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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
ENTERING INTO OF
THE FRAMEWORK LOAN AGREEMENTS 2023**

THE FRAMEWORK LOAN AGREEMENTS 2023

Reference is made to the announcements of the Company dated 20 December 2013, 22 December 2016 and 17 December 2019 in relation to, among other things, the entering of the Framework Loan Agreements 2013, Framework Loan Agreements 2016 and Framework Loan Agreements 2019. As the Framework Loan Agreements 2019 have expired on 31 December 2022 and the Group is expected to continue to carry on the transactions contemplated thereunder after their expiry, the Company has entered into new lending arrangements under the Framework Loan Agreements 2023 on 24 March 2023 whereby the annual lending caps are renewed taking into account the Group's operational scale and cash levels.

LISTING RULES IMPLICATIONS

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

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the annual lending caps under the Framework Loan Agreements 2023 exceed 0.1% but are less than 5%, the transactions contemplated under the Framework Loan Agreements 2023 are 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 announcements of the Company dated 20 December 2013, 22 December 2016 and 17 December 2019 in relation to, among other things, the entering of the Framework Loan Agreements 2013, Framework Loan Agreements 2016 and Framework Loan Agreements 2019. As the Framework Loan Agreements 2019 have expired on 31 December 2022 and the Group is expected to continue to carry on the transactions contemplated thereunder after their expiry, the Company has entered into new lending arrangements under the Framework Loan Agreements 2023 on 24 March 2023 whereby the annual lending caps are renewed taking into account the Group's operational scale and cash levels.

THE FRAMEWORK LOAN AGREEMENTS 2023

Offshore Framework Loan Agreement 2023

Parties:	CRH and the Company
Date of agreement:	24 March 2023
Date of commencement of agreement:	1 January 2023
Term of the agreement:	From 1 January 2023 to 31 December 2025, subject to compliance with the Listing Rules and other applicable laws and regulations, the parties may renew the term of the Offshore Framework Loan Agreement 2023 upon expiry.
Lenders:	The Company and any of its subsidiaries which has become a party to the Offshore Framework Loan Agreement 2023 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 2023 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 HKD, RMB or USD.

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. On the repayment date (or if applicable, the early repayment date), the borrowers which are not wholly owned by CRH shall pay to CRH a guarantee fee at a rate of 0.05% per annum on the amount of the advance(s) granted by the Group to the relevant borrower in relation to the guarantees granted by CRH for the relevant period. The rate of the guarantee fee is determined with reference to the prevailing rate of guarantee fee charged by third party financial institutions.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by the Group under both of the Framework Loan Agreements 2023 is not permitted to exceed the amounts set out under the section below headed “Annual lending caps under the Framework Loan Agreements 2023”.
Repayment date:	The repayment date for an advance made under the Offshore Framework Loan Agreement 2023 shall be no later than six months after the date of advance.
Interest rate in respect of HKD advances:	<p>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 HKD advance; and (ii) a margin, which shall not be a negative number and shall not be less than:</p> <ul style="list-style-type: none"> (a) the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in HKD for an amount equal to the relevant advance from a bank or a financial institution for a period equal to or similar to the relevant period; and (ii) the deposit rate at which the lender could have obtained from a bank or a financial institution for such relevant amount in HKD and period; less (b) HIBOR for a period equal to or similar to the relevant period and which is the most recently quoted HIBOR as at the time the drawdown undertaking is signed by the relevant lender.

Interest rate in respect of
USD advances:

The rate per annum as determined by the relevant lender and the borrower as being the aggregate of (i) the relevant SOFR for such a USD advance; and (ii) a margin, which shall not be a negative number and shall not be less than:

- (a) the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in USD for an amount equal to the relevant advance from a bank or a financial institution for a period equal to or similar to the relevant period; and (ii) the deposit rate at which the lender could have obtained from a bank or a financial institution for such relevant amount in USD and period; less
- (b) SOFR for a period equal to or similar to the relevant period and which is the most recently quoted SOFR as at the time the drawdown undertaking is signed by the relevant lender.

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 and 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 for an amount equal to the relevant advance from a bank or a financial institution for a period equal to or similar to 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 in RMB and period.

Guarantee:

The guarantors will 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 2023. 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 2023.

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 2023 in respect of the relevant borrower.

Onshore Framework Loan Agreement 2023

Parties: CRI and the Company

Date of agreement: 24 March 2023

Date of commencement of agreement: 1 January 2023

Term of the agreement: From 1 January 2023 to 31 December 2025, subject to compliance with the Listing Rules and other applicable laws and regulations, the parties may renew the term of the Onshore Framework Loan Agreement 2023.

Lenders: Any PRC-established subsidiary of the Company, which has become a party to the Onshore Framework Loan Agreement 2023 by acceding to its terms.

Borrowers: CRI, and any PRC-established subsidiary of CRI or a China Resources Group listed company, which has become a party to the Onshore Framework Loan Agreement 2023 by acceding to its terms, but excluding CR Bank, CR Trust and any member of the Group. Each borrower may borrow in RMB.

Guarantor:	CRI (except where the borrower is CRI)
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by the Group under both of the Framework Loan Agreements 2023 is not permitted to exceed the amounts set out under the section below headed “Annual lending caps under the Framework Loan Agreements 2023”.
Repayment date:	The repayment date for an advance made under the Onshore Framework Loan Agreement 2023 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, which shall be the higher of (i) the rate at which CRI or a corporate borrower of similar standing is able to borrow in RMB for an amount equal to the relevant advance from a bank or a financial institution for a period equal to or similar to 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 in RMB and period.
Guarantee:	CRI irrevocably guarantees to the relevant lenders the due and punctual performance of all borrowers’ obligations under the Onshore Framework Loan Agreement 2023. On the repayment date (or if applicable, the early repayment date), the borrowers which are not wholly owned by CRI shall pay to CRI the guarantee fee at a rate of 0.05% per annum on the amount of the advance(s) granted by the Group to the relevant borrower in relation to the guarantees granted by CRI for the relevant period. The rate of the guarantee fee is determined with reference to the prevailing rate of guarantee fee charged by third party financial institutions.

Best endeavours:	If an advance is to be made pursuant to the Onshore Framework Loan Agreement 2023 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 CRI makes a payment to a lender in connection with the Onshore Framework Loan Agreement 2023 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 CRI. 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 the 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; CRI 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 2023 in respect of the relevant borrower.

Annual lending caps under the Framework Loan Agreements 2023

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 2023 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 2023 in the context of its estimated temporarily surplus cash resources, and taking into consideration of the overall growth of the Group in recent years.

Set out below are the maximum aggregate amounts outstanding on any single day lent by the Group under the Framework Loan Agreements 2019 (inclusive of interest received and receivable) during each of the three years ended 31 December 2020, 2021 and 2022:

	For the year ended 31 December		
	2020	2021	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily aggregate amount outstanding during the year	2,032	2,017	2,005

There was no drawdown of loan from 1 January 2023 to the date of this announcement.

The proposed annual lending caps for the Group on any single day for the term of the Framework Loan Agreements 2023 are as follows:

	For the year ended 31 December		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily aggregate amount outstanding during the year	2,700	2,700	2,700

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 CRI, having considered, among others, the following factors and assumptions: (i) the Group's current operational scale and cash levels; (ii) the historical transaction amounts under the Framework Loan Agreements 2019 as references; (iii) the expected cashflow generated from operations of the Group in the next few years; and (iv) 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, the yield for the said products has been fluctuating due to the changing market circumstances, 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 2023 are substitutes for principal protected investments with a 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.

As at 31 December 2022 and 31 December 2021, the Group's cash and bank balances amounted to approximately RMB10,208 million and RMB5,376 million, respectively.

Financial condition of the guarantors

All advances to any member of the China Resources Group will be guaranteed by (i) CRI; (ii) CRH; or (iii) CRH and a China Resources Group listed company, depending on the relevant Framework Loan Agreement 2023 and the identity of the borrower. Both CRI and CRH are regarded as borrowers of undoubted standing in their own markets. CRI 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 CRH and CRI are as follows:

	CRH		CRI	
	2021 Audited HKD billion	2020 Audited HKD billion	2021 Audited RMB billion	2020 Audited RMB billion
Total assets	2,240	1,974	2,060	1,830
Cash and bank balances	218	189	202	181
Equity attributable to the shareholders of the company	453	395	337	308
Profit attributable to the shareholders of the company	41	34	30	31
Cash flow from operation	59	93	53	92

INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT MEASURES

In order to safeguard the interests of the shareholders of the Company, the Group will adopt the following guidelines and principles in monitoring the transactions contemplated under the Framework Loan Agreements 2023 and the annual lending caps:

- (i) Before any loan is advanced, the Finance Department of the Company will obtain (a) where applicable, the relevant HIBOR for the relevant HKD advance or the relevant SOFR for the relevant USD advance; (b) the market interest rates from at least two banks or financial institutions for CRH or a corporate borrower of similar standing (in the case of the Offshore Framework Loan Agreement 2023) or CRI or a corporate borrower of similar standing (in the case of the Onshore Framework Loan Agreement 2023) to borrow in that particular currency for such relevant amount and period; and (c) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant currency, amount and period, for the purposes of ascertaining the margin and/or the interest rate.

- (ii) Before any loan is advanced, the Finance Department of the Company will ensure that the amount contemplated to be advanced (inclusive of the interests anticipated to be received by the Group) together with the aggregate amounts advanced under the Framework Loan Agreements 2023 (inclusive of the interests received and anticipated to be received by the Group) 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) will not exceed the annual lending caps. The Finance Department of the Company will also be responsible for ensuring that the underlying transactions are conducted in accordance with the terms of the Framework Loan Agreements 2023.
- (iii) The Finance Department of the Company will be responsible for monitoring the transaction(s) and preparing the report on the balance of the loans and the accrued interests under the Framework Loan Agreements 2023 for review by the Audit Committee on a half-year basis and report to the Board.
- (iv) The Company's auditors will conduct an annual review on the pricing and annual caps of the continuing connected transactions of the Company, including the transactions contemplated under the Framework Loan Agreements 2023.
- (v) The Audit Committee and Independent Non-executive Directors will conduct an annual review of the transactions under the Framework Loan Agreements 2023, including whether they are based on the Framework Loan Agreements 2023.
- (vi) The Board will review and examine internal control and corporate governance procedures for the continuing connected transactions each year.

LISTING RULES IMPLICATIONS

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

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the annual lending caps under the Framework Loan Agreements 2023 exceed 0.1% but are less than 5%, the transactions contemplated under the Framework Loan Agreements 2023 are 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 has any material interest in the transactions under the Framework Loan Agreements 2023, and none of them abstained from voting on the relevant board resolutions approving the Framework Loan Agreements 2023 and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE FRAMEWORK LOAN AGREEMENTS 2023

The Framework Loan Agreements 2023 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 CRI 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 2023 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 (including Independent Non-executive Directors) consider the Framework Loan Agreements 2023 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 ON THE PARTIES

CRI

CRI, a borrower and guarantor (except for when the borrower is CRI) under the Onshore Framework Loan Agreement 2023, is the intermediate holding company of CRH and is ultimately owned by CRC.

CRC

CRC is a company established in the PRC with limited liability and is a state-owned enterprise under the supervision of SASAC. It is the holding company of CRH, and is a conglomerate which holds a variety of businesses in the PRC and Hong Kong including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

CRH

CRH, a borrower and guarantor (except for when the borrower is CRH) under the Offshore Framework Loan Agreement 2023, is a company incorporated in Hong Kong with limited liability and its holding company and ultimate beneficial owner is CRC, a state-owned enterprise under the supervision of SASAC.

The Company

The Company is incorporated in Hong Kong with limited liability and its ultimate holding company is CRC, a state-owned enterprise under the supervision of the SASAC. The Company principally engages in manufacture, sales and distribution of beer products.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“China Resources Group”	CRI, 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, other than the Company
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it 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, in which CRI holds approximately 70.28% equity interest as at the date of this announcement
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), in which CRI holds a 51% equity interest as at the date of this announcement
“CRC”	China Resources Company Limited* (中國華潤有限公司), a company established in the PRC with limited liability and a state-owned enterprise under the supervision of SASAC, is the ultimate holding company of the Company

“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability and the intermediate holding company of the Company
“CRI”	China Resources Inc. (華潤股份有限公司), a joint stock limited liability company established in the PRC, which is an intermediate holding company of CRH
“Directors”	the directors of the Company
“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
“Framework Loan Agreements 2023”	the Offshore Framework Loan Agreement 2023 and the Onshore Framework Loan Agreement 2023
“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Inter-Bank Offered Rate
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“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”	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Offshore Framework Loan Agreement 2013”	the framework loan agreement and guarantee for advances in HKD, RMB and USD 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 HKD, RMB and USD 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 HKD, RMB and USD entered into by CRH and the Company on 17 December 2019
“Offshore Framework Loan Agreement 2023”	the framework loan agreement and guarantee for advances in HKD, RMB and USD entered into by CRH and the Company on 24 March 2023
“Onshore Framework Loan Agreement 2013”	the framework loan agreement and guarantee for advances in RMB entered into by CRI 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 CRI 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 CRI and the Company on 17 December 2019
“Onshore Framework Loan Agreement 2023”	the framework loan agreement and guarantee for advances in RMB entered into by CRI and the Company on 24 March 2023
“PRC”	the People’s Republic of China (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
“SOFR”	the secured overnight financing rate administered and published by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“USD”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
China Resources Beer (Holdings) Company Limited
Hou Xiaohai
Executive Director and Chief Executive Officer

Hong Kong, 24 March 2023

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, Mr. Lai Hin Wing Henry Stephen, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.

* *English translations of the names are provided for ease of reference only and they are not official English names of the companies and authorities concerned*