

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



華潤啤酒(控股)有限公司

China Resources Beer (Holdings) Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

CONNECTED TRANSACTION

ESTABLISHMENT OF A PARTNERSHIP – RUNHUI INVESTMENT (SHENZHEN) ENTERPRISE (LIMITED PARTNERSHIP)*

ESTABLISHMENT OF A PARTNERSHIP

The Board is pleased to announce that, on 26 April 2021, CR Snow Breweries Investment, a wholly-owned subsidiary of the Company, has entered into the Partnership Agreement with Hengqin Runchuang, Shenzhen Bohui and Feihongzhuxin in relation to the establishment of the Partnership i.e. Runhui Investment (Shenzhen) Enterprise (Limited Partnership)*.

The total capital contribution by all Partners to the Partnership shall be RMB500 million of which CR Snow Breweries Investment, Hengqin Runchuang, Shenzhen Bohui and Feihongzhuxin shall contribute RMB150 million, RMB50 million, RMB100,000 and RMB299.9 million respectively.

The Partnership will principally be investing in the following underlying assets: (1) inefficient assets of CR Snow Breweries Investment, including but not limited to the land use rights and/or buildings and facilities located on the land of factories which have suspended operations due to adjustments in production capacity; and/or (2) such other inefficient assets of CR Snow Breweries Investment as the Risk Control Committee may approve.

IMPLICATION OF THE LISTING RULES

As at the date of this announcement, CRH is a controlling shareholder of the Company and thus a connected person of the Company. As Hengqin Runchuang is an indirect subsidiary of CRH, it is an associate of CRH and thus a connected person of the Company. Accordingly, the Partnership Agreement and the transactions contemplated thereunder (i.e. the establishment of the Partnership) constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Partnership Agreement exceed 0.1% but are all less than 5%, the transactions contemplated thereunder (i.e. the establishment of the Partnership) are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that, on 26 April 2021, CR Snow Breweries Investment, a wholly-owned subsidiary of the Company, has entered into the Partnership Agreement with Hengqin Runchuang, Shenzhen Bohui and Feihongzhuxin in relation to the establishment of the Partnership i.e. Runhui Investment (Shenzhen) Enterprise (Limited Partnership)*.

THE PARTNERSHIP AGREEMENT

Principal terms of the Partnership Agreement are set out as follows:

Date : 26 April 2021

Parties : 1. Shenzhen Bohui as Executive Partner and General Partner;
2. CR Snow Breweries Investment as Limited Partner;
3. Hengqin Runchuang as Limited Partner; and
4. Feihongzhuxin as Limited Partner.

Term of the Partnership : Seven (7) years from the date the business license of the Partnership is issued (subject to extension or shortening of the term under terms of the Partnership Agreement).

Capital contribution :	Partner	RMB	Percentage
	CR Snow Breweries Investment	150 million	30%
	Hengqin Runchuang	50 million	10%
	Shenzhen Bohui	100,000	0.02%
	Feihongzhuxin	299.9 million	59.98%
	Total:	500 million	100%

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiation between the Parties having taken into account of the expected capital requirements of the Partnership, the investment objective, the strategies and the business prospects of the Partnership. It is contemplated that the contribution payable by CR Snow Breweries Investment will be funded by internal resources of the Group.

Payment of capital contribution : The Executive Partner will issue capital contribution notices to the Partners at least 10 working days in advance in accordance with regulations in the documents related to the investment projects, needs of the investment projects or needs of the operation of the Partnership. Amount payable under each capital contribution notice shall be approved by the Risk Control Committee. Each Partner shall pay a specified amount to the Partnership's account within 10 working days after it receives the capital contribution notice.

Scope of investments : The Partnership will principally be investing in the following underlying assets: (1) inefficient assets of CR Snow Breweries Investment, including but not limited to the land use rights and/or buildings and facilities located on the land of factories which have suspended operations due to adjustments in production capacity; and/or (2) such other inefficient assets of CR Snow Breweries Investment as the Risk Control Committee may approve. For the avoidance of doubt, no legally binding agreement or arrangement has been entered into in respect of assets owned by CR Snow Breweries Investment.

The Partnership will invest in the underlying assets through establishment of or subscription of shares of newly incorporated special purpose vehicles, including but not limited to companies with limited liability and limited partnerships, which will be used to acquire target assets or to hold interests in target assets.

Management of the Partnership : The Executive Partner is responsible for management of the Partnership's affairs, including execution of decisions made by the Risk Control Committee and by the Partners at the Partners' Meetings.

The Risk Control Committee will comprise of four members of whom two will be nominees of Shenzhen Bohui, one will be a nominee of the Investment Consultant and one will be a nominee of CR Snow Breweries Investment. Each member of the Risk Control Committee has one vote. The tenure of the Risk Control Committee is two years, which can be extended upon re-nomination by the respective Partner.

Apart from expenses of the Partnership incurred pursuant to the Partnership Agreement, all matters that require capital for investments, investment decisions and other important matters, including but not limited to, matters relating to capital contribution by the Partners, projects to be invested in, sum of investments, transfer of interests in projects invested and exit from investments, shall be approved by the Risk Control Committee. Certain major matters such as investment decisions shall be passed by unanimous vote. Other matters shall be passed by a three-fourths majority.

The Partners' Meetings will be chaired by the Executive Partner. Matters to be discussed at the Partners' Meetings include, among others, extension or shortening of the term of the Partnership, admission of new Partners or expulsion of existing Partners, adjustment of capital contribution by the Partners, amendment of the Partnership Agreement, composition of the Risk Control Committee and dissolution and liquidation of the Partnership. Certain major matters such as adjustment of capital contribution by the Partners and the amendment of the Partnership Agreement shall be passed by unanimous vote. Other matters shall be passed according to the respective voting thresholds as stated in the Partnership Agreement.

Fees : The Partnership will bear all expenses for operation, dissolution and liquidation of the Partnership and investment projects, including but not limited to fees and expenses related to investment in, management of and exit from projects, auditors' fees, lawyers' fees, consultancy fees and litigation or arbitration fees. In relation to the set up costs of the Partnership (including costs incurred before the admission of CR Snow Breweries Investment and Hengqin Runchuang to the Partnership), the respective set up costs shall be shared between the Partners based on the capital commitment of each Partner. If the set up costs were incurred prior to the admission of CR Snow Breweries Investment and Hengqin Runchuang to the Partnership and without the approval of the Risk Control Committee, such set up costs shall be shared between the Partners based on the capital commitment of each Partner at that time.

The Partnership will pay the Executive Partner's remuneration as well as consultancy fees to the Investment Consultant (collectively, the "Fees").

The Executive Partner's annual remuneration is 0.3% of the actual paid-up capital of the Partnership (calculated on a daily basis).

The Investment Consultant's annual consultancy fees is 0.3% of the actual paid-up capital of the Partnership (calculated on a daily basis).

The Fees were determined after arm's length negotiations between the parties with reference to, among other things, market standards, including the fee structures and fee rates for those adopted by other limited partnerships similar to that of the Partnership.

Distributions : After deducting the expenses permitted under the Partnership Agreement, distributable cash from a project shall be distributed within seven (7) working days or at any other time agreed by all the Partners after the Partnership has withdrawn from the respective project and received the relevant funds. Distributable cash from the project shall be distributed among the Partners based on the actual capital commitment of each Partner.

For non-cash distribution, the Executive Partner shall use its reasonable endeavors to realise such non-cash assets and avoid having non-cash distribution. In the event that non-cash distribution is unavoidable or the Executive Partner is of the view that non-cash distribution is in the best interest of the Partners, non-cash distribution is permitted after a resolution is passed at the Partners' Meeting. Non-cash assets shall be distributed by virtue of the principles applied to cash distribution.

Transfer of interest in : Except for transfer from the Partner to its related parties, a Partner is
the Partnership not allowed to transfer all or any of their interest in the Partnership unless Partners representing more than 80% of the actual capital commitment consent to such transfer.

A Partner is not allowed to create any secured interest over its interest in the Partnership unless all the other Partners consent to such creation.

Debt obligation : Debts of the Partnership should be firstly repaid by its assets. When assets of the Partnership are insufficient to settle the debts, the Limited Partners will undertake the liability up to the amount of capital they should contribute, while the General Partners will undertake unlimited joint and several liability.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

CR Snow Breweries Investment focuses on the manufacturing, sales and distribution of beer products. In recent years, through production capacity optimization conducted by CR Snow Breweries Investment, some of the beer factories it owns have ceased to operate.

Given the other Parties' experiences in asset management and their expertise managing and investing in real properties, the establishment of the Partnership and the possible disposal of the Group's beer factories to the Partnership (if these disposals materialize) may enable the Group to capitalise on re-development of the pieces of land and/or sale of these pieces of land or the underlying right-of-use assets to third parties, maximising the value of pieces of land where these factories are located.

The Directors (including the independent non-executive Directors) are of the view that terms of the Partnership Agreement and transactions contemplated thereunder are fair and reasonable, and although the Partnership Agreement and transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they are on normal commercial terms and in the interests of the Company and its shareholders as a whole. As none of the Directors has any material interest in the Partnership Agreement, no Directors were required to abstain from voting on the relevant Board resolutions passed.

INFORMATION ON THE COMPANY AND THE PARTIES

The Company is incorporated in Hong Kong with limited liability and its ultimate beneficial owner is CRC, a state-owned enterprise under the supervision of SASAC. It is principally engaged in manufacture, sales and distribution of beer products.

CR Snow Breweries Investment is a company incorporated in the PRC with limited liability and its ultimate beneficial owner is CRC, a state-owned enterprise under the supervision of SASAC. It is principally engaged in investments and re-investments in the beer industry.

Hengqin Runchuang is a limited partnership established in the PRC. Both of its partners, which are CR Asset Management and Hengqin Runchuang Investment, are subsidiaries of CRH. Its ultimate beneficial owner is CRC, a state-owned enterprise under the supervision of SASAC. It is principally engaged in the investment and management of assets.

Shenzhen Bohui is a company incorporated in the PRC with limited liability and its ultimate beneficial owners are Sun Yongfeng (孫永峰), Sun Yongliang (孫永亮), Zhang Lihua (張莉花), Li Yinghua (李英華) and Zhang Shipeng (張世鵬). It is principally engaged in the investment and management of assets. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Shenzhen Bohui and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Feihongzhuxin is a limited partnership established in the PRC and its ultimate beneficial owners are Zhang Liyan (張麗岩), Sun Yongfeng (孫永峰), Zhou Xu (周旭), Zhang Lihua (張莉花) and Li Yinghua (李英華). It is principally engaged in the investment and management of assets. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Feihongzhuxin and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRH is a controlling shareholder of the Company and thus a connected person of the Company. As Hengqin Runchuang is an indirect subsidiary of CRH, it is an associate of CRH and thus a connected person of the Company. Accordingly, the Partnership Agreement and the transactions contemplated thereunder (i.e. the establishment of the Partnership) constitute a connected transaction of the Company.

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Partnership Agreement exceed 0.1% but are all less than 5%, the transactions contemplated thereunder (i.e. the establishment of the Partnership) are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

DEFINITIONS

In the announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	China Resources Beer (Holdings) Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 291)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CR Asset Management”	CR Asset Management Company Limited* (華潤資產管理有限公司), a company incorporated in PRC with limited liability
“CR Snow Breweries Investment”	China Resources Snow Breweries (China) Investment Company Limited* (華潤雪花啤酒 (中國)投資有限公司), a company incorporated in PRC with limited liability and a subsidiary of the Company
“CRC”	China Resources Company Limited* (中國華潤有限公司), a company incorporated in PRC with limited liability
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability
“Directors”	directors of the Company
“Executive Partner”	the executive partner of the Partnership

“Fees”	the remuneration to be paid to the Executive Partner and the consultancy fees to be paid to the Investment Consultant, collectively
“Feihongzhuxin”	Shenzhen Feihongzhuxin Investment Enterprise (Limited Partnership)* (深圳飛宏築信投資企業 (有限合夥))
“General Partner(s)”	the general partner(s) of the Partnership
“Group”	the Company and its subsidiaries
“Hengqin Runchuang”	Zhuhai Hengqin Runchuang Investment Enterprise (Limited Partnership)* (珠海橫琴潤創投資企業 (有限合夥))
“Hengqin Runchuang Investment”	Hengqin Runchuang Investment Management Company Limited* (橫琴潤創投資管理有限公司), a company incorporated in PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Consultant”	CR Asset Management
“Limited Partners”	the limited partner(s) of the Partnership
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	parties to the Partnership Agreement
“Partners”	partners of the Partnership
“Partners’ Meeting(s)”	meeting(s) attended by representatives of all Partners in accordance with terms of the Partnership Agreement
“Partnership”	Runhui Investment (Shenzhen) Enterprise (Limited Partnership)* (潤慧投資(深圳)企業(有限合夥)), a limited partnership established under the laws of the PRC and the Partnership Agreement
“Partnership Agreement”	The partnership agreement entered into on 26 April 2021 among CR Snow Breweries Investment, Hengqin Runchuang, Shenzhen Bohui and Feihongzhuxin

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“related parties”	entities controlled by an entity, entities controlling that entity or entities of which parent company is the same as that entity
“Risk Control Committee”	the risk control committee established in accordance with terms of the Partnership Agreement
“RMB”	Renminbi, lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Shenzhen Bohui”	Shenzhen Bohui Asset Management Company Limited* (深圳市博慧資產管理有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* For identification purposes only

By Order of the Board
China Resources Beer (Holdings) Company Limited
Lai Po Sing
*Executive Director, Chief Financial Officer and
Company Secretary*

Hong Kong, 26 April 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Jian Yi, Mr. Hou Xiaohai (Chief Executive Officer) and Mr. Lai Po Sing (Chief Financial Officer). The Non-executive Directors of the Company are Mr. Lai Ni Hium, Frank, Mr. Tuen Muk Lai Shu and Mr. Richard Raymond Weissend. The Independent Non-executive Directors of the Company are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.