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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 ANNUAL CAPS  
FOR THE 2020 CR BANK STRATEGIC COOPERATION AGREEMENT AND  
THE 2020 CR TRUST STRATEGIC COOPERATION AGREEMENT  
AND  
ENTERING INTO THE FACTORING SERVICES FRAMEWORK AGREEMENT**

References are made to the Company's announcements dated 10 November 2020 and 27 November 2020 in relation to, among others, the entering into of the 2020 CR Bank Strategic Cooperation Agreement with CR Bank and the 2020 CR Trust Strategic Cooperation Agreement with CR Trust.

Upon comprehensive consideration of factors including the amounts of historical transactions, financial management and business needs of the Group, the Board resolved to revise the annual caps for maximum daily amounts of financial products offered by CR Bank and CR Trust from RMB2,500.0 million to RMB1,500.0 million.

At the same time, the Company entered into the Factoring Services Framework Agreement with the Factoring Company, pursuant to which the Factoring Company has agreed to provide the Group with factoring services for a term effective from 25 October 2021 to 31 December 2023 whereby the annual caps for maximum principal amounts of factoring services on any single day in the amount of RMB500.0 million were determined after taking into account of the expected level of services to be received from the Factoring Company, the Group's liquidity, business needs and the amounts of historical transactions of similar nature with other independent third parties.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps for factoring and financial products on any single day under the CCT Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the CCT 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.

## REVISION OF ANNUAL CAPS FOR THE 2020 CR BANK STRATEGIC COOPERATION AGREEMENT AND THE 2020 CR TRUST STRATEGIC COOPERATION AGREEMENT

References are made to the Company's announcements dated 10 November 2020 and 27 November 2020 in relation to, among others, the entering into of the 2020 CR Bank Strategic Cooperation Agreement with CR Bank and the 2020 CR Trust Strategic Cooperation Agreement with CR Trust.

Pursuant to the 2020 CR Bank Strategic Cooperation Agreement, from time to time, the Group may use the financial products and commercial banking services of CR Bank including, but not limited to, credit services (such as provision of corporate loans, discounting of commercial bills, factoring of account receivables, and granting of loans with account receivables as collaterals), settlement services, agency services, cash management services, financial consulting services and other financial businesses as agreed by the parties.

Pursuant to the 2020 CR Trust Strategic Cooperation Agreement, from time to time, the Group may use the financial products and trust services offered by CR Trust including, but not limited to, provision of cash management and asset management services, launch of equity cooperation, consulting and advisory services, and other trust services as agreed by the parties.

For the years ended 31 December 2019 and 31 December 2020 and the nine months ended 30 September 2021, the Group did not use any financial product provided by CR Bank or CR Trust nor any factoring service provided by the Factoring Company.

Upon comprehensive consideration of factors including the amounts of historical transactions, financial management and business needs of the Group, on 25 October 2021, the Board resolved to revise the annual caps for maximum daily amounts in relation to the principals and interests receivable of financial products to be offered by CR Bank and CR Trust to the Group as follows:

	<b>Maximum daily amounts for the year ending 31 December</b>					
	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
		<i>equivalent</i>		<i>equivalent</i>		<i>equivalent</i>
Principals and interests receivable of financial products to be offered by CR Bank and CR Trust	1,500.0	1,800.0	1,500.0	1,800.0	1,500.0	1,800.0

The above maximum daily amounts are applicable for each day during the relevant year, and are 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.

Save for revising the abovementioned annual caps, the other terms of the 2020 CR Bank Strategic Cooperation Agreement and the 2020 CR Trust Strategic Cooperation Agreement remained unchanged.

## **FACTORING SERVICES FRAMEWORK AGREEMENT**

### **(1) Date**

25 October 2021

### **(2) Parties**

- (a) the Company; and
- (b) the Factoring Company

### **(3) Term of the agreement**

From 25 October 2021 to 31 December 2023

### **(4) Scope of services**

The Factoring Company will offer factoring services to the Group in accordance with the terms and conditions of the Factoring Services Framework Agreement, including factoring financing, (classified) account management of sales sub-accounts, collection of accounts receivables, non-commercial bad debt guarantees, customer credit investigations and evaluations, and consultation services related to commercial factoring, etc.

For the specific terms (including types of services, interest rates, service fees, commissions, payment terms, and rights, obligations and responsibilities of the parties) with respect to each specific factoring service under the Factoring Services Framework Agreement, the Factoring Company and the Group will enter into separate agreements in accordance with the terms and conditions of the Factoring Services Framework Agreement.

### **(5) Principle of the provision of services**

Under the Factoring Services Framework Agreement, the Factoring Company has undertaken to: (i) provide quality and effective financial services and products to the Group and promptly and properly handle the opinions of the Group in relation to such services and products; and (ii) actively support the operations of the Group, prioritize the approval of the financing applications of the Group, and based on the business circumstances, enable the Green Channel for important customers (if applicable).

### **(6) Pricing policy**

The transaction amount between the Group and the Factoring Company shall comply with the relevant standards promulgated by the PBOC or the CBIRC for the same type of financial services from time to time in relation to leverage multiples, and financing concentration and correlation (if applicable) and the projections of the potential scale of factoring business cooperation between the Factoring Company and the Group for the period of the Factoring Services Framework Agreement.

Any interests, service fees and commissions to be charged by the Factoring Company to the Group shall comply with the relevant charging standards promulgated by the PBOC or the CBIRC (if applicable) for the same type of services from time to time (if applicable), shall be on normal commercial terms and arrived at upon arm's length negotiations by both parties, and shall not be higher than the rates of interests, service fees and commissions charged by the Factoring Company to its independent third-party customers for the provision of similar services.

Before deciding to use any products and services offered by the Factoring Company, the Group will also obtain quotes from, or compare the applicable prices of similar products and services offered by other similar independent third-party suppliers.

## ANNUAL CAPS AND BASIS OF DETERMINATION

The annual caps for maximum amounts on any single day in relation to the principals of factoring services to be offered by the Factoring Company to the Group are as follows:

	<b>Maximum daily amounts for the period or year ending 31 December</b>					
	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>million equivalent</i>	<i>million</i>	<i>million equivalent</i>	<i>million</i>	<i>million equivalent</i>
Principals of factoring services to be offered by the Factoring Company	500.0	600.0	500.0	600.0	500.0	600.0

The above maximum daily amounts are applicable for each day during the relevant period or year, and are calculated on an individual basis as outstanding at the end of each day during the relevant period or year without aggregating with the daily amount incurred on the days before.

It is expected that the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregate annual total amount of interests, service fees and commissions payable by the Group to the Factoring Company, CR Bank and CR Trust during the terms of the CCT Agreements will be less than 0.1%. Therefore, these arrangements will constitute de minimis transactions under Rule 14A.76 of the Listing Rules.

For the years ended 31 December 2019 and 31 December 2020 and the nine months ended 30 September 2021, the Group did not use any factoring service provided by the Factoring Company.

The annual caps for maximum principal amounts of factoring services on any single day under the Factoring Services Framework Agreement were determined after taking into account of the expected level of services to be received from the Factoring Company, the Group's liquidity, business needs and the amounts of historical transactions of similar nature with other independent third parties.

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

Revision of the annual caps for maximum daily amounts of financial products offered by CR Bank and CR Trust, entering into the Factoring Services Framework Agreement and execution of the transactions contemplated thereunder would help the Group to optimize its asset structure, accelerate the efficiency of asset turnover, save costs, improve the efficiency of capital utilization, broaden its financing channels and reduce its financing costs, which are in line with the Company's overall development strategy.

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

## **INFORMATION OF THE PARTIES TO THE TRANSACTIONS AND THEIR UTLIMATE 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 wholly 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, the Factoring Company, CR Bank and CR Trust, 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.

### ***The Factoring Company***

The Factoring Company is a company incorporated in PRC with limited liability, and is principally engaged in factoring services. As at the date of this announcement, the Factoring Company is a wholly owned subsidiary of China Resources Financing and Leasing Co., Ltd.\* (華潤融資租賃有限公司), whose 81.22% equity interests are attributable to CRH, which in turn is ultimately wholly owned by CRCL; whereas the remaining 18.78% equity interests are attributable to the non-controlling shareholders of China Resources Pharmaceutical Group Limited (stock code on the Stock Exchange: 3320).

## **CR Bank**

CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission. It is headquartered in Zhuhai, PRC, with approximately 100 branches and sub-branches in various locations in Guangdong and Guangxi as at 30 September 2021, where it operates and provides financial and commercial banking services. As at the date of this announcement, details of shareholdings of CR Bank are as follows:

<b><u>No.</u></b>	<b><u>Names of shareholders</u></b>	<b><u>Shareholding</u></b>
1	CRI	70.28%
2	Zhuhai Hairong Asset Management Co., Ltd.* (珠海市海融資產管理有限公司)	13.94%
3	Zhuhai Huachuang Venture Capital Management Co., Ltd.	7.08%
4	Shenzhen Xili Sunshine Investment Development Co., Ltd.	6.70%
5	Other 128 minority shareholders	2.00%
	<b>Total</b>	<b><u>100.00%</u></b>

CRI is ultimately wholly owned by CRCL.

Zhuhai Hairong Asset Management Co., Ltd.\* (珠海市海融資產管理有限公司), a company incorporated in PRC with limited liability, is a wholly owned subsidiary of Zhuhai Huafa Investment Holdings Group Co., Ltd.\* (珠海華發投資控股集團有限公司), whose top three ultimate beneficial owners are the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal Government\* (珠海市人民政府國有資產監督管理委員會), the State Council of China and the Ministry of Finance of China, ultimately owning approximately 96.10%, approximately 0.90% and approximately 0.39% equity interests respectively. The principal businesses of Zhuhai Hairong Asset Management Co., Ltd.\* (珠海市海融資產管理有限公司) are assets management, project investments and investment management.

Zhuhai Huachuang Venture Capital Management Co., Ltd., a company incorporated in PRC with limited liability, is also a wholly owned subsidiary of Zhuhai Huafa Investment Holdings Group Co., Ltd.\* (珠海華發投資控股集團有限公司). The principal businesses of Zhuhai Huachuang Venture Capital Management Co., Ltd. include project investments, management and consultancy of investments, financial consultancy, etc.

Shenzhen Xili Sunshine Investment Development Co., Ltd. is a company incorporated in PRC with limited liability, whose 100% equity interests are ultimately owned by the State-owned Assets Supervision and Administration Bureau of Nanshan District of Shenzhen Municipal\* (深圳市南山區國有資產監督管理局). The principal businesses of Shenzhen Xili Sunshine Investment Development Co., Ltd. include investments and engagements in industrial projects, property management, leasing of self-owned properties, etc.

## ***CR Trust***

CR Trust is an integrated financial service provider headquartered in Shenzhen, PRC, with a registered capital of RMB11.0 billion. As at the date of this announcement, 51% of equity interests of CR Trust are indirectly held by CRI through China Resources Capital Holdings Investment Co., Ltd.\* (華潤金控投資有限公司), and in turn CRI is ultimately wholly owned by CRCL; whereas the remaining 49% equity interests of CR Trust is held by Shenzhen Investment Holdings Co., Ltd., whose 100% equity interests are ultimately owned by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal\* (深圳市國有資產監督管理委員會).

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, CRCL, the controlling shareholder of the Company, indirectly holds approximately 81.22%, 70.28% and 51% of equity interests of the Factoring Company, CR Bank and CR Trust respectively. Accordingly, each of the Factoring Company, CR Bank and CR Trust is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the CCT Agreements constitute continuing connected transactions for the Company.

As the products and services to be offered by the Factoring Company, CR Bank and CR Trust are considered by us to be similar in nature, the amounts of transactions with the Factoring Company, CR Bank and CR Trust 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 aggregated annual caps for factoring and financial products on any single day under the CCT Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the CCT 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 CCT 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 CCT Agreements and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“2020 CR Bank Strategic Cooperation Agreement”	the Strategic Cooperation Agreement entered into between CR Bank and the Company on 10 November 2020;
“2020 CR Trust Strategic Cooperation Agreement”	the Strategic Cooperation Agreement entered into between CR Trust and the Company on 10 November 2020;
“Board”	board of Directors;
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會);
“CCT Agreements”	collectively, (1) the Factoring Services Framework Agreement; (2) the 2020 CR Bank Strategic Cooperation Agreement; (3) the 2020 CR Trust Strategic Cooperation Agreement; and subsequent amendments to any of such agreements from time to time;
“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;
“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 Bank”	China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司), a municipal bank headquartered in Zhuhai, of which CRI holds approximately 70.28% equity interests as at the date of this announcement;
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信托有限公司), of which CRI indirectly holds 51% equity interests as at the date of this announcement;
“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 Company’s intermediate holding company, which is ultimately wholly owned by CRCL;



“CRI”	China Resources Inc., a joint stock limited liability company incorporated in PRC, which is the holding company of CRH and the banking and trust activities in which CRCL has an interest, which is ultimately wholly owned by CRCL;
“Director(s)”	the director(s) of the Company;
“Factoring Company”	RUNXIN Commercial Factoring Co., Ltd. (潤鑫商業保理(天津)有限公司), a company incorporated in PRC with limited liability, whose 81.22% equity interests are attributable to CRH as at the date of this announcement;
“Factoring Services Framework Agreement”	the Framework Agreement entered into between the Factoring Company and the Company on 25 October 2021;
“Green Channel”	the priority approval procedure for processing the financing applications of the Group provided by the Factoring Company in compliance with the internal systems of the Factoring Company (as applicable);
“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;
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of PRC;
“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, 25 October 2021

*\* 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\$1.20 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.*