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華潤建材科技控股有限公司

China Resources Building Materials Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1313)

CONTINUING CONNECTED TRANSACTIONS 2024 IT PRODUCTS AND SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 24 December 2021 in relation to, among others, the entering into of the 2021 Framework Agreement and the 2021 Supplemental Agreement between CR Building Materials Technology, a wholly-owned subsidiary of the Company, and CR Digital and the annual caps thereunder. As these agreements and the annual caps thereunder had expired, CR Building Materials Technology entered into the 2024 Framework Agreement with CR Digital for a term of three years and renewed the annual caps accordingly.

The proposed annual caps of RMB400,000,000 per annum (exclusive of tax) have been determined with reference to, among others, the following factors: (i) the historical transaction amounts; (ii) the expected scopes and scale of cooperation between the parties; (iii) the expected quality level of infrastructure, services and technical support to be provided by CR Digital Group; and (iv) the Group's demand on the IT Services for its business development.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps of the 2024 Framework Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 2024 Framework Agreement are only subject to reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 24 December 2021 in relation to, among others, the entering into of the 2021 Framework Agreement and the 2021 Supplemental Agreement between CR Building Materials Technology, a wholly-owned subsidiary of the Company, and CR Digital and the annual caps thereunder. As these agreements and the annual caps thereunder had expired, CR Building Materials Technology entered into the 2024 Framework Agreement with CR Digital for a term of three years and renewed the annual caps accordingly.

2024 FRAMEWORK AGREEMENT

(1) Date

11 November 2024

(2) Parties

- (a) CR Building Materials Technology; and
- (b) CR Digital.

(3) Term

A fixed term from 1 January 2024 to 31 December 2026.

(4) IT Services

The Group may purchase information technology, digitalization and intelligentization products and services from CR Digital Group from time to time during the term of the 2024 Framework Agreement, which shall mainly include information technology infrastructure services, internet data centre services, cybersecurity management services, operation and maintenance services for generic application systems, cloud services, construction project services and other services.

(5) Pricing Policy

Relevant members of the Group shall send its requests for services on the designated platform agreed by both parties or by means of purchase orders from time to time to CR Digital Group. Relevant members of CR Digital Group shall provide the relevant IT Services accordingly and charge service fees based on the unit price of each specific service stipulated in the 2024 Framework Agreement and actual volume of services including frequency, usage volume, number of users, time spent or workload involved, etc.

For changes of items or unit prices of the IT Services, CR Building Materials Technology and CR Digital will enter into a supplemental agreement subject to the internal control measures below.

(6) Payment Terms

Payment terms shall be negotiated on arm's length basis and on normal commercial terms under the individual contracts. According to market practice, CR Digital Group generally issues invoices every quarter to relevant members of the Group and requires relevant members of the Group to settle payment within 30 days after receiving the invoices.

INTERNAL CONTROL MEASURES

In order to ensure that all continuing connected transactions of the Group comply with the Listing Rules, the Company has formulated and continuously improved the management measures for connected transactions which set forth the procedures for approval of connected transaction contracts and management of continuing connected transactions.

Before entering into the 2024 Framework Agreement in its ordinary and usual course of business, the Group has conducted research study on the market price fairness by obtaining and comparing the prevailing price quotations and pricing terms of the same or similar transactions from connected persons and other independent suppliers according to its internal approval and monitoring procedures for continuing connected transactions. Suppliers shall be selected upon comprehensive consideration of various assessment criteria including the quality, diversity, reliability, demand matching level of services and products, as well as other terms such as time required for provision of services, convenience and internal control requirements. Relevant terms shall be determined through arm's length negotiations based on the business needs of the Group, the types and scale of the procurement. Such market research study report and the 2024 Framework Agreement shall be reviewed and advised accordingly by the management, finance personnel and legal personnel of the Company according to the Group's internal approval and monitoring procedures. Afterwards, the 2024 Framework Agreement, the continuing connected transactions contemplated thereunder and the annual caps would be submitted to the Board for consideration and approval.

The finance department of the relevant members of the Group shall be responsible for the monthly reporting of the amount of continuing connected transactions to the finance department of the Company for monitoring the annual caps of the relevant transactions every month and issuing warning to the Board, relevant departments and business units of the Group when the utilization rate of annual cap reaches 80%, which will facilitate the Board to consider implementation of relevant response measures such as the revision of annual cap. In addition, the legal and compliance department of the Company shall regularly sample check the compliance of continuing connected transactions pursuant to the requirements of the Listing Rules, the management measures for connected transactions and internal control procedures of the Company.

The continuing connected transactions shall also be subject to review and audit by independent non-executive Directors and auditors respectively every year pursuant to Chapter 14A of the Listing Rules. The independent non-executive Directors shall review the continuing connected transactions every year and confirm to the Board as to whether the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole. The independent auditors shall provide a letter to the Board every year to confirm as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of the Group in all material respects, are not entered into in accordance with the relevant agreement governing the transactions in all material respects or have exceeded the cap.

ANNUAL CAPS AND BASIS OF DETERMINATION

The proposed annual caps of the procurement of IT Services from CR Digital Group by the Group contemplated under the 2024 Framework Agreement are RMB400,000,000 per annum (exclusive of tax) for the year ending 31 December 2024, the year ending 31 December 2025 and the year ending 31 December 2026, which have been determined with reference to, among others, the following factors: (i) the historical transaction amounts; (ii) the expected scopes and scale of cooperation between the parties; (iii) the expected quality level of infrastructure, services and technical support to be provided by CR Digital Group; and (iv) the Group's demand on the IT Services for its business development.

The continuing connected transactions contemplated under the 2024 Framework Agreement are recurring in nature and will continue in the ordinary and usual course of business of the Group.

Set out below are the approximate historical amounts of the continuing connected transactions contemplated under the 2021 Framework Agreement and the 2021 Supplemental Agreement and the annual caps thereunder:

	Annual cap	Approximate historical amounts
	<i>RMB</i>	<i>RMB</i>
for the year ended 31 December 2021	120,000,000	28,972,000
for the year ended 31 December 2022	300,000,000	28,384,000
for the year ended 31 December 2023	400,000,000	127,150,000

In compliance with the Listing Rules, the Company has been closely monitoring the continuing connected transactions between the Group and CR Digital Group through various internal control measures. For six months ended 30 June 2024, all applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated based on the approximate historical amount of continuing connected transactions in respect of the IT Services in the sum of RMB5,643,000 in total are below 0.1%.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The 2024 Framework Agreement will enable the Group to obtain stable and reliable IT Services at fair, reasonable and competitive prices for supporting the Group's business and construction of intelligent factories, to improve efficiency and quality of production and operation, and to support the development within China Resources Group on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other independent third-party suppliers.

All Directors (including the independent non-executive Directors) are of the view that the 2024 Framework Agreement has been entered upon arm's length negotiation, its terms and proposed annual caps are fair and reasonable, the transactions contemplated under the 2024 Framework Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRC, the controlling shareholder of the Company, indirectly holds 100% equity interests of CR Digital. Accordingly, CR Digital is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the 2024 Framework Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps of the 2024 Framework Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the 2024 Framework Agreement are only subject to reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, none of the Directors has any material interest in the 2024 Framework Agreement and the transactions contemplated thereunder, and none of the Directors abstained from voting on the relevant Board resolution approving the 2024 Framework Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES TO THE TRANSACTIONS AND THEIR ULTIMATE 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 a wholly-owned subsidiary of CRI, which in turn is ultimately owned by CRC. The Group is principally engaged in the manufacture and sale of cement, concrete, aggregates and other related products and services in PRC and Hong Kong.

CR Building Materials Technology

CR Building Materials Technology, a company incorporated in PRC with limited liability, is an indirect wholly-owned subsidiary of the Company, holding investments of various subsidiaries in PRC which principally engage in the manufacture and sale of cement, concrete and aggregates.

CR Digital

CR Digital, a company incorporated in PRC with limited liability, is a wholly-owned subsidiary of CRI. CR Digital is a business unit which China Resources Group focuses on cultivating in the scopes of software and information technology services, and one of the top one-hundred enterprises in terms of competitiveness in software and information technology services in China. Based on China Resources Group's decades of digitalization transformation practices and industry-leading management system, CR Digital builds the new engine of Intelligent China Resources, focusing on the two major business directions of industrial software and data intelligence, and providing customers with the one-stop digitalization and intelligentization service portfolio.

CRC

CRC, the ultimate beneficial owner of the Company, CR Building Materials Technology and CR Digital, is a company established in PRC with limited liability and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of PRC. It is the holding company of CRH and CRI, and is a conglomerate which holds a variety of businesses in PRC and Hong Kong including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

DEFINITIONS

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

“2021 Framework Agreement”	the “IT Products/Services Framework Agreement” dated 1 January 2021 entered into between CR Building Materials Technology and CR Digital;
“2021 Supplemental Agreement”	the “Supplemental Agreement” dated 24 December 2021 with respect to the 2021 Framework Agreement entered into between CR Building Materials Technology and CR Digital;
“2024 Framework Agreement”	the “IT Products/Services Framework Agreement” dated 11 November 2024 entered into between the CR Building Materials Technology and CR Digital;
“Board”	board of Directors;
“China Resources Group”	CRC, CRI, CRH and their respective subsidiaries
“Company”	China Resources Building Materials Technology Holdings Limited, 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);

“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 Building Materials Technology”	China Resources Building Materials Technology Limited (華潤建材科技有限公司) (formerly known as China Resources Cement Investments Limited (華潤水泥投資有限公司)), a company incorporated in PRC with limited liability, an indirect wholly-owned subsidiary of the Company;
“CR Digital”	China Resources Digital Holdings Limited (華潤數科控股有限公司), a company incorporated in PRC with limited liability, a wholly-owned subsidiary of CRI;
“CR Digital Group”	CR Digital, its associates, its joint ventures and associates without controlling shareholding;
“CRC”	China Resources Company Limited, a limited liability company established in PRC;
“CRH”	China Resources (Holdings) Company Limited, a limited liability company incorporated in Hong Kong, the intermediate holding company of the Company, which is ultimately wholly owned by CRC;
“CRI”	China Resources Inc., a joint stock limited liability company incorporated in PRC, which is the holding company of CRH, which is ultimately wholly owned by CRC;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“IT Services”	has the meaning ascribed thereto in the section headed “IT Services” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;

“RMB” Renminbi, the lawful currency of PRC; and

“Stock Exchange” The Stock Exchange of Hong Kong Limited.

By order of the Board
**CHINA RESOURCES BUILDING MATERIALS
TECHNOLOGY HOLDINGS LIMITED**

JI Youhong

Chairman

Hong Kong, 11 November 2024

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.

As at the date of this announcement, the executive Directors are Mr. JI Youhong and Mr. JING Shiqing; the non-executive Directors are Mr. ZHU Ping, Mr. YU Shutian, Mr. ZHOU Bo and Mr. DENG Ronghui; and the independent non-executive Directors are Mr. SHEK Lai Him Abraham, Mr. NG Kam Wah Webster, Madam YAN Bilan and Mr. TANG Yi Hoi.