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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
ENTERING INTO THE TRANSFER AGREEMENT IN RESPECT OF
THE MINING RIGHTS OF THE BASALT QUARRY FOR CONSTRUCTION
IN GANGNAN DISTRICT, GUIANG MUNICIPALITY, GUANGXI**

The Board is pleased to announce that on 2 August 2022, China Resources Cement (Guigang) Company Limited* (華潤水泥(貴港)有限公司), a wholly-owned subsidiary of the Company, won the bid for the mining rights of the basalt quarry for construction in Shiniuling Mining Concession, Muzi County, Gangnan District, Guigang Municipality, Guangxi for a transfer duration of 30 years which covers a mining area of approximately 1.2618 km² with resource reserve of approximately 296,138,300 tons and planned annual production capacity of approximately 9,705,600 tons, from the Natural Resources Bureau of Guigang Municipality through public listing-for-sale for a consideration of RMB1,200,800,000 (equivalent to approximately HK\$1,397,731,200). On 30 August 2022, CR Cement Guigang entered into the Transfer Agreement with the Natural Resources Bureau of Guigang Municipality, and pursuant to which, CR Cement Guigang shall pay the Relevant Fees to relevant departments of the Local Government for the Mining Rights according to the payment terms of the Mining Rights Consideration as set out. Accordingly, the aggregate amount payable by CR Cement Guigang to Natural Resources Bureau of Guigang Municipality and the Local Government in respect of the successful bidding of the Mining Rights and Relevant Fees shall be no more than RMB2,700,000,000 (equivalent to approximately HK\$3,142,800,000).

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate amount payable by CR Cement Guigang to Natural Resources Bureau of Guigang Municipality and the Local Government in respect of the Mining Rights Consideration and Relevant Fees exceeds 5% and all the applicable percentage ratios are less than 25%, the transaction contemplated under the Transfer Agreement 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.

TRANSFER AGREEMENT IN RESPECT OF THE MINING RIGHTS

The Board is pleased to announce that on 2 August 2022, China Resources Cement (Guigang) Company Limited* (華潤水泥(貴港)有限公司), a wholly-owned subsidiary of the Company, won the bid for the mining rights of the basalt quarry for construction in Shiniuling Mining Concession, Muzi County, Gangnan District, Guigang Municipality, Guangxi from the Natural Resources Bureau of Guigang Municipality through public listing-for-sale and entered into the Transfer Agreement in respect of the Mining Rights with Natural Resources Bureau of Guigang Municipality on 30 August 2022. Details are as follows.

(1) Date of the agreement

30 August 2022

(2) Contracted parties

- (i) The Natural Resources Bureau of Guigang Municipality; and
- (ii) CR Cement Guigang.

(3) Mining Rights

CR Cement Guigang acquired the mining rights of the basalt quarry for construction in Shiniuling Mining Concession, Muzi County, Gangnan District, Guigang Municipality, Guangxi for a transfer duration of 30 years, which covers a mining area of approximately 1.2618 km² with resource reserve of approximately 296,138,300 tons (among which approximately 244,973,300 tons of basalt mines can be used for construction stones, and the rest is wall rock for comprehensive utilisation) and planned annual production capacity of approximately 9,705,600 tons by bidding through public listing-for-sale process of the Natural Resources Bureau of Guigang Municipality. Detailed information and specific requirements of this listing can be found in the announcement (Gui Gong Jiao Cai Gao [2022] No.1) dated 20 June 2022 of listing of mining rights for sale issued by the Natural Resources Bureau of Guigang Municipality (Website: http://ky.mnr.gov.cn/kyqcragg/ckq/202206/t20220621_8295297.htm).

(4) Mining Rights Consideration

The Mining Rights Consideration is RMB1,200,800,000 (equivalent to approximately HK\$1,397,731,200), which was the highest bidding price submitted by CR Cement Guigang and the listed price of the Mining Rights.

The Mining Rights Consideration shall be settled with one payment within 7 working days after entering into the Transfer Agreement.

(5) Relevant Fees

CR Cement Guigang shall invest special funds to promote the construction and revitalization of local villages, the total amount of special funds invested is 90% of the Mining Rights Consideration, which amounts to RMB1,080,720,000 (equivalent to approximately HK\$1,257,958,080). Once mining production has commenced normally, the specific implementation plan shall be reported and implemented by CR Cement Guigang after Local Government's approval.

The proportion of investment in promoting rural revitalization funds should reach 20%, 40%, 60% and 100% of the total investment funds in 2023, 2025, 2030 and 2035, respectively. In addition, CR Cement Guigang shall pay the Relevant Fees including fees for land, fees for the use of forest land and docking fees to the relevant Local Government departments in accordance with the law.

(6) Aggregate Amount of Consideration

Accordingly, the aggregate amount payable by CR Cement Guigang to the Natural Resources Bureau of Guigang Municipality and the Local Government in respect of the Mining Rights Consideration and Relevant Fees shall be no more than RMB2,700,000,000 (equivalent to approximately HK\$3,142,800,000), which will be financed by the internal resources and interest-bearing loans from financial institutions and shareholders.

In assessing the fairness and reasonableness of the total consideration of the project, the Board has comprehensively considered the listing starting price of the Mining Rights set by the Natural Resources Bureau of Guigang Municipality, the regional supply and demand of basalt aggregates and basalt fiber products, the current market prices in Guangdong Province and Guangxi, as well as the recent similar basalt mine mining rights' auction results in the region and other factors.

Based on the above, the Directors are of the view that the aggregate amount of consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole.

(7) Other Matters

If conditions are met, CR Cement Guigang plans to build and put into operation a basalt fiber production line in Shiniuling Mining Concession with a designed annual production capacity of 5,000 tons within three years after signing the Transfer Agreement. The annual production of basalt fiber has to reach 5,000 tons or more after it is put into operation.

INFORMATION OF THE PARTIES

The Guigang Municipality Government and the Local Government

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

The Natural Resources Bureau of Guigang Municipality

The Natural Resources Bureau of Guigang Municipality is a division-head level department of the Guigang Municipality 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, and it is also responsible for the management of the local mineral reserves and mining rights, and the supervision and management of production and operation safety of the industry.

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.

CR Cement Guigang

CR Cement Guigang is a company incorporated in PRC with limited liability and an indirect wholly-owned subsidiary of the Company. CR Cement Guigang is principally engaged in production of cement products, mineral mining, manufacture of new construction materials, processing of building stones, sales of construction materials, and the installation and technical services, development, consultation and general machinery and equipment's transfer and promotion in PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as the Guigang Municipality Government, the Local Government and the Natural Resources Bureau of Guigang 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 TRANSACTION

During the "Fourteenth Five-Year Plan" period, the Group will actively seize opportunities to extend the industrial chain by focusing the laying out of construction building industry with technological content, strengthening resource control and increasing investment in research and development. The Group will form a development model of "resources + research and development + industry" through resources, advanced technology, high-value-added products and cutting-edge new material industry chain to create intellectualised, green and low-carbon materials and advanced materials.

The Group will construct basalt aggregates and the new material – basalt fiber projects at Shiniuling Mining Concession, Muzi County, Gangnan District, Guigang Municipality, Guangxi. Among the products, basalt fiber is considered a high-performance fiber material and the production of which is supported and encouraged by the strategic and emerging industries policies of PRC, and it also falls within the scope of key development policies of the country and the requirements of high-quality development in the "Fourteenth Five-Year Plan" of Guangxi. We shall innovate and develop basalt aggregates and basalt fibers for high-end and high-functional products, realize high-quality development of basalt fiber deep-processing products, and promote the Group's new business development strategy. In addition, the mine has reserves in scale, good mineral quality, simple mining methods to be applied, and it especially has abundant basalt mineral resources which can strengthen the Group's control over basalt mineral resources and make up for the scarcity of the Group's basalt resources creating a better profit growth point for the Group. The mine possesses a locational advantage as the logistics costs are expected to be low, and geographically the project can cover Guangxi, Hainan Province and Guangdong-Hong Kong-Macao Greater Bay Area markets and even overseas markets. It also forms an industrial synergy effect for the Group to extend its asphalt mixing plant and give full play to its industrial synergistic resources. Through sharing and complementation, the Group will form a "basalt aggregates + asphalt mixing plant" system with low cost to possess a good regional market competitive advantage.

The Directors (including the independent non-executive Directors) believe that the transaction contemplated under the Transfer Agreement 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 aggregate amount payable by CR Cement Guigang to Natural Resources Bureau of Guigang Municipality and the Local Government in respect of the Mining Rights Consideration and Relevant Fees exceeds 5% and all the applicable percentage ratios are less than 25%, the transaction contemplated under the Transfer Agreement 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;
“CR Cement Guigang”	China Resources Cement (Guigang) Company Limited* (華潤水泥(貴港)有限公司), a company incorporated in PRC with limited liability, an indirect wholly-owned subsidiary of the Company;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Guangxi”	Guangxi Zhuang Autonomous Region, PRC;
“Guigang Municipality”	Guigang Municipality, Guangxi;
“Guigang Municipality Government”	the People’s Government of Guigang Municipality;
“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 of Hong Kong Limited;
“Local Government”	local governmental bodies under the Guigang Municipality Government, together with their respective administrative arms, agencies and institutions;

“Mining Rights”	has the meaning ascribed thereto in the section headed “Transfer Agreement in respect of the Mining Rights” in this announcement;
“Mining Rights Consideration”	has the meaning ascribed thereto in the section headed “Transfer Agreement in respect of the Mining Rights” in this announcement;
“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 “Transfer Agreement in respect of the Mining Rights” in this announcement;
“RMB”	Renminbi, the lawful currency of PRC;
“Transfer Agreement”	the mining rights transfer agreement dated 30 August 2022 which was entered into by the contracted parties in relation to the transfer of the Mining Rights by the Natural Resources Bureau of Guigang Municipality to CR Cement Guigang;
“%”	per cent;
“km ² ”	square kilometer.

By order of the Board
CHINA RESOURCES CEMENT HOLDINGS LIMITED
JI Youhong
Chairman

Hong Kong, 30 August 2022

** 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\$1.164. 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 Director is Mr. JI Youhong; the non-executive Directors are Mr. ZHU Ping, Mr. CHEN Kangren and Mr. YANG Changyi; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. NG Kam Wah Webster.