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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)

**(I) CONTINUING CONNECTED TRANSACTIONS
STRATEGIC COOPERATION AGREEMENTS 2021
AND
(II) SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO CHANGE OF EXECUTIVE
DIRECTORS AND CHIEF FINANCIAL OFFICER**

(I) CONTINUING CONNECTED TRANSACTIONS – STRATEGIC COOPERATION AGREEMENTS 2021

Reference is made to the announcement of the Company dated 29 November 2018 in relation to, among other things, the entering into of the Strategic Cooperation Agreements 2018. As the Strategic Cooperation Agreements 2018 are due to expire on 31 December 2021, the Company entered into new strategic cooperation arrangements under the Strategic Cooperation Agreements 2021 on 19 November 2021 with CR Bank and CR Trust.

As at the date of this announcement, as CRC (being the holding company of CRH, which in turn, is a controlling shareholder of the Company) is directly interested in approximately 70.28% and indirectly interested in 51% of the registered capital of CR Bank and CR Trust respectively, CR Bank and CR Trust are connected persons of the Company under the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the annual caps under each of the Strategic Cooperation Agreements 2021 exceed 0.1% but are less than 5%, the transactions contemplated under the Strategic Cooperation Agreements 2021 are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(II) SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of the Company dated 5 November 2021 (the “**Announcement**”) in respect of, among others, the appointment of Mr. Wei Qing as an executive Director, Chief Financial Officer and Authorized Representative of the Company. Capitalised terms used but not otherwise defined herein shall have the same meanings as those defined in the Announcement.

Further to the information disclosed in the Announcement, the Company would like to further inform the Shareholders and potential investors of the Company additional information in relation to the appointment of Mr. Wei as executive Director and Chief Financial Officer of the Company.

(I) CONTINUING CONNECTED TRANSACTIONS – STRATEGIC COOPERATION AGREEMENTS 2021

Background

Reference is made to the announcement of the Company dated 29 November 2018 in relation to, among other things, the entering into of the Strategic Cooperation Agreements 2018. As the Strategic Cooperation Agreements 2018 are due to expire on 31 December 2021, the Company entered into new strategic cooperation arrangements under the Strategic Cooperation Agreements 2021 on 19 November 2021 with CR Bank and CR Trust.

The Strategic Cooperation Agreements 2021

CR Bank Strategic Cooperation Agreement 2021

Parties:	CR Bank and the Company
Date of agreement:	19 November 2021
Date of commencement of agreement:	1 January 2022
Term of the agreement:	Three years ending 31 December 2024

Transaction nature:

- (1) Deposit: the Group may open deposit accounts with the CR Bank and freely deposit funds into or withdraw funds from the CR Bank deposit accounts. The Group may also engage CR Bank in other deposit businesses to deposit funds such as call deposits.
- (2) Financial services and products: other than deposit businesses, the Group may use the commercial banking services of CR Bank including but not limited to, credit services, agency services, settlement services, cash management services, financial consulting service, other financial services and products as agreed by the parties.

Pricing policy:

- (1) Deposit: Any deposit made with CR Bank under these arrangements will bear the same interest and be on the same terms and conditions as would apply to a similar deposit made by any other customer of the bank, which rate(s) are determined with reference to that published by the People's Bank of China or such other rates more preferential to the Company.
- (2) Financial services and products: where the People's Bank of China or the China Banking and Insurance Regulatory Commission of the PRC provides for standard tariffs or charges in respect of these services, such standard tariffs or charges will apply. Reference will also be made to tariffs or charges imposed or offered by other major commercial banks on similar services in the same period. These services will be provided on terms no less favourable than terms available to, other independent customers of CR Bank engaging similar services.

Subject to the CR Bank Strategic Cooperation Agreement 2021, the Group and CR Bank shall, in respect of specific financial services and products to be provided, enter into separate agreements which stipulate specific terms of each transaction. The terms of such agreements will be in line with the principles, terms and legal requirements of the strategic cooperation between the Group and CR Bank.

CR Trust Strategic Cooperation Agreement 2021

Parties:	CR Trust and the Company
Date of agreement:	19 November 2021
Date of commencement of agreement:	1 January 2022
Term of agreement:	Three years ending 31 December 2024
Transaction nature:	The Group may use financial services and products provided by CR Trust including, but not limited to, cash management, asset management, equity cooperation, consulting services, debenture underwriting services and other trust and financial services.
Pricing policy:	Where the China Banking and Insurance Regulatory Commission of the PRC provides for standard tariffs or charges in respect of these services, such standard tariffs or charges will apply. Reference will also be made to tariffs or charges imposed or offered by other major trust companies on similar services in the same period. These services will be provided on terms no less favourable than terms available to other independent customers of CR Trust engaging similar services.

Subject to the CR Trust Strategic Cooperation Agreement 2021, the Group and CR Trust shall, in respect of specific financial services and products to be provided, enter into separate agreements which stipulate specific terms of each transaction. The terms of such agreements will be in line with the principles, terms and legal requirements of the strategic cooperation between the Group and CR Trust.

Historical figures under the Strategic Cooperation Agreements 2018

Set out below are the historical figures of the maximum daily deposit amount, inclusive of interest payable, placed by the Group with CR Bank, and the maximum daily amount of financial services and products provided by CR Bank and CR Trust to the Group (for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank) on any single day under the terms of the Strategic Cooperation Agreements 2018 during each of the years ended 31 December 2019 and 2020 and the ten months ended 31 October 2021:

	For the year ended 31 December		For the ten months ended
	2019	2020	31 October 2021
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Approx.)</i>	<i>(Approx.)</i>	<i>(Approx.)</i>
Maximum daily deposit amount placed with CR Bank during the year/period	554	700	600
Maximum daily amount of Financial Services and products provided by CR Bank during the year/period (for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank)	0	0	0
Maximum daily amount of other Financial Services and products provided by CR Trust during the year/period	0	0	0

Annual caps under the Strategic Cooperation Agreements 2021

The proposed maximum daily deposit amount, inclusive of interest payable which may be placed by the Group with CR Bank for the term of the CR Bank Strategic Cooperation Agreement 2021 are as follows:

Maximum daily deposit amount for the year ending 31 December

2022 <i>RMB million</i>	2023 <i>RMB million</i>	2024 <i>RMB million</i>
1,400	1,400	1,400

The proposed maximum daily amount of financial services and products provided by CR Bank and CR Trust to the Group on an aggregated basis (for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank) for the term of the Strategic Cooperation Agreements 2021 are as follows:

Maximum daily amount of financial services and products provided by CR Bank and CR Trust to the Group on an aggregated basis for the year ending 31 December (for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank)

2022 <i>RMB million</i>	2023 <i>RMB million</i>	2024 <i>RMB million</i>
1,400	1,400	1,400

Such maximum daily amount is applicable to each day during the relevant year, and is calculated on an individual basis outstanding as at the end of each day without aggregating with the amount incurred on the days before. Moreover, given the difference in the nature between (i) deposit and (ii) the financial services and products provided by CR Bank and CR Trust, separate maximum daily amounts are set for each of these services.

The proposed annual caps for deposit as well as the financial services and products on any single day under the Strategic Cooperation Agreements 2021 have been renewed and determined after taking into account of the Group's liquidity, business needs and the expected level of services to be received from CR Bank and CR Trust under the Strategic Cooperation Agreements 2021.

In determining the maximum daily deposit amount, the Company has considered that the Group's cash and cash equivalent has increased since 2019, with cash and cash equivalent of approximately RMB11.7 billion as at 30 June 2021, as compared with approximately RMB2.3 billion, RMB8.6 billion and RMB4.5 billion as at 31 December 2019, 30 June 2020 and 31 December 2020 respectively. While the Group is not under any obligation to place deposits with CR Bank pursuant to the Strategic Cooperation Agreements 2021, the proposed annual caps will allow the Group to increase the amount of cash deposits it places with CR Bank as and when appropriate.

While the Group has not engaged or purchased any financial services and products offered by CR Bank and CR Trust during the relevant period as financial services and products suitable for the Group had not been made available, in determining the maximum daily amount of financial services and products provided by CR Bank and CR Trust to the Group on an aggregated basis (for the avoidance of doubt, excluding the daily deposit amount placed by the Group with CR Bank), the Company has considered that the Group's cash and cash equivalent has increased since 2019, with cash and cash equivalent of approximately RMB11.7 billion as at 30 June 2021, as compared with approximately RMB2.3 billion, RMB8.6 billion and RMB4.5 billion as at 31 December 2019, 30 June 2020 and 31 December 2020 respectively. While the Group is not under any obligation to engage financial services and products provided by CR Bank and CR Trust pursuant to the Strategic Cooperation Agreements 2021, the Company has been communicating with CR Bank and CR Trust as to the need of the Group as well as the range of services and products that CR Bank and/or CR Trust may offer so as to allow the Group to consider and if appropriate, to engage or purchase suitable financial services and products in the near future. The proposed annual caps will allow the Group to increase the amount of financial services and products it may engage or purchase, such as asset management services whereby the Group may consider purchasing low-risk financial products provided by CR Bank and CR Trust, as and when appropriate, to enhance the Group's asset returns, thereby increasing the returns of idle cash assets of the Group.

It is expected that the aggregate annual amount of fees and commissions paid by the Group for the financial services and products provided by CR Bank and CR Trust respectively during the term of the Strategic Cooperation Agreements 2021 will not exceed 0.1% of all applicable percentage ratios under the Listing Rules, and these arrangements will constitute de minimis transactions under the Listing Rules.

To the extent the aggregate annual amount of fees and commissions paid by the Group for the financial services and products provided by CR Bank and CR Trust respectively during the term of the Strategic Cooperation Agreements 2021 exceeds 0.1% and is below 5% of such percentage ratios, these arrangements will constitute continuing connected transactions exempted from independent shareholders' approval but will be subject to the annual review by the independent non-executive directors of the Company and the Company's auditors and a further announcement will be made by the Company stating the relevant caps as and when necessary. Under no circumstances will the amounts of fees and commissions paid in any one financial year exceed 5% of all applicable percentage ratios under the Listing Rules unless the Company has obtained the prior approval of its independent shareholders.

Internal Control and Risk Management Measures

To protect shareholders' interests, the Group will adopt the following internal control procedures and corporate governance measures when engaging the deposit business of CR Bank:

1. The Group will check the benchmark interest rates for deposits published by the People's Bank of China and quoted by other commercial banks constantly;
2. Before making a deposit in CR Bank, the Group will check the interest rates offered by CR Bank against those provided by at least three major commercial banks that have established business relationship with the Group, with the aim to ensure that the deposit interest rate is not lower than the then applicable interest rate for the same deposit services from other domestic commercial banks in the PRC;
3. The Group will closely monitor the transactions contemplated under any agreements for deposit businesses from CR Bank and will report on relevant transactions to the management of the Group on a regular basis;
4. To manage the relevant risks, the Company will request CR Bank to provide us with sufficient information on various financial indicators and annual financial statements so that the Group is able to monitor and review its financial conditions. Subject to compliance with laws and regulations, CR Bank must notify the Group on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank, the Group will adopt appropriate measures (including early withdrawal of deposits or suspend the placement of further deposits) to safeguard the financial conditions of the Group; and
5. The Group will review periodic report(s) submitted by CR Bank in order to monitor and ensure that the proposed annual cap will not be exceeded.

To protect shareholders' interests, the Group will adopt the following internal control procedures and corporate governance measures when engaging CR Bank and CR Trust for their financial services and products:

1. Before entering into any contract or agreements with CR Bank and CR Trust, the Group will check the tariffs or charges offered by CR Bank and CR Trust against those provided by major commercial banks and major trust companies that have established business relationship with the Group, with the aim to ensure that the tariffs or charges are appropriate;
2. The Group will closely monitor the transactions contemplated under any agreements for financial services and products of CR Bank and CR Trust and will report on relevant transactions to the management of the Group on a regular basis;
3. To manage the relevant risks, the Company will request CR Bank and CR Trust to provide us with sufficient information on various financial indicators and annual financial statements so that the Group is able to monitor and review its financial conditions. Subject to compliance with laws and regulations, CR Bank and CR Trust must notify the Group on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank and CR Trust, the Group will adopt appropriate measures to safeguard the financial conditions of the Group; and
4. The Group will review periodic report(s) submitted by CR Bank and CR Trust in order to monitor and ensure that the proposed annual cap will not be exceeded.

Listing Rules Implications

As at the date of this announcement, as CRC (being the holding company of CRH, which in turn, is a controlling shareholder of the Company) is directly interested in approximately 70.28% and indirectly interested in 51% of the registered share capital of CR Bank and CR Trust respectively, CR Bank and CR Trust are connected persons of the Company under the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the annual caps under the Strategic Cooperation Agreements 2021 exceed 0.1% but are less than 5% respectively, the continuing connected transactions contemplated under the Strategic Cooperation Agreements 2021 are subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reasons for and Benefits of the Strategic Cooperation Agreements 2021

Both CR Bank and CR Trust are financial institutions regulated by the China Banking and Insurance Regulatory Commission of the PRC. CR Bank and CR Trust have sound internal control and risk management systems and are able to provide low-risk, high-liquidity deposit products and financial products as well as individualized and efficient financial services to the Group.

The Strategic Cooperation Agreements 2021 will enable the Group to enhance the efficiency of its use of capital and reduce finance costs. All deposit, financial services and products provided by CR Bank and CR Trust will be on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other financial institutions.

All directors of the Company (including independent non-executive directors of the Company) consider the Strategic Cooperation Agreements 2021 were negotiated on an arm's length basis and are on normal commercial terms, were entered in the ordinary and usual course of business and the relevant terms and annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the directors of the Company has any material interest in the Strategic Cooperation Agreements 2021 and the transactions contemplated thereunder and none of the directors of the Company abstained from voting on the board resolutions approving the Strategic Cooperation Agreements 2021 and the transactions contemplated thereunder.

Information about CR Bank, CR Trust and the Company

CR Bank

CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission of the PRC and headquartered in Zhuhai. As at October 2021, CR Bank had around 100 branches and sub-branches in the PRC. CR Bank is ultimately owned by China Resources Company Limited (中國華潤有限公司), a state-owned enterprise in the PRC under the supervision of the SASAC.

CR Trust

As at the date of this announcement, CRC is indirectly interested in 51% equity interest in CR Trust and the remaining 49% equity interest of CR Trust is indirectly held by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen. The registered capital of CR Trust is RMB11 billion. With the headquarters located in Shenzhen, the PRC, CR Trust is authorised by the relevant regulatory body to conduct business on a nationwide basis in the PRC. CR Trust is ultimately owned by China Resources Company Limited (中國華潤有限公司), a state-owned enterprise in the PRC under the supervision of the SASAC.

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.

(II) SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of the Company dated 5 November 2021 (the “**Announcement**”) in respect of, among others, the appointment of Mr. Wei Qing as an executive Director, Chief Financial Officer and Authorized Representative of the Company. Capitalised terms used but not otherwise defined herein shall have the same meanings as those defined in the Announcement.

Further to the information disclosed in the Announcement, the Company hereby clarifies that Mr. Wei will receive HK\$120,000 per annum for his position as an executive Director and Chief Financial Officer of the Company which is determined by the Board under the authority granted by the Shareholders at the annual general meeting and with reference to his duties and responsibilities in the Company and the recommendation made by the Compensation Committee of the Company. Mr. Wei serves as the finance director of China Resources Wine Holdings Company Limited (華潤酒業控股有限公司), a subsidiary of the Company. According to the service contract entered into by both parties, Mr. Wei's emolument comprises a monthly salary of RMB73,600, annual provident fund contributions of approximately RMB30,000 and a discretionary bonus. The emolument will be determined and reviewed by the compensation committee of the Company in the future taking reference to Mr. Wei's performance and responsibilities, the performance of the Group and the prevailing market practice. Save as disclosed above, Mr. Wei did not receive other emolument from his other positions in the Group.

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
“Company”	China Resources Beer (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 291)
“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, in which CRC holds approximately a 70.28% equity interest as at the date of this announcement
“CR Bank Strategic Cooperation Agreement 2018”	the strategic cooperation agreement entered into by CR Bank and the Company on 29 November 2018
“CR Bank Strategic Cooperation Agreement 2021”	the strategic cooperation agreement entered into by CR Bank and the Company on 19 November 2021
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), in which CRC indirectly holds a 51% equity interest as at the date of this announcement
“CR Trust Strategic Cooperation Agreement 2018”	the strategic cooperation agreement entered into by CR Trust and the Company on 29 November 2018
“CR Trust Strategic Cooperation Agreement 2021”	the strategic cooperation agreement entered into by CR Trust and the Company on 19 November 2021
“CRC”	China Resources Inc. (華潤股份有限公司) (formerly known as China Resources Co., Limited), 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent shareholders”	shareholders of the Company other than CRH and its associates, as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreements 2018”	collectively, the CR Bank Strategic Cooperation Agreement 2018 and the CR Trust Strategic Cooperation Agreement 2018
“Strategic Cooperation Agreements 2021”	collectively, the CR Bank Strategic Cooperation Agreement 2021 and the CR Trust Strategic Cooperation Agreement 2021

By order of the Board
China Resources Beer (Holdings) Company Limited
Leung Wai Keung
Company Secretary

Hong Kong, 19 November 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Hou Xiaohai (Chief Executive Officer), and Mr. Wei Qiang (Chief Financial Officer). The Non-executive Directors are Mr. Lai Ni Hium, Frank, Mr. Richard Raymond Weissend, Ms. Zhang Kaiyu, and Mr. Tang Liqing. The Independent Non-executive Directors 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.