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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 Code: 1313)

**DISCLOSEABLE TRANSACTION
SUCCESSFUL BIDDING FOR THE MINING RIGHTS OF
THE GRANITE QUARRY FOR CONSTRUCTION
IN DAPAI MINING CONCESSION, FENGKAI COUNTY, GUANGDONG PROVINCE**

The Board is pleased to announce that on 16 October 2020, Zhaoqing Runxin New Materials Limited* (肇慶潤信新材料有限公司), a subsidiary of the Company, won the bid for the mining rights of the granite quarry for construction in Dapai Mining Concession, Fengkai County, Guangdong Province for a transfer duration of 17 years, which covers a mining area of approximately 1.1736 km² with resource reserve of approximately 157.4763 million m³ (equivalent to approximately 425.0 million tons) and planned annual production capacity of approximately 11.0 million m³ (equivalent to approximately 30.0 million tons), from the Natural Resources Bureau of Zhaoqing Municipality through online public listing-for-sale for a consideration of RMB3,210.0 million (equivalent to approximately HK\$3,691.5 million). In addition, Zhaoqing Runxin shall pay the Relevant Fees to relevant departments of the Zhaoqing Local Government according to laws. Accordingly, the aggregate amount payable by Zhaoqing Runxin to the Zhaoqing Local Government in respect of the successful bidding of the Mining Rights shall be no more than RMB4,000.0 million (equivalent to approximately HK\$4,600.0 million).

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the amount payable by Zhaoqing Runxin to the Zhaoqing Local Government (on an aggregated basis) exceeds 5% and all the applicable percentage ratios are less than 25%, the successful bidding for the Mining Rights constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempted from the independent shareholder's approval requirement under the Listing Rules.

SUCCESSFUL BIDDING FOR THE MINING RIGHTS

The Board is pleased to announce that on 16 October 2020, Zhaoqing Runxin New Materials Limited* (肇慶潤信新材料有限公司), a subsidiary of the Company, won the bid for the mining rights of the granite quarry for construction in Dapai Mining Concession, Fengkai County, Guangdong Province from the Natural Resources Bureau of Zhaoqing Municipality through online public listing-for-sale. Details are as follows.

(1) Date

16 October 2020

(2) Parties

- (a) The Natural Resources Bureau of Zhaoqing Municipality; and
- (b) Zhaoqing Runxin.

(3) Mining Rights

Zhaoqing Runxin acquired the mining rights of the granite quarry for construction in Dapai Mining Concession, Fengkai County, Guangdong Province for a transfer duration of 17 years, which covers a mining area of approximately 1.1736 km² with resource reserve of approximately 157.4763 million m³ (equivalent to approximately 425.0 million tons) and planned annual production capacity of approximately 11.0 million m³ (equivalent to approximately 30.0 million tons), by bidding through online public listing-for-sale process of the Natural Resources Bureau of Zhaoqing Municipality. Detailed information and specific requirements of this online listing can be found in the announcement (Zhao Gong Yi Tu Gao Zi [2020] No.32) dated 29 August 2020 of online listing of mining rights for sale issued by the Natural Resources Bureau of Zhaoqing Municipality (Website: http://zrzyj.zhaoqing.gov.cn/zwgk/tzgg/content/post_2156470.html).

(4) Signing of Legal Documents

Zhaoqing Runxin shall undergo qualification vetting and sign the Listed Deal Confirmation Letter within 5 business days after the end of the online listing-for-sale activity, and shall enter into the Mining Rights Transfer Agreement with the Natural Resources Bureau of Zhaoqing Municipality within 30 days thereafter.

(5) Mining Rights Consideration

The consideration of the Mining Rights was RMB3,210.0 million (equivalent to approximately HK\$3,691.5 million), which was the highest bidding price submitted by Zhaoqing Runxin and the listed deal price of the Mining Rights.

The Mining Rights Consideration shall be settled by two installments. The first installment in the amount of RMB2,000.0 million (equivalent to approximately HK\$2,300.0 million) shall be payable within 7 working days after entering into the Mining Rights Transfer Agreement, and the performance security deposit to bidding in the amount of RMB700.0 million (equivalent to approximately HK\$805.0 million) paid by Zhaoqing Runxin prior to the commencement of the online listing-for-sale activity may offset part of the first installment payment. The second installment in the amount of the balance of the Mining Rights Consideration shall be payable by 30 October 2021.

According to the Mining Rights Appraisal Report (Chuan Shan Ping Bao Zi (2020) No.F34) dated 22 July 2020 issued by Sichuan Shanhe Asset Evaluation Co., Ltd. engaged by the Natural Resources Bureau of Fengkai County, the appraisal value of the mining rights of the granite quarry for construction in Dapai Mining Concession, Fengkai County, Guangdong Province was RMB3,132,297,100 (equivalent to approximately HK\$3,602,141,665) as of the valuation date on 30 June 2020, by way of discounted cashflow approach.

Having reviewed the above Appraisal Report, the Directors considered that the Report was prepared by a social intermediary with appraisal qualification for mineral prospecting rights and mining rights approved by the Ministry of Land and Natural Resources of China and reported by adopting the applicable standards issued by the Chinese government and relevant professional associations. In assessing the fairness and reasonableness of the Mining Rights Consideration, apart from the above Appraisal Report, various factors including the listed starting price of the Mining Rights set by the Natural Resources Bureau of Zhaoqing Municipality, the bidding results of mining rights of similar granite quarries for construction within Guangdong Province this year and the prevailing market prices of aggregates finished products in Guangdong Province had also been taken into account as a whole.

Based on the above, the Directors are of the view that the Mining Rights Consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole.

(6) Relevant Fees

In addition, Zhaoqing Runxin shall pay the relevant fees including fees for lands and forests used for mining, occupation fees of mineral rights, funds for integrated renovation of mining geo-environment, land rehabilitation fees, as well as relevant charges, security deposits and funds required by departments such as environment, forest industry, emergency and water resources to relevant departments of the Zhaoqing Local Government according to laws.

(7) Aggregate Value of Consideration

Accordingly, the aggregate amount payable by Zhaoqing Runxin to the Zhaoqing Local Government in respect of the successful bidding of the Mining Rights shall be no more than RMB4,000.0 million (equivalent to approximately HK\$4,600.0 million), which will be financed by interest-bearing loans from financial institutions and shareholders.

INFORMATION OF THE PARTIES

The Zhaoqing Government and the Zhaoqing Local Government

The Zhaoqing Government is the administrative management unit of Zhaoqing Municipality of Guangdong Province of PRC, and the Zhaoqing Local Government includes all relevant local governmental bodies under the Zhaoqing Government, together with their respective administrative arms, agencies and institutions.

The Natural Resources Bureau of Zhaoqing Municipality

The Natural Resources Bureau of Zhaoqing Municipality is a division-head level department of the Zhaoqing Government. Its main duties include fulfillment of duties of owners of natural resources assets such as all lands, mining assets, forests, grasslands, wetlands and water owned by all citizens and the duties for managing the uses of all national land space, and in charge of works including investigation, monitor, evaluation, registration of unified right confirmation, use of assets with consideration, reasonable development and use of natural resources.

The Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the main board of The Stock Exchange of Hong Kong Limited. As at the date of this announcement, approximately 68.72% of the shares issued by the Company are indirectly held by China Resources (Holdings) Company Limited. The Group is principally engaged in the manufacture and sale of cement, concrete and other related products and services in PRC and Hong Kong.

Zhaoqing Runxin

Zhaoqing Runxin is a company incorporated in PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, the Group and Zhaoqing Jiaotou Yirun Mineral Resources Co., Ltd.* (肇慶交投益潤礦產資源有限公司) hold as to 65% and 35% equity interests of Zhaoqing Runxin respectively. Zhaoqing Runxin is principally engaged in the manufacture and sale of stones, gravels and aggregates, the exploration of mines and non-metal mines, as well as the consultancy services of mining technology, equipment technology and production techniques, in PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as the Zhaoqing Government, the Zhaoqing Local Government and the Natural Resources Bureau of Zhaoqing Municipality are PRC Governmental Bodies, they and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUCCESSFUL BIDDING FOR THE MINING RIGHTS

During the “Fourteenth Five-Year” period, positioning in Southern China, the Group will proactively seize the opportunities for the extension of industry chain, fully leverage on the synergetic advantages of cement, concrete, aggregates, new materials and prefabricated construction, promote industrial integrative development and consolidate the core competitive advantages of the Group.

The Group will construct aggregates projects in the granite quarry for construction in Dapai Mining Concession, Fengkai County, Guangdong Province, which will utilize the logistical and synergetic advantages, cover the markets in the Guangdong-Hong Kong-Macao Greater Bay Area, lay the foundation for industry position, and promote the Group’s strategies of new business development.

The Directors (including the independent non-executive Directors) believe that the successful bidding for the Mining Rights is in the Group’s ordinary and usual course of business on normal commercial terms and in the interests of the Company and its shareholders as a whole, and the terms of this transaction are fair and reasonable.

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the amount payable by Zhaoqing Runxin to the Zhaoqing Local Government (on an aggregated basis) exceeds 5% and all the applicable percentage ratios are less than 25%, the successful bidding for the Mining Rights constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempted from the independent shareholder’s approval requirement under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	China Resources Cement Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the main board of The Stock Exchange of Hong Kong Limited;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the directors of the Company;
“Fengkai County”	Fengkai County, Zhaoqing Municipality;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Listed Deal Confirmation Letter”	the listed deal confirmation letter to be signed by Zhaoqing Runxin to confirm its successful bidding for the Mining Rights;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mining Rights”	has the meaning ascribed thereto in the section headed “Successful Bidding for the Mining Rights” in this announcement;
“Mining Rights Consideration”	has the meaning ascribed thereto in the section headed “Successful Bidding for the Mining Rights” in this announcement;
“Mining Rights Transfer Agreement”	the agreement to be entered into in relation to the contemplated transfer of the Mining Rights by the Natural Resources Bureau of Zhaoqing Municipality to Zhaoqing Runxin;
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan;

“PRC Governmental Body (Bodies)”	has the meaning ascribed thereto under the Listing Rules;
“Relevant Fees”	has the meaning ascribed thereto in the section headed “Successful Bidding for the Mining Rights” in this announcement;
“RMB”	Renminbi, the lawful currency of PRC;
“Zhaoqing” or “Zhaoqing Municipality”	Zhaoqing Municipality, Guangdong Province, PRC;
“Zhaoqing Government”	the People’s Government of Zhaoqing Municipality;
“Zhaoqing Local Government”	local governmental bodies under the Zhaoqing Government, together with their respective administrative arms, agencies and institutions;
“Zhaoqing Runxin”	Zhaoqing Runxin New Materials Limited* (肇慶潤信新材料有限公司), a company incorporated in PRC with limited liability, an indirect non-wholly owned subsidiary of the Company;
“%”	per cent;
“km ² ”	square kilometer;
“m ³ ”	cubic meter.

By order of the Board
CHINA RESOURCES CEMENT HOLDINGS LIMITED
ZHOU Longshan
Chairman

Hong Kong, 18 October 2020

** In this announcement, the English names of PRC government authorities or entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.15. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan and Mr. JI Youhong; the non-executive Directors are Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.