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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
SALE OF ENGINEERED STONES**

Reference is made to the announcement of the Company dated 13 August 2021 in relation to the entering into of the Original Strategic Cooperation Agreement between Shenzhen Runfeng New Materials Technology Company Limited, the Company's wholly owned subsidiary, and CR Land, pursuant to which, CR Land designated Runfeng New Materials as the strategic supplier of inorganic engineered stones made in China, and setting of the annual cap of the above transactions for the year ended 31 December 2021.

In compliance with the Listing Rules, the Company has been closely monitoring the continuing connected transactions contemplated under the Original Strategic Cooperation Agreement through various internal control measures. The above transactions were executed within the relevant annual cap for the year ended 31 December 2021. For the six months ended 30 June 2022, all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the supply of engineered stones to CR Land Group (completed and settled) by the Group were all less than 0.1%.

The Board is pleased to announce that on 20 June 2022, Runfeng New Materials and CR Land Holdings, a wholly-owned subsidiary of CR Land and on behalf of CR Land Group, entered into the new Strategic Cooperation Agreements, pursuant to which, CR Land Group designated Runfeng New Materials as its strategic supplier of engineered stones made in China and imported engineered stones. In the first half of 2022, the Group accelerated the development of engineered stone business and rapidly increased the production capacity of engineered stone through construction, mergers and acquisitions. After all projects under construction have commenced operation, the Group's annual production capacity of engineered stone will reach 26.1 million m². As a result, the scale of strategic cooperation with CR Land Group can be further expanded, and accordingly, the Company proposes the annual cap of RMB150,000,000 (equivalent to approximately HK\$165,000,000) for the above transactions for each of the two years ending 31 December 2023.

The proposed annual cap has been determined with reference to, among others, the following factors: (i) the historical transaction amounts; (ii) the expected regions and scopes of cooperation between the parties; (iii) the quantity of engineered stones supplied under prevailing individual contracts; (iv) the expected increases in CR Land Group's demand for engineered stones and the level of cooperation between the parties for the two years ending 31 December 2023.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap of the Strategic Cooperation Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 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

Reference is made to the announcement of the Company dated 13 August 2021 in relation to the entering into of the Original Strategic Cooperation Agreement between Shenzhen Runfeng New Materials Technology Company Limited, the Company's wholly owned subsidiary, and CR Land, pursuant to which, CR Land designated Runfeng New Materials as the strategic supplier of inorganic engineered stones made in China, and setting of the annual cap of the above transactions for the year ended 31 December 2021.

The Board is pleased to announce that on 20 June 2022, Runfeng New Materials and CR Land Holdings, a wholly-owned subsidiary of CR Land and on behalf of CR Land Group, entered into the new Strategic Cooperation Agreements, pursuant to which, CR Land Group designated Runfeng New Materials as its strategic supplier of engineered stones made in China and imported engineered stones. Individual contracts shall be entered into between Runfeng New Materials and relevant members of CR Land Group with reference to the individual contract templates under the Strategic Cooperation Agreements. As the scale of strategic cooperation with CR Land Group shall be further expanded, accordingly, the Company proposes the annual cap of RMB150,000,000 (equivalent to approximately HK\$165,000,000) for the above transactions for each of the two years ending 31 December 2023.

STRATEGIC COOPERATION AGREEMENT FOR ENGINEERED STONES MADE IN CHINA

(1) Date

20 June 2022

(2) Parties

- (a) CR Land Holdings; and
- (b) Runfeng New Materials.

(3) Term

A fixed term from 20 June 2022 to 30 December 2023.

(4) Subject Matter

CR Land Group designated Runfeng New Materials as the strategic supplier of engineered stones made in China during the term of the Strategic Cooperation Agreement for Engineered Stones Made in China. CR Land Group may elect to use the engineered stones products made in China supplied by Runfeng New Materials according to the needs of its development projects for shopping malls, residential buildings and office buildings. Places of product supplies include but are not limited to Northeast China Region, North China Region, East China Region, Central China Region, West China Region, South China Region and Shenzhen Region.

Individual contracts shall be entered into between Runfeng New Materials and relevant members of CR Land Group with reference to the individual contract templates under the Strategic Cooperation Agreement for Engineered Stones Made in China to govern the specific terms such as materials to be supplied by Runfeng New Materials, specifications, quantities, pricing and payment, which shall be on normal commercial terms or better and arrived at upon arm's length negotiations.

(5) Pricing

Although it is not part of the terms of the Strategic Cooperation Agreement for Engineered Stones Made in China, Runfeng New Materials generally adopts the following calculation method to determine the consolidated unit selling prices of the products: consolidated unit selling price = unit selling price of large boards / wastage rate + processing cost + delivery cost.

The Strategic Cooperation Agreement for Engineered Stones Made in China had specified the standards of specifications, unit selling prices of large boards, processing costs and delivery costs to each major cities for 33 types of commonly used large boards products with standard specifications; while the unit selling price of large boards of other products shall be negotiated separately by the parties on a case-by-case basis. The unit selling prices of all products shall be determined after arm's length negotiations upon appropriate adjustments on the basis of the standard price list of Runfeng New Materials after comprehensive consideration on, among others, factors including customers' procurement scales, demands for specifications, extra costs for tailor-made products, urgency for product supplies and payment terms.

(6) Payment Terms

Payment terms shall be negotiated on arm's length basis and on normal commercial terms under the individual contracts. According to market practice of the engineered stone industry, Runfeng New Materials generally requires relevant members of CR Land Group to settle payment within 30 days of the date of invoice.

STRATEGIC COOPERATION AGREEMENT FOR IMPORTED ENGINEERED STONES

(1) Date

20 June 2022

(2) Parties

- (a) CR Land Holdings; and
- (b) Runfeng New Materials.

(3) Term

A fixed term from 20 June 2022 to 30 June 2023.

(4) Subject Matter

CR Land Group designated Runfeng New Materials as the strategic supplier of imported engineered stones during the term of the Strategic Cooperation Agreement for Imported Engineered Stones. CR Land Group may elect to use the imported engineered stones products supplied by Runfeng New Materials according to the needs of its development projects for shopping malls, residential buildings and office buildings. Places of product supplies include but are not limited to Northeast China Region, North China Region, East China Region, Central China Region, West China Region, South China Region and Shenzhen Region.

Individual contracts shall be entered into between Runfeng New Materials and relevant members of CR Land Group with reference to the individual contract templates under the Strategic Cooperation Agreement for Imported Engineered Stones to govern the specific terms such as materials to be supplied by Runfeng New Materials, specifications, quantities, pricing and payment, which shall be on normal commercial terms or better and arrived at upon arm's length negotiations.

(5) Pricing

According to the Strategic Cooperation Agreement for Imported Engineered Stones, the following calculation method is adopted to determine the consolidated unit selling prices of the products: consolidated unit selling price = (unit selling price of large boards + management fees of Runfeng New Materials)* foreign exchange rate + processing cost + delivery cost + taxes + service fees of Runcai platform.

The Strategic Cooperation Agreement for Imported Engineered Stones had specified the standards of specifications, unit selling prices of large boards, management fee of Runfeng New Materials, processing costs, delivery costs and service fees of Runcai platform to each major cities for 34 types of commonly used large boards products with standard specifications; while the unit selling price of large boards of other products shall be negotiated separately by the parties on a case-by-case basis. The unit selling prices of all products shall be determined after arm's length negotiations upon appropriate adjustments on the basis of the standard price list of Runfeng New Materials after comprehensive consideration on, among others, factors including customers' procurement scales, demands for specifications, extra costs for tailor-made products, urgency for product supplies and payment terms.

(6) Payment Terms

Payment terms shall be negotiated on arm's length basis and on normal commercial terms under the individual contracts. According to market practice of the engineered stone industry, Runfeng New Materials generally requires relevant members of CR Land Group to settle payment within 30 days of the date of invoice.

INTERNAL CONTROL MEASURES

The sales department of Runfeng New Materials will conduct a comprehensive survey on customers' demand, market competition and the average market price of similar products with standard specifications in the same industry each year. The standard price list of products with standard specifications to be offered to customers has been determined upon comprehensive consideration on the analysis results of such survey and the prices of Runfeng New Materials, its subsidiaries and its associates in previous years. The management of Runfeng New Materials will then review and approve such standard prices.

The sales department of Runfeng New Materials will regularly track, monitor and evaluate the prices in order to ensure the standardization of the pricing basis, and where appropriate, further suggest price adjustments according to actual and expected market conditions. They will also be responsible for tracking and maintaining close relationships and good communications with customers, so that the management of Runfeng New Materials will be well informed of the market information and latest market developments in a timely manner.

Every individual contract between Runfeng New Materials and CR Land Group will be reviewed and approved according to the Group's internal approval and monitoring procedures for continuing connected transactions prior to execution. In particular, the management of Runfeng New Materials and the legal and compliance department of the Company will be responsible for reviewing the basis of pricing of every individual contract.

The finance department of Runfeng New Materials will be responsible for the monthly reporting of the amount of continuing connected transactions to the finance department of the Company for monitoring the annual cap of the relevant transactions every month and issuing warning to the Board, relevant departments and units of the Group when the utilization rate of annual cap reaches 80%, which will facilitate the Board to consider implementation of relevant response measures such as the revision of annual cap. The continuing connected transactions shall also be subject to review and audit by independent non-executive Directors and auditors respectively every year pursuant to Chapter 14A of the Listing Rules.

ANNUAL CAPS AND BASIS OF DETERMINATION

In compliance with the Listing Rules, the Company has been closely monitoring the continuing connected transactions contemplated under the Strategic Cooperation Agreements through various internal control measures including the abovementioned internal approval and monitoring procedures as well as monthly reporting and monitoring. The transactions contemplated under the Original Strategic Cooperation Agreement for the year ended 31 December 2021 were executed within the relevant annual cap of RMB100,000,000 (equivalent to approximately HK\$110,000,000). For the six months ended 30 June 2022, all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the supply of engineered stones to CR Land Group (completed and settled) by the Group were all less than 0.1%.

In the first half of 2022, the Group accelerated the development of engineered stone business and rapidly increased the production capacity of engineered stone through construction, mergers and acquisitions. After all projects under construction have commenced operation, the Group's annual production capacity of engineered stone will reach 26.1 million m². As a result, the scale of strategic cooperation with CR Land Group can be further expanded, and accordingly, the Company proposes the annual cap for the above transactions for the two years ending 31 December 2023.

The proposed annual cap (exclusive of taxes) for the contemplated supply of engineered stones by Runfeng New Materials to CR Land Group under the Strategic Cooperation Agreements is RMB150,000,000 (equivalent to approximately HK\$165,000,000) for each of the two years ending 31 December 2023.

The proposed annual cap has been determined with reference to, among others, the following factors: (i) the historical transaction amounts; (ii) the expected regions and scopes of cooperation between the parties; (iii) the quantity of engineered stones supplied under prevailing individual contracts; (iv) the expected increases in CR Land Group's demand for engineered stones and the level of cooperation between the parties for the two years ending 31 December 2023.

Set out below are the approximate historical amounts of payments received by Runfeng New Materials from CR Land Group for the supply of engineered stones pursuant to the terms of the individual contracts under the Strategic Cooperation Agreements:

Approximate historical amounts

	<i>RMB</i>	<i>HK\$ equivalent</i>
for the year ended 31 December 2020	17,112,000	18,823,200
for the year ended 31 December 2021	53,049,000	58,353,900
for the six months ended 30 June 2022	36,622,000	40,284,200

REASONS FOR AND BENEFITS OF THE TRANSACTION

The functional building materials business division of the Group bears the Company's development missions of transformation, innovation and "Building Another China Resources Cement". The proactive launch of strategic cooperation between Runfeng New Materials and CR Land is conducive to the rapid expansion of business scale of functional building materials. The supply of engineered stones products of reliable quality of a wider variety at fair, reasonable and competitive prices to customers enhances the popularity and market reputation of the products and brand of Runfeng New Materials, helps the Group to become a leading enterprise in the engineered stone industry and achieves high-quality and sustainable development whilst supporting the development within CRH at the same time by relevant continuing connected transactions on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other independent third-party customers.

All Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Strategic Cooperation Agreements are 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 Strategic Cooperation Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRCL, the controlling shareholder of the Company, indirectly holds approximately 59.55% of the shares issued by CR Land. Accordingly, CR Land is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the 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 the annual cap of the Strategic Cooperation Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 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. None of the Directors has any material interest in the Strategic Cooperation Agreements and the transactions contemplated thereunder.

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

CR Land and CR Land Holdings

CR Land is incorporated in the Cayman Islands with limited liability and its shares are listed and traded on the main board of the Stock Exchange (stock code: 1109). As at the date of this announcement, approximately 59.55% of the shares issued by the Company are ultimately owned by CRCL. CR Land is principally engaged in the development and sales of developed properties, property investment and management, hotel operation and provision of construction, renovation and other services related to the property development. The principal business activities of CR Land Group are property investment, development and management in China. CR Land Holdings, an indirect wholly-owned subsidiary of CR Land, is a company incorporated in PRC with limited liability and is an investment holding platform and engaged in the business of corporate management and commercial advisory.

Runfeng New Materials

Shenzhen Runfeng New Materials Technology Company Limited* (深圳市潤豐新材料科技有限公司) is a limited liability company incorporated in PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the operation, marketing promotion and sale of new materials and new products of cement in PRC. Its major scopes of business include engineered stones, architectural concrete slabs, translucent concrete, water permeable stones and greener wood. The products are applied in various aspects including interior decoration, landscapes and decorative curtain walls.

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.

CRCL

CRCL, the ultimate beneficial owner of the Company and CR Land, is a company established 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.

DEFINITIONS

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

“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 Land”	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 1109);
“CR Land Holdings”	China Resources Land Holdings Company Limited* (華潤置地控股有限公司), a company incorporated in PRC with limited liability and an indirect wholly-owned subsidiary of CR Land;
“CR Land Group”	CR Land Holdings, its subsidiaries or its joint ventures with operating rights;
“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 and CR Land, 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;
“Runfeng New Materials”	Shenzhen Runfeng New Materials Technology Company Limited* (深圳市潤豐新材料科技有限公司), a limited liability company incorporated in PRC, the Company’s wholly owned subsidiary;
“Original Strategic Cooperation Agreement”	the “CR Land 2020-2021 Strategic Procurement Cooperation Agreement for Inorganic Engineered Stones Made in China” dated 13 May 2020 entered into between Runfeng New Materials and CR Land;
“Strategic Cooperation Agreements”	the Strategic Procurement Cooperation Agreement for Engineered Stones Made in China and the Strategic Cooperation Agreement for Imported Engineered Stones;
“Strategic Cooperation Agreement for Engineered Stones Made in China”	the “CR Land 2022-2023 Strategic Procurement Cooperation Agreement for Engineered Stones Made in China” dated 20 June 2022 entered into between Runfeng New Materials and CR Land Holdings;
“Strategic Cooperation Agreement for Imported Engineered Stones”	the “CR Land 2022-2023 Strategic Procurement Cooperation Agreement for Imported Engineered Stones” dated 20 June 2022 entered into between Runfeng New Materials and CR Land Holdings;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 30 September 2022

** In this announcement, the English names of the PRC 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\$1.10 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 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.