

**CHINA RESOURCES CEMENT HOLDINGS LTD:  
THIS IS A HARD ACT TO FOLLOW**

Using accepted investment criteria in order to make a determination as to the pros and cons of a company, one would be hard-pressed to open up one's pocket-book with the idea of making a purchase of the shares of China Resources Cement Holdings Ltd (Code: 712, Main Board, The Stock Exchange of Hongkong Ltd), but this Company is an entity of the People's Republic of China (PRC), after all – which means that anything, and everything, is possible.

China Resources Cement went public on The Stock Exchange of Hongkong Ltd on June 26, 2003, by way of *'Introduction'*: No Offer of Shares or Placement of Shares was made to anybody.

The Ultimate Holding Company of China Resources Cement is China Resources National Corporation, a State-run entity of the Government of the PRC, which is the holder of 74.50 percent of the Issued and Fully Paid-Up Share Capital of this Company via China Resources Enterprise Ltd, a company which, also, is listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Code Number 291.

Hence the listing of China Resources Cement by *'Introduction'*.

China Resources Cement came to the Main Board of The Stock Exchange of Hongkong Ltd, making the claim, at Page 58 of the Prospectus, as follows:

*'The group intends to become a leading value added provider of cement, concrete and related products and services to the building and construction industry in the major markets in Hongkong and the PRC.'*

Considering that this Company has the backing of the Government of the PRC, of course, anything is possible, as **TARGET** has, already, stated.

For certain, it would be foolhardy for a company, not being close to the PRC Government, to try to take on this large company in an industry wide war – because such a competitor is guaranteed to lose since the cross-fire from PRC entities would be deadly to such an upstart.

**The Formation of China Resources Cement**

In preparation for the listing on the Main Board, China Resources Cement, on March 13, 2003, was incorporated in the Cayman Islands as a wholly owned subsidiary of China Resources Enterprise Ltd.

That set the ball in motion for the publication of this 362-Page Prospectus, which is full of pro-forma this and pro-forma that.

At Page 253, the Company set out its *'Pro forma combined profit and loss accounts'* as follows:

	Financial Year ended December 31		
	2000	2001	2002
All Figures are Denominated in SHK'000			

Turnover	996,920	915,392	899,450
Cost of Sales	(571,037)	(539,019)	(631,686)
Gross Profit	425,883	376,373	267,764
Other Operating Income	13,162	15,371	30,087
Selling and Distribution Expenses	(86,145)	(79,941)	(81,607)
General and Administrative Expenses	(96,164)	(95,926)	(93,572)
Impairment Loss in Respect of Goodwill, arising on Acquisition of Additional Interests in Subsidiaries	(3,236)	Nil	(557)
Negative Goodwill, arising on Acquisition of Additional Interest in a Subsidiary, realised	Nil	Nil	919
Profit from Operations	253,500	215,877	123,034
Financing Costs	(29,307)	(31,722)	(29,081)
Share of Results of Associates	10,912	8,562	3,962
Profit before Taxation	235,105	192,717	97,915
Taxation	(45,713)	(27,390)	(11,371)
Profit before Minority Interests	189,392	165,327	86,544
Minority Interests	11,175	(4,981)	(8,801)
Net Profits Attributable to Shareholders	200,567	160,346	77,743

(**TARGET** is somewhat surprised, actually, that the Pro Forma Combined Profit and Loss Account for the 3 Financial Years, ended December 31, 2002, did not suggest higher annual profits instead of the above-mentioned – which would have been more in keeping with an enterprise, which is owned and controlled by a PRC-State-run entity)

**TARGET** will make no attempt to analyse the above table, for obvious reasons.

### **The Key Players**

A 1986 key player in the production of concrete in the Hongkong Special Administrative Region (HKSAR) of the PRC forms the nucleus of the enlarged group of companies, now known as China Resources Cement Holdings Ltd: Redland Concrete Ltd.

This company ... [CLICK TO ORDER FULL ARTICLE](#)

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