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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  
PROCUREMENT FRAMEWORK AGREEMENT**

References are made to the announcement of the Company dated 25 October 2019 in relation to, among others, the procurement framework agreement entered into between the Company and CR Textiles for the procurement of garments and promotional materials and the procurement framework agreement entered into between the Company and CR Fashion for the procurement of safety shoes, labour protective products and tools, and the announcements of the Company dated 23 October 2020 and 30 December 2021 in relation to, among others, the supplemental agreements entered into by the contracting parties in relation to the aforesaid procurement framework agreements. As the abovementioned agreements will expire on 31 December 2022, the Company has entered into the Procurement Framework Agreement with CR Environmental Protection for the procurement of the Products, which also widens the scope of procurement, for a term of three years from 1 January 2023 to 31 December 2025 whereby the annual caps are determined with reference to factors including the Group's business needs from 2023 to 2025 and the historical transaction amounts.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps of the Procurement Framework Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Procurement Framework Agreement are only subject to the 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**

References are made to the announcement of the Company dated 25 October 2019 in relation to, among others, the procurement framework agreement entered into between the Company and CR Textiles for the procurement of garments and promotional materials and the procurement framework agreement entered into between the Company and CR Fashion for the procurement of safety shoes, labour protective products and tools, and the announcements of the Company dated 23 October 2020 and 30 December 2021 in relation to, among others, the supplemental agreements entered into by the contracting parties in relation to the aforesaid procurement framework agreements. As the abovementioned agreements will expire on 31 December 2022, the Company has entered into the Procurement Framework Agreement with CR Environmental Protection for the procurement of the Products, which also widens the scope of procurement, for a term of three years from 1 January 2023 to 31 December 2025 whereby the annual caps are determined with reference to factors including the Group's business needs from 2023 to 2025 and the historical transaction amounts.

## **PROCUREMENT FRAMEWORK AGREEMENT**

### **(1) Date**

29 December 2022

### **(2) Parties**

- (a) the Company; and
- (b) CR Environmental Protection.

### **(3) Term**

A fixed term of three years from 1 January 2023 to 31 December 2025.

### **(4) Subject Matter**

From time to time, the Group may purchase products including but not limited to garments, cultural and promotional products, alternative fuels, energy-saving motors, consumables and labour protective aids, and products in relation to safety, health and environmental protection, as well as water treatment etc., from CR Environmental Protection Group.

The Procurement Framework Agreement is not exclusive. The volume of each category of Products to be purchased shall be determined by the parties.

It is contemplated under the Procurement Framework Agreement that individual contracts will be entered into between respective relevant members of the Group and CR Environmental Protection Group for a term ending not later than 31 December 2025 to govern the specific terms of procurement in relation to each relevant member, which shall be on normal commercial terms or better and arrived at upon arm's length negotiation, with reference to market practice, industry standards and in accordance with the relevant national or local rules and regulations. The terms of the individual contracts will be consistent with the principles and terms of the Procurement Framework Agreement.

## **(5) Pricing and Payment**

The purchase prices and terms of the individual contracts in respect of each product will be determined after arm's length negotiation with reference to the prevailing market prices of similar products. Such prices and terms shall be no less favourable than those available from other independent third-party suppliers. Payment terms shall be negotiated on arm's length basis and on normal commercial terms under the individual contracts.

## **INTERNAL CONTROL MEASURES**

When the Group procures the Products in its ordinary and usual course of business, it will select suppliers and determine the relevant procurement terms through negotiations based on the types and scale of the procurement. Every individual contract between the Group and CR Environmental Protection Group will be reviewed and approved according to the Group's internal approval and monitoring procedures for continuing connected transactions prior to execution. In particular, the Group will obtain quotes from other independent suppliers for procurement of similar products and consider assessment criteria (including the price, quality, suitability, payment terms, and time required for the delivery of the Products), and such quotes, together with the offer from CR Environmental Protection Group, and the individual contract will be reviewed and passed by the management of the relevant members of the Group and the legal personnel of the Group according to the Group's internal approval procedures.

The finance department of the relevant members of the Group will be responsible for the monthly reporting of the amount of continuing connected transactions to the finance department of the Company for monitoring the annual cap of the relevant transactions every month and issuing warning to the Board, relevant departments and 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. 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.

## ANNUAL CAPS AND BASIS OF DETERMINATION

The annual caps for the transactions contemplated under the Procurement Framework Agreement for the year ending 31 December 2025 are expected to be RMB500.0 million (equivalent to approximately HK\$560.0 million).

The annual caps were determined with reference to factors including (i) the variety and quality of products and the level of services expected to be received from CR Environmental Protection Group; (ii) the Group's anticipated business needs from 2023 to 2025; (iii) the current and expected future market prices of the products procured from CR Environmental Protection Group; and (iv) the historical transaction amounts under the individual contracts entered into in the past.

The continuing connected transactions contemplated with CR Environmental Protection Group are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group and CR Environmental Protection Group.

Set out below are the approximate historical aggregate amounts for the Group's purchase of garments, promotional materials, safety shoes, labour protective products, tools, safety protection services and ancillary work materials from CR Textiles, CR Fashion and their respective subsidiaries:

	<b>Approximate historical amounts</b>	
	<i>RMB</i>	<i>HK\$ equivalent</i>
for the year ended 31 December 2021	36,624,000	41,019,000
for the eleven months ended 30 November 2022	35,526,000	39,790,000

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Procurement Framework Agreement will enable the Group to use the Products from CR Environmental Protection Group, for securing sources of the Products of reliable quality of a wider variety at fair, reasonable and competitive prices, which enables the Group to have a greater flexibility in the choice of the Products, and for supporting the development within the 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 transactions contemplated under the Procurement Framework Agreement were negotiated on arm's length basis, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Procurement Framework Agreement are fair and reasonable 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, CRH, the controlling shareholder of the Company, indirectly holds 100% equity interests in CR Environmental Protection. Accordingly, CR Environmental Protection is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the Procurement Framework Agreement constitute continuing connected transactions for 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 Procurement Framework Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Procurement Framework Agreement are only subject to the 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.

None of the Directors has any material interest in the Procurement Framework Agreement and the transactions contemplated thereunder. None of the Directors abstained from voting on the relevant board resolutions approving the Procurement Framework Agreement and the transactions contemplated thereunder.

## **INFORMATION OF THE PARTIES TO THE TRANSACTIONS AND THEIR ULTIMATE BENEFICIAL OWNER**

### ***CR Environmental Protection***

CR Environmental Protection is an indirect wholly-owned subsidiary of CRH, which is ultimately owned by CRC, and is principally engaged in environmental protection technology business and investments in environmental protection in PRC. It focuses on the three scopes of technological innovation including comprehensive environmental management and treatment, environmental resources utilization and environmental intelligentization, and is dedicated to becoming a leading domestic and world-class comprehensive environmental service provider in the scopes of waterwork integration and solid waste resources utilization.

### ***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 owned by CRC. The Group is principally engaged in the manufacture and sale of cement, concrete and other related products and services in PRC and Hong Kong.

## **CRC**

CRC, the ultimate beneficial owner of the Company and CR Environmental Protection, 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. CRC 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.

## **DEFINITIONS**

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

“Board”	board of Directors;
“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 (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 Environmental Protection”	China Resources Environmental Protection Technology Limited, a company incorporated in the British Virgin Islands with limited liability in which CRH indirectly holds 100% equity interests as at the date of this announcement;
“CR Environmental Protection Group”	CR Environmental Protection and its subsidiaries;
“CR Fashion”	China Resources Fashion (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability in which CRH indirectly holds 100% equity interests as at the date of this announcement;
“CR Textiles”	China Resources Textiles Company Limited, a company incorporated in Hong Kong with limited liability in which CRH indirectly holds 100% equity interests as at the date of this announcement;

“CRC”	China Resources Company Limited, a company established in PRC with limited liability and a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of PRC, the ultimate holding company of the Company and CR Environmental Protection;
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Company’s intermediate holding company;
“Director(s)”	the director(s) of the Company;
“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;
“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;
“Procurement Framework Agreement”	the procurement framework agreement entered into between the Company and CR Environmental Protection on 29 December 2022 in relation to the purchase and supply of the Products;
“Products”	has the meaning ascribed thereto in the first paragraph of the section headed “Procurement Framework Agreement – (4) Subject Matter” in this announcement;
“RMB”	Renminbi, the lawful currency of PRC; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board  
**CHINA RESOURCES CEMENT HOLDINGS LIMITED**  
**JI Youhong**  
*Chairman*

Hong Kong, 29 December 2022

*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\$1.12 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 executive Director is Mr. JI Youhong; the non-executive Directors are Mr. ZHU Ping, Mr. CHEN Kangren and Mr. YANG Changyi; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. NG Kam Wah Webster.*