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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)

**CONTINUING CONNECTED TRANSACTIONS
2020 STRATEGIC COOPERATION AGREEMENTS**

References are made to the Company's announcements dated 30 December 2015 and 20 October 2017 in relation to, among others, the entering into of the 2015 Strategic Cooperation Agreements and the 2017 Strategic Cooperation Agreements respectively.

As the 2017 Strategic Cooperation Agreements and their respective annual caps will expire on 31 December 2020, the Company entered into the 2020 CR Bank Strategic Cooperation Agreement and the 2020 CR Trust Strategic Cooperation Agreement with CR Bank and CR Trust respectively for a term of three years whereby the annual caps are renewed taking into account of the expected level of services to be received from CR Bank and CR Trust, the Group's liquidity, business needs, expected daily deposit balances of the Group, and the amounts of historical transactions of similar nature.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the proposed annual caps for deposits (inclusive of interests receivable) and financial products (inclusive of principals and interests) on any single day under the 2020 Strategic Cooperation Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 2020 Strategic Cooperation Agreements are only subject to the reporting, announcement and annual review requirements but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to the Company's announcements dated 30 December 2015 and 20 October 2017 in relation to, among others, the entering into of the 2015 Strategic Cooperation Agreements and the 2017 Strategic Cooperation Agreements respectively.

As the 2017 Strategic Cooperation Agreements and their respective annual caps will expire on 31 December 2020, the Company entered into the 2020 CR Bank Strategic Cooperation Agreement and the 2020 CR Trust Strategic Cooperation Agreement with CR Bank and CR Trust respectively for a term of three years as follows.

2020 CR BANK STRATEGIC COOPERATION AGREEMENT

(1) Date

10 November 2020

(2) Parties

- (a) CR Bank; and
- (b) the Company.

(3) Term

Three years from 1 January 2021 to 31 December 2023, unless extended for a further period.

(4) Deposit Services

The Group may place any deposits with CR Bank, including but not limited to any type of cash management which is regarded as deposit under the Listing Rules, relevant agreement and accounting treatment.

These deposits shall bear the same interests and be on the same terms and conditions as would apply to similar deposits placed by any other independent third-party customers of CR Bank, which rates shall be determined with reference to the deposit rates published by the People's Bank of China.

As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Bank, the Group will obtain quotes of interest rates from other similar independent third-party financial institutions for similar deposit services for similar duration before it enters into any new deposit arrangement with CR Bank and such quotes, together with the offer from CR Bank, will be reviewed and passed by the Group's internal approval procedures.

(5) Financial Products and Commercial Banking Services

Other than deposit services, from time to time, the Group may use the financial products and commercial banking services of CR Bank including, but not limited to, credit services (such as provision of corporate loans, discounting of commercial bills, factoring of account receivables, and granting of loans with account receivables as collaterals), settlement services, agency services, cash management services, financial consulting services and other financial businesses as agreed by the parties.

These products and services will be provided on normal commercial terms which apply to other independent third-party customers of CR Bank, and after arm's length negotiations between the parties with reference to the applicable prices of similar products and services offered by other similar independent third-party financial institutions during the corresponding period. The prices of these products and services shall be no less favourable as the applicable prices of similar products and services offered by CR Bank to its independent third-party customers under the same conditions.

Before deciding to use any products and services offered by CR Bank, the Group will also obtain quotes from, or compare the applicable prices of similar products and services offered by other similar independent third-party financial institutions.

2020 CR TRUST STRATEGIC COOPERATION AGREEMENT

(1) Date

10 November 2020

(2) Parties

- (c) CR Trust; and
- (d) the Company.

(3) Term

Three years from 1 January 2021 to 31 December 2023, unless extended for a further period.

(4) Financial Products and Trust Services

From time to time, the Group may use the financial products and trust services offered by CR Trust including, but not limited to, provision of cash management and asset management services, launch of equity cooperation, consulting and advisory services, and other trust services as agreed by the parties.

These products and services will be provided on normal commercial terms which apply to other independent third-party customers of CR Trust, and after arm's length negotiations between the parties with reference to the applicable prices of similar products and services offered by other similar independent third-party trust companies during the corresponding period. The prices of these products and services shall be no less favourable as the applicable prices of similar products and services offered by CR Trust to its independent third-party customers under the same conditions.

Before deciding to use any products and services offered by CR Trust, the Group will also obtain quotes from, or compare the applicable prices of similar products and services offered by other similar independent third-party trust companies.

ANNUAL CAPS AND BASIS OF DETERMINATION

The proposed maximum daily amounts of deposits (inclusive of interests receivable) which may be placed by the Group with CR Bank and the proposed maximum daily amounts of principals and interests in relation to the financial products to be provided by CR Bank and CR Trust to the Group during the term of the 2020 Strategic Cooperation Agreements are as follows:

	Proposed maximum daily amounts for the year ending 31 December					
	2021		2022		2023	
	<i>RMB million</i>	<i>HK\$ million equivalent</i>	<i>RMB million</i>	<i>HK\$ million equivalent</i>	<i>RMB million</i>	<i>HK\$ million equivalent</i>
Deposits placed with CR Bank (inclusive of interests receivable)	1,300.0	1,521.0	1,300.0	1,521.0	1,300.0	1,521.0
Principals and interests of financial products to be provided by CR Bank and CR Trust	2,500.0	2,925.0	2,500.0	2,925.0	2,500.0	2,925.0

The above maximum daily amounts are applicable for each day during the relevant year, and are calculated on an individual basis as outstanding at the end of each day during the relevant year without aggregating with the daily amount incurred on the days before.

It is expected that the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregate annual total amount of fees and commissions payable the Group for the financial services including commercial banking services and trust services to be provided by CR Bank and CR Trust respectively during the term of the 2020 Strategic Cooperation Agreements will be less than 0.1%. Therefore, these arrangements will constitute de minimis transactions under Rule 14A.76 of the Listing Rules.

Moreover, given the difference in the nature between (i) deposit services to be provided by CR Bank, (ii) financial products to be provided by CR Bank and CR Trust, and (iii) financial services including commercial banking services and trust services to be provided by CR Bank and CR Trust respectively, separate annual caps are set for each of these types of transactions.

The proposed annual caps for deposits (inclusive of interests receivable) and financial products (inclusive of principals and interests) on any single day under the 2020 Strategic Cooperation Agreements have been determined after taking into account of the expected level of services to be received from CR Bank and CR Trust, the Group's liquidity, business needs, expected daily deposit balances, and the amounts of historical transactions of similar nature.

Set out below are the approximate historical amounts of the maximum daily deposits (inclusive of interests receivable) placed by the Group with CR Bank and the maximum daily amounts of principals and interests in relation to the financial products provided by CR Bank and CR Trust respectively pursuant to the terms of the 2017 Strategic Cooperation Agreements, as well as the respective annual caps:

	Annual caps	Approximate historical amounts		
		<i>For the year ended 31 December 2018</i>	<i>For the year ended 31 December 2019</i>	<i>For the 7 months ended 31 July 2020</i>
Maximum daily amounts <i>RMB million</i>				
Deposits placed with CR Bank (inclusive of interests receivable)	847.50	673.81	708.49	756.10
Principals and interests of financial products provided by CR Bank	423.75	-	-	-
Principals and interests of financial products provided by CR Trust	423.75	-	-	-

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The 2020 Strategic Cooperation Agreements will enable the Group to enhance its overall liquidity, optimize its utilization of cash and capital and provide greater flexibility in cash management for generation of better return on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other financial institutions.

The Directors (including the independent non-executive Directors) are of the view that the 2020 Strategic Cooperation Agreements were negotiated on arm's length basis, the relevant terms and the annual caps are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES TO THE TRANSACTIONS AND THEIR UTLIMATE BENEFICIAL OWNER

CR Bank

CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission. It is headquartered in Zhuhai, PRC, with approximately 100 branches and sub-branches in various locations in Guangdong and Guangxi as at 30 September 2020, where it operates and provides financial and commercial banking services. As at the date of this announcement, approximately 70.28% of equity interests of CR Bank are held by CRI, which in turn is ultimately owned by CRCL.

CR Trust

CR Trust is an integrated financial service provider headquartered in Shenzhen, PRC, with a registered capital of RMB11.0 billion. As at the date of this announcement, 51% of equity interests of CR Trust are indirectly held by CRI through China Resources Capital Holdings Investment Co., Ltd.* (華潤金控投資有限公司), and in turn CRI is ultimately owned by CRCL; whereas the remaining 49% equity interests of CR Trust is held by Shenzhen Investment Holdings Co., Ltd.

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. As at the date of this announcement, approximately 68.72% of the shares issued by the Company are indirectly held by CRH, which in turn is ultimately owned by CRCL. The Group is principally engaged in the manufacture and sale of cement, concrete and other related products and services in PRC and Hong Kong.

CRCL

CRCL, the ultimate beneficial owner of the Company, CR Bank and CR Trust, is a company incorporated in PRC with limited liability and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of PRC. It is the holding company of CRI and CRH, and is a conglomerate which holds a variety of businesses in PRC and Hong Kong including but not limited to consumer products, healthcare, energy services, urban construction and operation, technology and finance.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRCL, the controlling shareholder of the Company, indirectly holds approximately 70.28% and 51% of equity interests of CR Bank and CR Trust respectively. Accordingly, each of CR Bank and CR Trust is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the 2020 Strategic Cooperation Agreements constitute continuing connected transactions for the Company.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the proposed annual caps for deposits (inclusive of interests receivable) and financial products (inclusive of principals and interests) on any single day under the 2020 Strategic Cooperation Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 2020 Strategic Cooperation Agreements are only subject to the reporting, announcement and annual review requirements but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given the senior management roles of Mr. ZHOU Longshan, Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing at CRH, as good corporate governance measure, these five Directors absented themselves from the Board meeting when the 2020 Strategic Cooperation Agreements and the transactions contemplated thereunder were discussed, voted and approved. Save as disclosed above, none of the Directors has any material interest in the 2020 Strategic Cooperation Agreements and the transactions contemplated thereunder.

DEFINITIONS

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

“2015 Strategic Cooperation Agreements”	the Strategic Cooperation Agreement entered into between CR Bank and the Company on 30 December 2015, and the Strategic Cooperation Agreement entered into between CR Trust and the Company on 30 December 2015;
“2017 Strategic Cooperation Agreements”	the Strategic Cooperation Agreement entered into between CR Bank and the Company on 20 October 2017, and the Strategic Cooperation Agreement entered into between CR Trust and the Company on 20 October 2017;
“2020 CR Bank Strategic Cooperation Agreement”	the Strategic Cooperation Agreement entered into between CR Bank and the Company on 10 November 2020;
“2020 CR Trust Strategic Cooperation Agreement”	the Strategic Cooperation Agreement entered into between CR Trust and the Company on 10 November 2020;

“2020 Strategic Cooperation Agreements”	the 2020 CR Bank Strategic Cooperation Agreement and the 2020 CR Trust Strategic Cooperation Agreement;
“Board”	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;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“continuing connected transactions”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“CR Bank”	China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司), a municipal bank headquartered in Zhuhai, of which CRI holds approximately 70.28% equity interests as at the date of this announcement;
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信托有限公司), of which CRI indirectly holds 51% equity interests as at the date of this announcement;
“CRCL”	China Resources Company Limited, a company incorporated in PRC with limited liability;
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Company’s intermediate holding company, which is ultimately owned by CRCL;
“CRI”	China Resources Inc., a joint stock limited liability company incorporated in PRC, which is the holding company of CRH and the banking and trust activities in which CRCL has an interest, which is ultimately owned by CRCL;
“Director(s)”	the director(s) of the Company;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 10 November 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\$1.17 for the date of this announcement. 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.