors and reasons as set out in the letter from Somerley contained in the Composite Document, and as of the date of the Composite Document, Somerley considers the terms of the Scheme of Arrangement, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders are fair and reasonable so far as Independent Shareholders, Convertible Bondholders and Optionholders are concerned and recommends that the Independent Board Committee advises (i) the Independent Shareholders to vote in favour of the resolution to approve the Scheme of Arrangement at the Court Meeting, and (ii) the Convertible Bondholders to accept the Convertible Bond Offer.

**Shareholders, Convertible Bondholders and potential investors are advised to exercise extreme caution when dealing in the Shares and, or the Convertible Bonds.**

## **INTRODUCTION**

Reference is made to the joint announcements of CRH, Smooth Concept and CRC dated 31 March 2006 and 2 May 2006 (collectively, the “**Announcements**”). Terms used in this announcement shall have the same meaning as in the Announcements and the Composite Document unless otherwise defined herein.

## **DESPATCH OF THE COMPOSITE DOCUMENT**

The Composite Document, together with the proxy forms in respect of the Court Meeting and the EGM, the Election Form and the Convertible Bond Offer Form, will be despatched to the Shareholders, the Convertible Bondholders and the Optionholders on Monday, 22 May 2006.

The Composite Document contains, among other things, further details about the Proposal and the Scheme of Arrangement, the expected timetable, the explanatory statement required under the Rules of the Grand Court of Cayman Islands 1995 (Revised), information regarding the CRC Group, the letter from the Independent Board Committee, the letter from Somerley, the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the EGM.

Independent Shareholders, Convertible Bondholders and Optionholders should consider carefully the recommendation of the Independent Board Committee established in respect of the Proposal, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders and the factors, reasons and recommendation in relation to the Proposal, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders as set out in the letter from Somerley, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders.

Having considered the factors and reasons as set out in the letter from Somerley contained in the Composite Document, and as of the date of the Composite Document, Somerley considers the terms of the Scheme of Arrangement, the Convertible Bond Offer and the Option Lapsing Payment to the Optionholders are fair and reasonable so far as Independent Shareholders, Convertible Bondholders and Optionholders are concerned and recommends that the Independent Board Committee advises (i) the Independent Shareholders to vote in favour of the resolution to approve the Scheme of Arrangement at the Court Meeting, and (ii) the Convertible Bondholders to accept the Convertible Bond Offer.

**Shareholders and potential investors are reminded that the Proposal is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective.**

**Shareholders, Convertible Bondholders and potential investors are advised to exercise extreme caution when dealing in the Shares and, or the Convertible Bonds.**

## **INDEBTEDNESS**

As at the close of business on 31 March 2006, the CRC Group had total bank loans of approximately HK\$2,330.1 million, of which bank loans of approximately HK\$225.2 million were secured by the fixed assets and pledged bank deposits of CRC Group with carrying values of approximately HK\$344.3 million and HK\$10.4 million respectively as at 31 March 2006.

As at 31 March 2006, the CRC Group had outstanding Convertible Bonds in the principal amount of HK\$799.9 million which are convertible into 399,944,000 Shares on basis of the initial conversion price of HK\$2.00 per Share.

As at 31 March 2006, the CRC Group had contingent liabilities in respect of guarantees given to financial institutions to facilitate hire purchase loans granted to its sub-contractors for acquisition of trucks of approximately HK\$0.02 million.

Save as aforesaid and apart from intra-group liabilities, the CRC Group did not have outstanding at the close of business on 31 March 2006 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgage, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Amounts in foreign currency have, for the purpose of this indebtedness statement, been translated into Hong Kong dollars at the applicable rate of exchange ruling at the close of business on 31 March 2006.

## EXPECTED TIMETABLE

*Hong Kong time*  
(unless otherwise stated)

Latest time for lodging transfers of Shares to qualify for attending and voting at the Court Meeting and the EGM .....	4:00 p.m. on Monday, 12 June 2006
Book close dates ( <i>Note 1</i> ) .....	Tuesday, 13 June 2006 to Thursday, 15 June 2006 (both days inclusive)
Latest time for lodging forms of proxy in respect of Court Meeting ( <i>Note 2</i> ) .....	10:00 a.m. on Tuesday, 13 June 2006
EGM ( <i>Note 2</i> ) .....	10:30 a.m. on Tuesday, 13 June 2006
Suspension of dealings in the Shares and the Convertible Bonds .....	9:30 a.m. on Thursday, 15 June 2006
Court Meeting ( <i>Note 3</i> ) .....	10:00 a.m. on Thursday, 15 June 2006
EGM ( <i>Note 3</i> ) .....	10:30 a.m. on Thursday, 15 June 2006 (or as soon thereafter as the Court Meeting convened for the same day and place shall have been concluded or adjourned)
Press announcement of the results of the Court Meeting and the EGM in Hong Kong Economic Times and The Standard .....	Friday, 16 June 2006
Resumption of dealings in the Shares and the Convertible Bonds .....	9:30 a.m. on Friday, 16 June 2006
Hearing of CRC's summons for directions in respect of the share capital reduction ( <i>Note 4</i> ) .....	Monday, 26 June 2006
Latest time for dealing in the Shares and the Convertible Bonds .....	4:00 p.m. on Thursday, 13 July 2006
Suspension of dealing in the Shares and the Convertible Bonds pending withdrawal of the listing of the Shares on the Stock Exchange .....	9:30 a.m. on Friday, 14 July 2006
Latest time for lodging transfers of Shares to qualify for entitlements under the Scheme of Arrangement .....	4:00 p.m. on Wednesday, 19 July 2006

Book close dates ( <i>Note 5</i> ) .....	Thursday, 20 July 2006 to Tuesday, 25 July 2006
Record Time .....	4:00 p.m. on Friday, 21 July 2006
Latest time for lodging the Election Form by Shareholders who are qualified for entitlements under the Scheme of Arrangement ( <i>Note 6</i> ) .....	4:00 p.m. on Friday, 21 July 2006
Latest time for lodging the Convertible Bond Offer Form by the Convertible Bondholders ( <i>Note 7</i> ) .....	4:00 p.m. on Friday, 21 July 2006
Court hearing of the petition to sanction the Scheme of Arrangement and to confirm the share capital reduction ( <i>Note 4 and Note 8</i> ) .....	Monday, 24 July 2006
Effective Date ( <i>Note 8</i> ) .....	Tuesday, 25 July 2006
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective ( <i>Note 8</i> ) .....	9:30 a.m. on Wednesday, 26 July 2006
Press announcement of, inter alia, (i) the results of the court hearing of the petition to sanction the Scheme of Arrangement and to confirm the share capital reduction, (ii) the Effective Date, (iii) the results of the Convertible Bond Offer and (iv) the withdrawal of the listing of the Shares in Hong Kong Economic Times and The Standard .....	Wednesday, 26 July 2006
Cheques for cash entitlements to Shareholders, Convertible Bondholders and the Option Lapsing Payment to the Optionholders, and share certificates to be despatched on or before ( <i>Note 9</i> ) .....	Friday, 4 August 2006

**Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.**

*Notes:*

1. The register of members of CRC will be closed during such period for the purpose of determining entitlements of the Shareholders to attend and vote at the Court Meeting and the EGM. This book close period is not for determining entitlements under the Scheme of Arrangement. Any Shareholders selling or transferring their Shares after such period will not be qualified for entitlements under the Scheme of Arrangement in respect of those Shares sold or transferred.

2. Forms of proxy should be lodged, by hand or by post, with Standard Registrars Limited, the share registrar of CRC at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event no later than the times and dates stated above. The pink form of proxy in respect of the Court Meeting and the white form of proxy in respect of the EGM may be returned by facsimile at number (852) 3118 6830 (marked for the attention of "the Company Secretary") not later than the respective time and date stated in the paragraph headed "Action to be taken" set out on page 84 of the Composite Document, or may be handed to the chairman of the Court Meeting at the Court Meeting if they are not so lodged. In order to be valid, the pink form of proxy for the Court Meeting and the white form of proxy for the EGM must be lodged no later than the times and dates stated above. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.

In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner, such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements in relation to the manner in which the Shares of the beneficial Owner should be voted at the Court Meeting and, or the EGM. Such instructions and, or arrangements should be given or made in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial owner whose shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an investor participant, contact their broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with, a CCASS participant regarding voting instructions to be given to such persons if they wish to vote in respect of the Scheme of Arrangement. The same timeframes for contacting their broker, custodian, nominee or other relevant person as set out in the previous paragraph apply to such Beneficial Owners. The procedure for voting in respect of the Scheme of Arrangement by the investor participants and other CCASS participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the "General Rules of CCASS" and the "CCASS Operational Procedures."

3. The Court Meeting and the EGM will be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at the times and dates specified above. Please see the notice of the Court Meeting set out on pages 256 and 257 and the notice of the EGM set out on pages 258 to 260 of the Composite Document for details.
4. All references in the Composite Document to times and dates are references to Hong Kong times and dates, other than references to the expected dates of the Court hearing of the petition to sanction the Scheme of Arrangement and to confirm the share capital reduction and the Court hearing of CRC's summons for directions in respect of the share capital reduction, which are the relevant times and dates in the Cayman Islands. Cayman Islands time is 13 hours behind Hong Kong time.
5. The register of members of CRC will be closed during such period for the purpose of determining Shareholders who are qualified for entitlements under the Scheme of Arrangement. Entitlements under the Scheme of Arrangement will be based on the actual number of Shares held by the Shareholders as at the Record Time i.e. 4:00 p.m. on 21 July 2006.
6. The Election Form, duly completed in accordance with the instructions on them, must be lodged with the share registrar of CRC, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong so as to reach them no later than the Record Time or such later date and time as may be notified through press announcement, failing which the Shareholders (other than CRH Group) will receive the Cash Alternative in respect of their entire holding of Shares if the Scheme of Arrangement becomes effective. If you have sold or transferred all or part of your Shares in the Company, you should at once hand the Composite Document and the Election Form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Form can also be obtained from the Company's share registrar, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong at any time before the Record Time.

7. Convertible Bond Offer Forms, duly completed in accordance with the instructions on them, must be lodged with the share registrar of CRC, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong so as to reach them no later than the Record Time or such later date and time as may be notified through press announcement, failing which the Convertible Bondholders (other than CRH Group) will not receive any consideration.
8. The Scheme of Arrangement shall become effective upon all the conditions set out in the paragraph headed "Conditions of the Scheme of Arrangement" in the Explanatory Statement on pages 60 to 87 of the Composite Document having been fulfilled or (to the extent permitted) waived (as the case may be).
9. A cheque for the amount in respect of cash entitlements or share certificates of Smooth Concept under the Scheme of Arrangement and the Convertible Bond Offer, and the payment of the Option Lapsing Payment to the Optionholders will be despatched by post within 10 days from the Effective Date.

By order of  
the board of directors of  
**CHINA RESOURCES (HOLDINGS)  
COMPANY LIMITED**  
**Jiang Wei**  
Director

By order of  
the board of directors of  
**SMOOTH CONCEPT  
INVESTMENTS LIMITED**  
**Wong Siu Ping**  
Director

By order of  
the board of directors of  
**CHINA RESOURCES CEMENT  
HOLDINGS LIMITED**  
**Shi Shanbo**  
Director

Hong Kong, 19 May 2006

*As at the date of this announcement, the board of directors of CRH comprises Messrs. Chen Xinhua, Song Lin, Ding Yali, Chen Shulin, Qiao Shibo, Wang Yin, Jiang Wei, Yan Biao, Wang Shuaiting, Zhou Shengjian, Zhu Jinkun, Chen Lang and Wang Qun.*

*The directors of CRH jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than relating to CRC and Smooth Concept, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by CRC and Smooth Concept, have been arrived at after due and careful consideration and there are no facts, other than facts relating to CRC and Smooth Concept, not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at this date of this announcement, the board of directors of Smooth Concept comprises Messrs. Wong Siu Ping and Lin Guolong.*

*The directors of Smooth Concept jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than relating to CRH and CRC, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by CRH and CRC, have been arrived at after due and careful consideration and there are no facts, other than those relating to CRH and CRC, not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the Board comprises Messrs. Qiao Shibo, Shi Shanbo, Zhou Junqing, Zhou Longshan, Sun Mingquan and Zheng Yi as executive directors; Messrs. Jiang Wei and Keung Chi Wang, Ralph as non-executive directors; and Messrs. Chan Mo Po, Paul, Lin Zongshou and Lui Pui Kee, Francis as independent non-executive directors.*

*The directors of CRC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than relating to CRH and Smooth Concept, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by CRH and Smooth Concept, have been arrived at after due and careful consideration and there are no facts, other than facts relating to CRH and Smooth Concept, not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

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