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**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)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **FRAMEWORK LOAN AGREEMENTS 2019**

Reference is made to the announcements of the Company dated 20 December 2013 and 22 December 2016 in relation to, among other things, the entering of the Framework Loan Agreements 2013 and Framework Loan Agreements 2016. As the Framework Loan Agreements 2016 will expire on 31 December 2019, the Company has entered into new lending arrangements whereby the annual caps are renewed taking into account the Company's operational scale and cash levels.

As applicable size test percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the Framework Loan Agreements 2019, the transactions are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement of the Listing Rules.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 20 December 2013 and 22 December 2016 in relation to, among other things, the entering of the Framework Loan Agreements 2013 and Framework Loan Agreements 2016. As the Framework Loan Agreements 2016 will expire on 31 December 2019, the Company has entered into new lending arrangements whereby the annual caps are renewed taking into account of the Company's operational scale and cash levels.

## **THE FRAMEWORK LOAN AGREEMENTS 2019**

### **Offshore Framework Loan Agreement 2019**

Parties:	CRH and the Company
Date of agreement:	17 December 2019
Date of commencement of agreement:	1 January 2020
Term of the agreement:	Three years ending 31 December 2022, unless extended for a further period
Lenders:	The Company and any of its subsidiaries which has become a party to the Offshore Framework Loan Agreement 2019 by acceding to its terms, but excluding any entity which is established in the PRC
Borrowers:	CRH, any China Resources Group listed company and any of their subsidiaries, which has become a party to the Offshore Framework Loan Agreement 2019 by acceding to its terms, but excluding any entity which is established in the PRC and any member of the Group. Each borrower may borrow in Hong Kong dollars, RMB or United States dollars
Guarantor(s) for loans made by the Group:	CRH (except where the borrower is CRH) and, in the case of an advance to a subsidiary of a China Resources Group listed company, that China Resources Group listed company
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by the Group under the Framework Loan Agreements 2019 is not permitted to exceed the amounts set out under the section below headed “Annual lending caps under the Framework Loan Agreements 2019”
Repayment date:	The repayment date for an advance made under the Offshore Framework Loan Agreement 2019 shall be no later than six months after the date of advance

Interest rate in respect of Hong Kong dollar advances:	The rate per annum as determined by the relevant lender and the borrower as being the aggregate of (i) the relevant HIBOR for such a Hong Kong dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in Hong Kong dollars in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period
Interest rate in respect of United States dollar advances:	The rate per annum as determined by the relevant lender and the borrower as being the aggregate of (i) the relevant LIBOR for such a United States dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in United States dollars in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period
Interest rate in respect of RMB advances:	The rate per annum as determined by the relevant lender and the borrower with respect to an advance (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in RMB in Hong Kong in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate in Hong Kong which the lender could have obtained from a bank or a financial institution for such relevant amount and period
Guarantee:	The guarantors will unconditionally and irrevocably guarantee to the relevant lender the due and punctual performance by the borrower (when the guarantor is CRH) or by the borrower which is the guarantor's subsidiary (when the guarantor is a China Resources Group listed company) of the borrower's obligations to that lender in connection with that lender's advance(s) to the borrower made under the Offshore Framework Loan Agreement 2019. For this purpose, each guarantor which is a China Resources Group listed company will enter into a deed of guarantee before its subsidiary is permitted to borrow under the Offshore Framework Loan Agreement 2019

Early repayment: Both a lender and a borrower may by giving ten business days' written notice require the repayment or prepayment of the advance, as the case may be, together with accrued interest

Basis of lending: All advances will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRH ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Offshore Framework Loan Agreement 2019 in respect of the relevant borrower

### **Onshore Framework Loan Agreement 2019**

Parties: CRC and the Company

Date of agreement: 17 December 2019

Date of commencement of agreement: 1 January 2020

Term of agreement: Three years ending 31 December 2022, unless extended for a further period

Lenders: Any PRC established subsidiary of the Company, which has become a party to the Onshore Framework Loan Agreement 2019 by acceding to its terms

Borrowers: CRC, and any PRC established subsidiary of CRC or a China Resources Group listed company, which has become a party to the Onshore Framework Loan Agreement 2019 by acceding to its terms, but excluding CR Bank, CR Trust and any member of the Group. Each borrower may borrow in RMB

Guarantor: CRC (except where the borrower is CRC)

Aggregate amounts to be advanced: The maximum aggregate amount outstanding lent by the Group under both of the Framework Loan Agreements 2019 is not permitted to exceed the amounts set out under the section below headed "Annual lending caps under the Framework Loan Agreements 2019"

Repayment date: The repayment date for an advance made under the Onshore Framework Loan Agreement 2019 shall be no later than six months after the date of advance

Interest rate: The rate per annum as determined by the relevant lender and the borrower. The interest rate shall be no less than the higher of (i) the rate at which CRC or a corporate borrower of similar standing is able to borrow in RMB in an amount equal to the relevant advance from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period

Guarantee: CRC unconditionally and irrevocably guarantees to the relevant lenders the due and punctual performance of all borrowers' obligations under the Onshore Framework Loan Agreement 2019

Best endeavours: If an advance is to be made pursuant to the Onshore Framework Loan Agreement 2019 to a borrower which is a subsidiary of a China Resources Group listed company, prior to making that advance, such China Resources Group listed company shall sign a deed of undertaking and undertake that if CRC makes a payment to a lender in connection with the Onshore Framework Loan Agreement 2019 due to a breach by the China Resources Group listed company's subsidiary borrower, then the China Resources Group listed company will use its best endeavours to procure that borrower shall have sufficient funds to, and does, promptly reimburse CRC. This may include such China Resources Group listed company making payments by way of gift or capital contribution or shareholder loan to the borrower (to the extent permitted by PRC law)

Early repayment: Both a lender and a borrower may by giving ten business days' written notice require the repayment or prepayment of the advance, as the case may be, together with accrued interest

Basis of lending:

All advances will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRC ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Onshore Framework Loan Agreement 2019 in respect of the relevant borrower

### **Annual lending caps under the Framework Loan Agreements 2019**

The annual lending caps for the maximum aggregate amount which can be lent by the Group on any single day (inclusive of interest received and anticipated to be received rounded to the nearest million) under the Framework Loan Agreements 2019 have been determined after assessing the maximum amount of exposure at any time which the Group is prepared to assume under the Framework Loan Agreements 2019 in the context of its estimated temporarily surplus cash resources.

Set out below are the maximum aggregate amounts outstanding on any single day lent by the Group under the Framework Loan Agreements 2016 (inclusive of interest received and receivable) during each of the years ended 31 December 2017 and 2018 and for the ten months ended 31 October 2019:

	<b>For the year ended 31 December</b>		<b>For the ten months ended 31 October</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily aggregate amount outstanding during the year/period	300	0	1,400

The proposed annual lending caps for the Group on any single day for the term of the Framework Loan Agreements 2019 are as follows:

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily aggregate amount outstanding during the year	2,100	2,100	2,100

Such maximum daily amount is applicable for each day during the relevant year, and such maximum daily amount is 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. The aforementioned proposed annual lending caps are determined based on arm's length negotiations between the Company, CRH and CRC, having considered, among others, the following factors and assumptions: (i) the historical transaction amounts under the Framework Loan Agreements 2016 as reference; (ii) the expected increase in positive cashflow generated from operations of the Group in the next few years; and (iii) in order to enhance the yield on the surplus cash of the Group, the normal practice of the Group is to invest in short-term, principal protected investment products from banks in the PRC. However, due to the changing market circumstances, the yield for the said products is demonstrating a downward trend, therefore in order to maintain or further enhance the yield of the Group's surplus cash, it is reasonable to consider other low-risk, principal protected investment products in substitution. On such basis, the loans to be made under the Framework Loan Agreements 2019 are substitutes for principal protected investments with manageable risk level that are fully-guaranteed by the controlling shareholders of the Group, and enable the Group to create and enhance the returns by utilizing its surplus cash.

### **Financial condition of the guarantors**

All advances to any member of the China Resources Group will be guaranteed by (i) CRC; (ii) CRH; or (iii) CRH and a China Resources Group listed company, depending on the relevant Framework Loan Agreement 2019 and the identity of the borrower. Both CRC and CRH are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Credit Rating Co., Ltd. The summary of the consolidated financial positions of CRC and CRH are as follows:

	<b>CRH</b>		<b>CRC</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<i>HK\$ billion</i>	<i>HK\$ billion</i>	<i>RMB billion</i>	<i>RMB billion</i>
Total assets	1,523	1,330	1,458	1,234
Cash and bank balances	161	138	157	132
Equity attributable to the shareholders of the company	292	275	215	200
Profit attributable to the shareholders of the company	34	21	23	22
Cash flow from operation	94	62	69	40

### **LISTING RULES IMPLICATIONS**

By virtue of CRC being the controlling shareholder of CRH, which in turn holds a controlling interest in the Company, CRC and CRH are connected persons to the Company as defined under the Listing Rules.

As the applicable size test percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the Framework Loan Agreements 2019, the transactions are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement of the Listing Rules.

None of the directors of the Company has any material interest in the transactions under the Framework Loan Agreements 2019, and none of them abstained from voting on the relevant board resolutions approving the Framework Loan Agreements 2019 and the transactions contemplated thereunder.

## **REASONS FOR AND BENEFITS OF THE PROPOSALS**

The Framework Loan Agreements 2019 provide the Company with greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries to other China Resources Group companies, including CRC and CRH. The annual lending caps for the maximum aggregate amount which can be lent by the Group on any single day have been determined after assessing the maximum amount of exposure at any time which the Group is prepared to assume under the Framework Loan Agreements 2019 in the context of its estimated temporary surplus cash resources as well as the historical amount lent by the Group as set out in this announcement.

All directors of the Company (including independent non-executive directors of the Company) consider the Framework Loan Agreements 2019 were negotiated on an arm's length basis and are on normal commercial terms, and the relevant terms and annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF CRC, CRH AND THE COMPANY**

### **CRC**

CRC, a borrower and guarantor (except for when the borrower is CRC) under the Onshore Framework Loan Agreement 2019, is the holding company of CRH.

### **CRH**

CRH, a borrower and guarantor (except for when the borrower is CRH) under the Offshore Framework Loan Agreement 2019, is a conglomerate in Hong Kong and the PRC that owns 7 major strategic business units and 19 first-tier profit centers, with a coverage of five principal business sectors of Consumer Products, Healthcare, Urban Construction and Operation, Energy Services and Technology & Finance.

### **The Company**

The Company is listed on the Main Board of the Stock Exchange. The Group's core business is the manufacture, sales and distribution of beer products.



## DEFINITIONS

In this announcement the following words have the following meanings, unless the context requires otherwise.

“China Resources Group”	CRC, CRH and their respective subsidiaries
“China Resources Group listed company (or companies)”	any company (or companies) in the China Resources Group, which is (or are) listed on the Main Board of the Stock Exchange as at the date of this announcement
“Company”	China Resources Beer (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 291)
“CR Bank”	珠海華潤銀行股份有限公司 China Resources Bank of Zhuhai Co., Ltd., a municipal bank headquartered in Zhuhai, in which CRC holds approximately 75.33% equity interest as at the date of this announcement
“CR Trust”	華潤深國投信託有限公司 China Resources SZITIC Trust Co., Ltd., in which CRC holds a 51% equity interest as at the date of this announcement
“CRC”	China Resources Inc., a joint stock limited liability company incorporated in the PRC, which is the holding company of CRH and the banking and trust activities in which the China Resources Group has an interest
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the intermediate holding company of the China Resources Group in Hong Kong, holding all the China Resources Group’s material interests apart from its banking and trust activities
“Framework Loan Agreements 2013”	the Offshore Framework Loan Agreement 2013 and the Onshore Framework Loan Agreement 2013
“Framework Loan Agreements 2016”	the Offshore Framework Loan Agreement 2016 and the Onshore Framework Loan Agreement 2016
“Framework Loan Agreements 2019”	the Offshore Framework Loan Agreement 2019 and the Onshore Framework Loan Agreement 2019
“Group”	the Company and its subsidiaries

“HIBOR”	the Hong Kong Inter-Bank Offered Rate
“Hong Kong”	the Hong Kong Special Administrative Region, the People’s Republic of China
“independent shareholders”	shareholders of the Company other than CRH and its associates, as defined in the Listing Rules
“LIBOR”	the London Inter-Bank Offered Rate, or in case LIBOR is not available, a substituted rate generally available in the market and generally accepted by market participants as a reference lending rate, which rate shall be chosen by the relevant parties to replace LIBOR for the purposes of the Offshore Framework Loan Agreement 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offshore Framework Loan Agreement 2013”	The Framework Loan Agreement and Guarantee for advances in Hong Kong Dollar, Renminbi and United States Dollar entered into by CRH and the Company on 20 December 2013
“Offshore Framework Loan Agreement 2016”	The Framework Loan Agreement and Guarantee for advances in Hong Kong Dollar, Renminbi and United States Dollar entered into by CRH and the Company on 22 December 2016
“Offshore Framework Loan Agreement 2019”	The Framework Loan Agreement and Guarantee for advances in Hong Kong Dollar, Renminbi and United States Dollar entered into by CRH and the Company on 17 December 2019
“Onshore Framework Loan Agreement 2013”	The Framework Loan Agreement and Guarantee for advances in RMB entered into by CRC and the Company on 20 December 2013
“Onshore Framework Loan Agreement 2016”	The Framework Loan Agreement and Guarantee for advances in RMB entered into by CRC and the Company on 22 December 2016
“Onshore Framework Loan Agreement 2019”	The Framework Loan Agreement and Guarantee for advances in RMB entered into by CRC and the Company on 17 December 2019
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“RMB” Renminbi, the lawful currency of the PRC  
“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 17 December 2019

*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, Tomakin (Chief Financial Officer). The Non-executive Directors of the Company are Mr. Lai Ni Hium, Frank, Mr. Tuen Muk Lai Shu and Mr. Rudolf Gijsbert Servaas van den Brink. 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.*