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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 2016**

Reference is made to the announcement of the Company dated 25 November 2013 in relation to, among other things, the entering of the Master Lending Agreements. As the Master Lending Agreements will expire on 31 December 2016, the Company has entered into new lending arrangements whereby the annual caps are renewed taking into account of the Company's operational scale and cash levels.

As applicable size test percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the Framework Loan Agreements 2016, 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 announcement of the Company dated 25 November 2013 in relation to, among other things, the entering of the Master Lending Agreements. As the Master Lending Agreements will expire on 31 December 2016, the Company has entered into new lending arrangements whereby the annual caps are renewed taking into account of the Company's operational scale and cash levels.

THE FRAMEWORK LOAN AGREEMENTS 2016

Offshore Framework Loan Agreement 2016

Parties:	CRH and the Company
Date of agreement:	28 December 2016
Date of commencement of agreement:	1 January 2017
Term of the agreement:	Three years ending 31 December 2019, 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 2016 by acceding to its terms, but excluding any entity which is established in 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 2016 by acceding to its terms, but excluding any entity which is established in PRC and any member of the Group. Each borrower may borrow in HKD, 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 2016 is not permitted to exceed the amounts set out under the section below headed "Annual lending caps under the Framework Loan Agreements 2016".
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 HKD 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 HKD 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 HKD 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 2016. 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 2016.

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 2016 in respect of the relevant borrower.

Onshore Framework Loan Agreement 2016

Parties: CRC and the Company

Date of agreement: 28 December 2016

Date of commencement of agreement: 1 January 2017

Term of the agreement: Three years ending 31 December 2019, unless extended for a further period

Lenders: Any PRC established subsidiary of the Company, which has become a party to the Onshore Framework Loan Agreement 2016 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 2016 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 both of the Framework Loan Agreements 2016 is not permitted to exceed the amounts set out under the section below headed “Annual lending caps under the Framework Loan Agreements 2016”.
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.
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 2016.
Best endeavours:	If an advance is to be made pursuant to the Onshore Framework Loan Agreement 2016 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 in connection with the Onshore Framework Loan Agreement 2016 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:

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; CRC 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 2016 in respect of the relevant borrower.

Annual lending caps under the Framework Loan Agreements 2016

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 both of the Framework Loan Agreements 2016 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 2016 in the context of its estimated temporarily surplus cash resources.

Set out below are the maximum aggregate amounts outstanding on any single day lent by the Group under the Master Lending Agreements (inclusive of interest received and receivable) during each of the years ended 31 December 2014 and 2015 and the eleven months ended 30 November 2016:

	For the year ended		For the eleven
	31 December		months ended
	2014	2015	30 November
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Maximum daily aggregate amount outstanding during the year/period	639,243,000	640,078,000	Nil

The proposed annual lending caps for the Group on any single day for the term of the Framework Loan Agreements 2016 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:

Annual lending cap on any single day for the year ending 31 December			Unaudited consolidated cash and bank balances as at 30 September	Highest applicable percentage ratio
2017	2018	2019	2016	
HK\$	HK\$	HK\$	HK\$	%
900,000,000	900,000,000	900,000,000	3,881,904,000	4.42

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.

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 2016 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 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 CRC and CRH are as follows:

	CRH		CRC	
	2015 Audited HK\$ billion	2014 Audited HK\$ billion	2015 Audited RMB billion	2014 Audited RMB billion
Total assets	1,070	1,068	1,003	937
Cash and bank balances	107	111	112	111
Equity attributable to the shareholders of the company	225	213	166	142
Profit attributable to the shareholders of the company	19	24	17	17
Cash flow from operation	95	64	60	30

REASONS FOR AND BENEFITS OF THE PROPOSALS

The Framework Loan Agreements 2016 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. 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 2016 in the context of its estimated temporary surplus cash resources as well as the historical amount lent by the Group as set out on page 6 of this announcement.

All Directors (including independent non-executive Directors) consider the Framework Loan Agreements 2016 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.

IMPLICATIONS UNDER THE LISTING RULES

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 size test percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the Framework Loan Agreements 2016, 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.

Given that Mr. Du Wenmin and Mr. Wei Bin are the directors of CRC, CRH and the Company and due to the senior management roles of Mr. Zhou Longshan, Mr. Chen Ying and Mr. Wang Yan at CRH, as good corporate governance measure, these five Directors abstained from voting on the relevant board resolutions approving the Framework Loan Agreements 2016 and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Framework Loan Agreements 2016 and the transactions contemplated thereunder.

INFORMATION OF CRC, CRH AND THE GROUP

CRC

CRC, a borrower and guarantor under the Onshore Framework Loan Agreement 2016, is the holding company of CRH.

CRH

CRH, a borrower and guarantor under the Offshore Framework Loan Agreement 2016, 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 healthcare, microelectronics, textiles and chemical products.

The Group

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below 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, China Resources Power Holdings Company Limited and China Resources Pharmaceutical Group Limited;
“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;
“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 Bank”	珠海華潤銀行股份有限公司 China Resources Bank of Zhuhai Co., Ltd., a municipal bank headquartered in Zhuhai, in which CRC holds approximately 75.33% equity interest as at the date of this announcement;
“CR Trust”	華潤深國投信託有限公司 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;
“Director(s)”	the director(s) of the Company;
“Framework Loan Agreements 2016”	the Offshore Framework Loan Agreement 2016 and the Onshore Framework Loan Agreement 2016;
“Group”	the Company and its subsidiaries;
“HIBOR”	the Hong Kong Inter-Bank Offered Rate;
“HK\$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“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 Offshore Framework Loan Agreement 2013 the Onshore Framework Loan Agreement 2013;
“Offshore Framework Loan Agreement 2013”	the Framework Loan Agreement and Guarantee for advances in HKD, RMB and United States Dollar entered into by CRH and the Company on 25 November 2013;
“Offshore Framework Loan Agreement 2016”	the Framework Loan Agreement and Guarantee for advances in HKD, RMB and United States Dollar entered into by CRH and the Company on 28 December 2016;

“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;
“Onshore Framework Loan Agreement 2016”	the Framework Loan Agreement and Guarantee for advances in RMB entered into by CRC and the Company on 28 December 2016;
“PRC” or “China”	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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 28 December 2016

As at the date of this announcement, the executive Directors are Mr. ZHOU Longshan, Mr. JI Youhong, and Mr. LAU Chung Kwok Robert; the non-executive Directors are Mr. DU Wenmin, Mr. WEI Bin, Mr. CHEN Ying and Mr. WANG Yan; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Mr. XU Yongmo, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.