

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 AGREEMENTS**

Reference is made to the announcement of the Company dated 14 December 2018 in relation to the entering of the 2019 Procurement Framework Agreements. As the 2019 Procurement Framework Agreements will expire on 31 December 2019, the Company has entered into the CR Textiles Procurement Framework Agreement with CR Textiles for the procurement of garments and promotional materials and the CR Fashion Procurement Framework Agreement with CR Fashion for the procurement of safety shoes, labour protective products and tools respectively for a term of three years from 1 January 2020 to 31 December 2022 whereby the annual caps are renewed with reference to factors including the Group's business needs from 2020 to 2022 and the historical transaction amounts.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual cap exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Procurement Framework Agreements are only subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**BACKGROUND**

Reference is made to the announcement of the Company dated 14 December 2018 in relation to the entering of the 2019 Procurement Framework Agreements. As the 2019 Procurement Framework Agreements will expire on 31 December 2019, the Company has entered into the CR Textiles Procurement Framework Agreement with CR Textiles for the procurement of garments and promotional materials and the CR Fashion Procurement Framework Agreement with CR Fashion for the procurement of safety shoes, labour protective products and tools respectively for a term of three years from 1 January 2020 to 31 December 2022 whereby the annual caps are renewed with reference to factors including the Group's business needs from 2020 to 2022 and the historical transaction amounts.

## **CR TEXTILES PROCUREMENT FRAMEWORK AGREEMENT**

### **(1) Date**

25 October 2019

### **(2) Parties**

- (a) the Company; and
- (b) CR Textiles.

### **(3) Term**

A fixed term of three years from 1 January 2020 to 31 December 2022.

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

From time to time, the Group may purchase garments and promotional materials from CR Textiles Group. The volume of each category of products to be purchased shall be determined by the parties.

It is contemplated under the CR Textiles Procurement Framework Agreement that individual contracts will be entered into between respective relevant members of the Group and CR Textiles Group for a term ending not later than 31 December 2022 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 CR Textiles Procurement Framework Agreement.

### **(5) Pricing**

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.

As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Textiles Group, the Group will obtain quotes of similar products from other independent third-party suppliers for similar terms before it enters into any individual contracts with CR Textiles Group and such quotes, together with the offer from CR Textiles Group, will be approved by the Group's designated responsible persons.

## **CR FASHION PROCUREMENT FRAMEWORK AGREEMENT**

### **(1) Date**

25 October 2019

### **(2) Parties**

- (a) the Company; and
- (b) CR Fashion.

### **(3) Term**

A fixed term of three years from 1 January 2020 to 31 December 2022.

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

From time to time, the Group may purchase safety shoes, labour protective products and tools from CR Fashion Group. The volume of each category of products to be purchased shall be determined by the parties.

It is contemplated under the CR Fashion Procurement Framework Agreement that individual contracts will be entered into between respective relevant members of the Group and CR Fashion Group for a term ending not later than 31 December 2022 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 CR Fashion Procurement Framework Agreement.

### **(5) Pricing**

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.

As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Fashion Group, the Group will obtain quotes of similar products from other independent third-party suppliers for similar terms before it enters into any individual contracts with CR Fashion Group and such quotes, together with the offer from CR Fashion Group, will be approved by the Group's designated responsible persons.

## ANNUAL CAPS AND BASIS OF DETERMINATION

The annual caps for the transactions contemplated under the CR Textiles Procurement Framework Agreement and the CR Fashion Procurement Framework Agreement for the year ending 31 December 2022 are expected to be RMB22.0 million (equivalent to approximately HK\$24.4 million) and RMB20.0 million (equivalent to approximately HK\$22.2 million) respectively.

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 Textiles and CR Fashion, (ii) the Group's business needs from 2020 to 2022, and (iii) the historical transaction amounts under the individual contracts entered into in the past.

Set out below are the aggregate actual transaction amounts:

	<u>CR Textiles</u>		<u>CR Fashion</u>		<u>Aggregate Amount</u>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>equivalent million</i>	<i>million</i>	<i>equivalent million</i>	<i>million</i>	<i>equivalent million</i>
actual transaction amount for the year ended 31 December 2018	16.4	18.9	13.3	15.6	29.7	34.5
actual transaction amount for the eight months ended 31 August 2019	9.4	10.7	10.1	11.6	19.5	22.3

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Procurement Framework Agreements will enable the Group to use the garments and promotional materials from CR Textiles Group, as well as safety shoes, labour protective products and tools from CR Fashion Group, for securing sources of relevant 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 relevant 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 Agreements 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 Agreements 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, holds 100% of equity interests in both CR Textiles and CR Fashion. Accordingly, each of CR Textiles and CR Fashion is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions contemplated under the Procurement Framework Agreements constitute continuing connected transactions for the Company.

As the products to be provided by CR Textiles and CR Fashion are considered by us to be similar in nature, the amounts of transactions shall be aggregated, which are expected to be no more than RMB42.0 million (equivalent to approximately HK\$46.6 million) in total, in calculating the applicable percentage ratios pursuant to Rules 14A.81 and 14A.82 of the Listing Rules.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual cap exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Procurement Framework Agreements are only subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Given the senior management roles of Mr. ZHOU Longshan, Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing at CRH, as good corporate governance measure, these five Directors absented themselves from the Board meeting when the Procurement Framework Agreements and the transactions contemplated thereunder were discussed, voted and approved. Save as disclosed above, none of the Directors has any material interest in the Procurement Framework Agreements and the transactions contemplated thereunder.

## **INFORMATION OF THE PARTIES**

### ***CR Textiles***

CR Textiles is an indirect wholly-owned subsidiary of CRH, holding investments of, among others, certain subsidiaries in PRC which are principally engaged in the production and sale of garments, handbags, promotional materials and other accessories.

### ***CR Fashion***

CR Fashion is an indirect wholly-owned subsidiary of CRH, holding investments of, among others, certain subsidiaries in PRC which are principally engaged in the production, sale and trading of shoes, labour protective products and tools.

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

## DEFINITIONS

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

“2019 Procurement Framework Agreements”	the framework agreement entered into between the Company and CR Textiles on 14 December 2018 in relation to the purchase and supply of garments and promotional materials and the framework agreement entered into between the Company and CR Fashion on 14 December 2018 in relation to the purchase and supply of safety shoes, labour protective products and tools;
“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;
“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 Fashion”	China Resources Fashion (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability in which CRH holds 100% of equity interest as at the date of this announcement;
“CR Fashion Group”	CR Fashion and its subsidiaries;
“CR Fashion Procurement Framework Agreement”	the framework agreement entered into between the Company and CR Fashion on 25 October 2019 in relation to the purchase and supply of safety shoes, labour protective products and tools;
“CR Textiles”	China Resources Textiles Company Limited, a company incorporated in Hong Kong with limited liability in which CRH holds 100% of equity interest as at the date of this announcement;
“CR Textiles Group”	CR Textiles and its subsidiaries;
“CR Textiles Procurement Framework Agreement”	the framework agreement entered into between the Company and CR Textiles on 25 October 2019 in relation to the purchase and supply of garments and promotional materials;

“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;
“Procurement Framework Agreements”	the CR Textiles Procurement Framework Agreement and the CR Fashion Procurement Framework Agreement;
“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, 25 October 2019

*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\$1.11 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 Directors are Mr. ZHOU Longshan and Mr. JI Youhong; the non-executive Directors are Mr. CHEN Ying, Mr. WANG Yan, Madam WAN Suet Fei and Mr. JING Shiqing; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.*