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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**

### **FRAMEWORK LOAN AGREEMENTS 2013**

Reference is made to the joint announcement of the Company, the China Resources Group listed companies, CRC, CRH and CRM dated 22 November 2010 in relation to, among other things, the entering of the Master Lending Agreements. As the Master Lending Agreements will expire on 31 December 2013, the Company enters into new lending arrangements whereby the annual caps are renewed taking into account of the Company's operational scale and cash levels.

As the applicable percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the Framework Loan Agreements 2013, the transactions are only 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 joint announcement of the Company, the China Resources Group listed companies, CRC, CRH and CRM dated 22 November 2010 in relation to, among other things, the entering of the Master Lending Agreements. As the Master Lending Agreements will expire on 31 December 2013, the Company enters into new lending arrangements whereby the annual caps are renewed taking into account of the Group's operational scale and surplus cash levels.

## **THE FRAMEWORK LOAN AGREEMENTS 2013**

### **Offshore Framework Loan Agreement 2013**

Parties:	CRH and the Company.
Date of agreement:	25 November 2013.
Date of commencement of agreement:	1 January 2014.
Term of the agreement:	Three years ending 31 December 2016, unless extended for a further period.
Lenders:	The Company and any of its subsidiaries which has become a party to the Offshore Framework Loan Agreement 2013 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 2013 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 Hong Kong dollars, RMB or United States dollars.
Guarantor(s) for loans made by the Group:	CRH and, in the case of an advance to a subsidiary of a China Resources Group listed company, that China Resources Group listed company.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by the Group under both of the Framework Loan Agreements 2013 is not permitted to exceed the amounts set out under the section below headed "Annual lending caps under the Framework Loan Agreements 2013".
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.

Interest rate in respect of Hong Kong dollar advances:

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 Hong Kong dollar advance; and (ii) a margin (which must not be a negative number). The interest rate 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 Hong Kong dollars in an amount equal to the relevant advance from a bank or a financial institution for 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 and period.

Interest rate in respect of United States dollar advances:

The rate per annum as determined by the relevant lender and the borrower as being the aggregate of (i) the relevant LIBOR for such a United States dollar advance; and (ii) a margin (which must not be a negative number). The interest rate 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 United States dollars in an amount equal to the relevant advance from a bank or a financial institution for 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 and period.

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). The interest rate 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 RMB in Hong Kong in an amount equal to the relevant advance from a bank or a financial institution for 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 and period.

- Guarantee:** The guarantors will unconditionally and 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 2013. 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 2013.
- 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 2013 in respect of the relevant borrower.

## **Onshore Framework Loan Agreement 2013**

Parties:	CRC and the Company.
Date of agreement:	25 November 2013.
Date of commencement of agreement:	1 January 2014.
Term of agreement:	Three years ending 31 December 2016, unless extended for a further period.
Entrustment agents:	A commercial bank or financial institution in the PRC permitted to enter into entrustment loan agreements, including CR Bank and CR Trust.
Lenders:	Any PRC established subsidiary of the Company, which has become a party to the Onshore Framework Loan Agreement 2013 by acceding to its terms.
Borrowers:	CRC, and any PRC established subsidiary of CRC or a China Resources Group listed company, which has become a party to the Onshore Framework Loan Agreement 2013 by acceding to its terms, but excluding CR Bank, CR Trust and any subsidiary of the Company. Each borrower may borrow in RMB.
Guarantor:	CRC.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by the Group under the Framework Loan Agreements 2013 is not permitted to exceed the amounts set out under the section below headed "Annual lending caps under the Framework Loan Agreements 2013".
Repayment date:	The repayment date for an advance made under this agreement 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. The interest rate shall be no less than the higher of (i) 95% of the rate at which CRC or a corporate borrower of similar standing is able to borrow in RMB in an amount equal to the relevant advance from a bank or a financial institution for 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 and period.
- Entrustment agent fees:** All fees charged by the entrustment agent to the lender will be reimbursed by the relevant borrower.
- Guarantee:** CRC unconditionally and irrevocably guarantees to the relevant lenders the due and punctual performance of all borrowers' obligations under the Onshore Framework Loan Agreement 2013.
- Best endeavours:** If an advance is to be made pursuant to the Onshore Framework Loan Agreement 2013 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 CRC makes a payment to a lender or an entrustment agent in connection with the Onshore Framework Loan Agreement 2013 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 that borrower shall have sufficient funds to, and does, promptly reimburse CRC. 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 PRC law).

Basis of lending: Advances will take the form of an entrustment loan. Under an entrustment loan arrangement, the lender deposits the amount to be advanced to the entrustment agent which in turn pays the amount to be advanced to the borrower, for which the entrustment agent charges a facilitation commission. The lending risk is assumed by the lender which receives the interest paid by the borrower, less the deduction of agency fee. Subject to the entrustment loan agreement to be entered into between the lender, borrower and entrustment agent, all advances will become repayable on ten business days' written notice, or on demand upon the occurrence of an acceleration event, with terms similar to those as stated in the Offshore Framework Loan Agreement 2013.

### **Annual lending caps under the Framework Loan Agreements 2013**

The annual lending caps for the maximum aggregate amount which can be lent at any time by the Group (inclusive of interest received and anticipated to be received rounded to the nearest million) under both of the Framework Loan Agreements 2013 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 2013 in the context of its estimated temporarily surplus cash resources.

The Group did not lend under the Master Lending Agreements.

The proposed annual lending caps for the Group for the term of the Framework Loan Agreements 2013 and a comparison of these caps with the Group's gross cash and bank balances and with the size of the Group using the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

<b>Annual lending cap for the year ending 31 December</b>			<b>Unaudited consolidated cash and bank balances as at 30 June 2013</b>	<b>Highest applicable percentage ratio</b>
<b>2014</b>	<b>2015</b>	<b>2016</b>		
<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
1,000	1,100	1,200	2,374	3.48

## Financial condition of the guarantors

All advances to any member of the China Resources Group will be guaranteed by (i) CRC; (ii) CRH; or (iii) CRH and a China Resources Group listed company, depending on the relevant Framework Loan Agreements 2013 and the identity of the borrower. Both CRC and CRH are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. The summary of the audited consolidated financial positions of CRC and CRH are as follows:

	CRH		CRC	
	As at 31 December 2012 HK\$ billion	As at 31 December 2011 HK\$ billion	As at 31 December 2012 RMB billion	As at 31 December 2011 RMB billion
Total assets	784	674	730	595
Cash and bank balances	80	75	79	72
Equity attributable to the shareholders of the company	156	138	106	94
	Year ended 31 December 2012 HK\$ billion		Year ended 31 December 2012 RMB billion	
Profit attributable to the shareholders of the company	18	16	12	13
Cash flow from operation	50	17	44	20

## Listing Rules implications of the Framework Loan Agreements 2013

By virtue of CRC being the controlling shareholder of CRH, which in turn holds a controlling interest in the Company, CRC and CRH are connected persons to the Company as defined under the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the Framework Loan Agreements 2013, the transactions are only 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 of the Company has any material interest in the transactions under the Framework Loan Agreements 2013, and none of them abstained from voting on the relevant board resolutions approving the Framework Loan Agreements 2013 and the transactions contemplated thereunder.

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

The Framework Loan Agreements 2013 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 CRC and CRH, to generate a return better than the bank deposit rates on its temporary surplus cash. The annual lending caps for the maximum aggregate amount which can be lent at any time by the Group 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 2013 in the context of its estimated temporary surplus cash resources.

All directors of the Company (including independent non-executive directors of the Company) consider the Framework Loan Agreements 2013 were negotiated on an arm's length basis and are on normal commercial terms, and the relevant terms and annual lending caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF CRC, CRH AND THE GROUP**

### **CRC**

CRC, a borrower and guarantor under the Onshore Framework Loan Agreement 2013, is the holding company of CRH.

### **CRH**

CRH, a borrower and guarantor under the Offshore Framework Loan Agreement 2013, is a conglomerate in Hong Kong and PRC that is principally engaged in seven core businesses, namely consumer products, power, real estate, cement, gas, pharmaceutical and financial services, as well as other operations including microelectronics, textiles, chemical products and compressors.

### **The Group**

The Group is engaged in the production and sale of cement, clinker and concrete in PRC and Hong Kong.

## 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
“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 Cement Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“CR Bank”	珠海華潤銀行股份有限公司 Zhuhai China Resources Bank Co., Ltd., a municipal bank headquartered in Zhuhai, in which CRC holds a 75.33% equity interest as at the date of this announcement
“CR Trust”	華潤深國投信托有限公司 China Resources SZITIC Trust Co., Ltd., in which CRC holds a 51% equity interest as at the date of this announcement
“CRC”	China Resources Co., Limited, a joint stock limited liability company incorporated in 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
“CRM”	China Resources Microelectronics Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability

“Framework Loan Agreements 2013”	the Offshore Framework Loan Agreement 2013 and the Onshore Framework Loan Agreement 2013
“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Inter-Bank Offered Rate
“Hong Kong”	the Hong Kong Special Administrative Region, The People’s Republic of China
“Hong Kong and United States Dollar Master Loan Agreement”	the Master Loan Agreement and Guarantee for advances in Hong Kong Dollar and United States Dollar entered into by CRH, the China Resources Group listed companies, certain unlisted companies within the China Resources Group, CRM and the Company on 22 November 2010
“independent shareholders”	shareholders of the Company other than CRH and its associates, as defined in the Listing Rules
“LIBOR”	the London Inter-Bank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Lending Agreements”	the Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement
“Offshore Framework Loan Agreement 2013”	the Framework Loan Agreement and Guarantee for advances in Hong Kong Dollar, Renminbi and United States Dollar entered into by CRH and the Company on 25 November 2013
“Onshore Framework Loan Agreement 2013”	the Framework Loan Agreement and Guarantee for advances in RMB entered into by CRC and the Company on 25 November 2013
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of PRC

“RMB Master Loan Agreement”                      the Master Loan Agreement and Guarantee for advances in RMB entered into by CRC, the China Resources Group listed companies, CRM, and the Company on 22 November 2010

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited

*For illustrative purpose of this announcement only, conversion of HK\$ into RMB is made at the rate of RMB1.00 = HK\$1.25.*

By the order of the board of  
**CHINA RESOURCES CEMENT HOLDINGS LIMITED**  
**ZHOU Longshan**  
*Chairman*

Hong Kong, 25 November 2013

*As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Longshan, Mr. PAN Yonghong, Mr. YU Zhongliang and Mr. LAU Chung Kwok Robert; the non-executive directors of the Company are Mr. DU Wenmin, Mr. WEI Bin, Mr. HUANG Daoguo and Mr. CHEN Ying; and the independent non-executive directors of the Company are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Mr. XU Yongmo, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.*