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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
REVISION OF CERTAIN ANNUAL CAPS**

References are made to the announcement of the Company dated 25 October 2019 in relation to, among others, the CR Textiles Procurement Framework Agreement entered into between the Company and CR Textiles for the procurement of garments and promotional materials and the CR Fashion Procurement Framework Agreement entered into between the Company and CR Fashion for the procurement of safety shoes, labour protective products and tools, and the announcement of the Company dated 23 October 2020 in relation to, among others, the CR Fashion Supplemental Procurement Framework Agreement entered into between the Company and CR Fashion.

In compliance with the Listing Rules, the Company has been closely monitoring the continuing connected transactions under the Existing Agreements through various internal control measures. As at the date of this announcement, the Company confirms that the existing annual caps for the continuing connected transactions completed and settled are not exceeded. In view of (i) the relatively high level of continuous demand for procurement of promotional materials due to the intensive work on the image construction and marketing of the national unified brand “Runfeng Cement” and (ii) the substantial increase in the relevant procurement amount due to the contemplated expansion on scope of cooperation with CR Fashion to safety protection services including noise control work and ancillary work materials including motor spare parts, the Board envisages that the existing annual caps for the years ending 31 December 2021 and 31 December 2022 contemplated under the Existing Agreements cannot meet the business requirements of the Company. Therefore, on 30 December 2021, the Company entered into the CR Textiles Supplemental Procurement Framework Agreement with CR Textiles and the CR Fashion Second Supplemental Procurement Framework Agreement with CR Fashion respectively to revise the existing annual caps.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised aggregated annual caps exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 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 announcement of the Company dated 25 October 2019 in relation to, among others, the CR Textiles Procurement Framework Agreement entered into between the Company and CR Textiles for the procurement of garments and promotional materials and the CR Fashion Procurement Framework Agreement entered into between the Company and CR Fashion for the procurement of safety shoes, labour protective products and tools, and the announcement of the Company dated 23 October 2020 in relation to, among others, the CR Fashion Supplemental Procurement Framework Agreement entered into between the Company and CR Fashion.

In view of (i) the relatively high level of continuous demand for procurement of promotional materials due to the intensive work on the image construction and marketing of the national unified brand “Runfeng Cement” and (ii) the substantial increase in the relevant procurement amount due to the contemplated expansion on scope of cooperation with CR Fashion to safety protection services including noise control work and ancillary work materials including motor spare parts, the Board envisages that the existing annual caps for the years ending 31 December 2021 and 31 December 2022 contemplated under the Existing Agreements cannot meet the business requirements of the Company. Therefore, on 30 December 2021, the Company entered into the CR Textiles Supplemental Procurement Framework Agreement with CR Textiles and the CR Fashion Second Supplemental Procurement Framework Agreement with CR Fashion respectively to revise the existing annual caps.

CR TEXTILES SUPPLEMENTAL PROCUREMENT FRAMEWORK AGREEMENT

(1) Date

30 December 2021

(2) Parties

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

(3) Subject Matter

Pursuant to the CR Textiles Supplemental Procurement Framework Agreement, the parties agreed to revise the annual caps (exclusive of tax) of the continuing connected transactions for the years ending 31 December 2021 and 31 December 2022 from RMB22,000,000 per year (equivalent to approximately HK\$27,060,000) to RMB40,000,000 per year (equivalent to approximately HK\$49,200,000).

Save for the said revision on the annual caps, all other terms of the CR Textiles Procurement Framework Agreement including the applicable pricing policies shall remain unchanged and valid.

CR FASHION SECOND SUPPLEMENTAL PROCUREMENT FRAMEWORK AGREEMENT

(1) Date

30 December 2021

(2) Parties

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

(3) Subject Matter

Pursuant to the CR Fashion Second Supplemental Procurement Framework Agreement, the parties agreed to (i) revise the annual caps (exclusive of tax) of the continuing connected transactions for the years ending 31 December 2021 and 31 December 2022 from RMB28,000,000 per year (equivalent to approximately HK\$34,440,000) to RMB100,000,000 per year (equivalent to approximately HK\$123,000,000), and (ii) revise the scope of cooperation of the parties from safety shoes, labour protective products and tools to labour protective and work ancillary products and safety protection services.

Save for the said revisions, all other terms of the CR Fashion Procurement Framework Agreement and the CR Fashion Supplemental Procurement Framework Agreement including the applicable pricing policies shall remain unchanged and valid.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

In compliance with the Listing Rules, the Company has been closely monitoring the continuing connected transactions under the Existing Agreements through various internal control measures. In view of (i) the relatively high level of continuous demand for procurement of promotional materials due to the intensive work on the image construction and marketing of the national unified brand “Runfeng Cement” and (ii) the substantial increase in the relevant procurement amount due to the contemplated expansion on scope of cooperation with CR Fashion to safety protection services including noise control work and ancillary work materials including motor spare parts, the Board envisages that the existing annual caps for the years ending 31 December 2021 and 31 December 2022 contemplated under the Existing Agreements cannot meet the business requirements of the Company.

Set out below are the aggregate actual transaction amounts for the year ended 31 December 2020 and for the ten months ended 31 October 2021:

	CR Textiles		CR Fashion		Aggregate Amount	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>'000</i>	<i>equivalent</i> <i>'000</i>	<i>'000</i>	<i>equivalent</i> <i>'000</i>	<i>'000</i>	<i>equivalent</i> <i>'000</i>
actual transaction amount for the year ended 31 December 2020	16,937	19,174	19,454	21,979	36,391	41,153
actual transaction amount for the ten months ended 31 October 2021	11,312	13,656	18,817	22,603	30,129	36,259

As at the date of this announcement, the Company confirms that the existing annual caps for the above continuing connected transactions completed and settled are not exceeded.

The revised aggregated annual caps of continuing connected transactions contemplated with CR Textiles and CR Fashion for the years ending 31 December 2021 and 31 December 2022 are expected to be no more than RMB140,000,000 (equivalent to approximately HK\$172,200,000) per year. The revised annual caps were determined after arm's length negotiation with CR Textiles and CR Fashion respectively and with reference to factors including (i) the Group's updated business needs from 2021 to 2022, (ii) the variety and quality of products and the level of services expected to be received from CR Textiles and CR Fashion, (iii) the current and expected future market prices of the products procured from CR Textiles and CR Fashion, and (iv) the transaction amounts under the individual contracts.

The continuing connected transactions contemplated with CR Textiles and CR Fashion are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group, CR Textiles and CR Fashion.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Agreements were negotiated on arm's length basis, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Agreements and the revised annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

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 (stock code: 1313). 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.

CR Textiles

CR Textiles, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of CRH as at the date of this announcement, which in turn is ultimately owned by CRCL. CR Textiles holds investments of, among others, certain subsidiaries in PRC which are principally engaged in the design, research, development, production and sale of apparel, fashion, cases, bags, shoes, gifts and office supplies.

CR Fashion

CR Fashion, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of CRH as at the date of this announcement, which in turn is ultimately owned by CRCL. CR Fashion holds investments of, among others, certain subsidiaries in PRC which are principally engaged in the production, sale and trading of shoes, labour protective products and tools.

CRCL

As the ultimate beneficial owner of the Company, CR Textiles and CR Fashion, CRCL 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 CRH, and is a conglomerate which holds a variety of businesses in PRC and Hong Kong including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRCL, the controlling shareholder of the Company, indirectly holds 100% equity interests of both CR Textiles and CR Fashion. Accordingly, each of CR Textiles and CR Fashion is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the Agreements constitute continuing connected transactions for the Company.

As the products to be provided by CR Textiles and CR Fashion are considered by us to be similar in nature, the amounts of transactions with CR Textiles and CR Fashion shall be aggregated and their aggregate annual caps shall be used for calculating the applicable percentage ratios pursuant to Rules 14A.81 and 14A.82 of the Listing Rules.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised aggregated annual caps exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 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 role of Mr. LI Fuli at CRH, as good corporate governance measure, Mr. LI Fuli absented himself from the Board meeting when the 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 Agreements and the transactions contemplated thereunder.

DEFINITIONS

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

“Agreements”	the CR Textiles Procurement Framework Agreement, the CR Textiles Supplemental Procurement Framework Agreement, the CR Fashion Procurement Framework Agreement, the CR Fashion Supplemental Procurement Framework Agreement and the CR Fashion Second Supplemental Procurement Framework 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 (stock code: 1313);
“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 Fashion”	China Resources Fashion (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of CRH as at the date of this announcement;

“CR Fashion Procurement Framework Agreement”	the framework agreement entered into between the Company and CR Fashion on 25 October 2019 in relation to the purchase and supply of safety shoes, labour protective products and tools;
“CR Fashion Second Supplemental Procurement Framework Agreement”	the second supplemental agreement entered into between the Company and CR Fashion on 30 December 2021 in relation to revisions of the existing annual caps and scope of cooperation of the CR Fashion Procurement Framework Agreement and the CR Fashion Supplemental Procurement Framework Agreement;
“CR Fashion Supplemental Procurement Framework Agreement”	the supplemental agreement entered into between the Company and CR Fashion on 23 October 2020 in relation to revision of the annual caps of the CR Fashion Procurement Framework Agreement;
“CR Textiles”	China Resources Textiles Company Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of CRH as at the date of this announcement;
“CR Textiles Procurement Framework Agreement”	the framework agreement entered into between the Company and CR Textiles on 25 October 2019 in relation to the purchase and supply of garments and promotional materials;
“CR Textiles Supplemental Procurement Framework Agreement”	the supplemental agreement entered into between the Company and CR Textiles on 30 December 2021 in relation to revision of the existing annual caps of the CR Textiles Procurement Framework Agreement;
“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 intermediate holding company of the Company, which is ultimately owned by CRCL;
“Director(s)”	the director(s) of the Company;
“Existing Agreements”	the CR Textiles Procurement Framework Agreement, the CR Fashion Procurement Framework Agreement and the CR Fashion Supplemental Procurement Framework Agreement;
“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
JI Youhong
Chief Executive Officer

Hong Kong, 30 December 2021

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\$1.23 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 non-executive Directors are Mr. LI Fuli (Chairman), Mr. ZHU Ping, Mr. CHEN Kangren and Mr. YANG Changyi; the executive Director is Mr. JI Youhong (Chief Executive Officer); 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.