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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 ENTRUSTED MANAGEMENT AGREEMENT

On 3 March 2025, the Company, CR Power and Chongqing Energy entered into the Entrusted Management Agreement in relation to the entrustment of daily operational management of the Targets of Entrusted Management.

The proposed annual caps of RMB36,000,000 per annum were determined with reference to, among others, the following factors: (i) the existing operations situation of the Targets of the Entrusted Management; (ii) the Group's operational and management experiences of building materials business; (iii) the reasonable costs of the Group in providing the entrusted management services based on the expected workload and the number and seniority of staff to be designated to the Targets of Entrusted Management; and (iv) the estimation of potential enhancement in the annual operating profits of the Targets of Entrusted Management in the next three years.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps of the Entrusted Management Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Entrusted Management 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.

INTRODUCTION

On 3 March 2025, the Company, CR Power and Chongqing Energy entered into the Entrusted Management Agreement in relation to the entrustment of daily operational management of the Targets of Entrusted Management.

ENTRUSTED MANAGEMENT AGREEMENT

(1) Date

3 March 2025

(2) Parties

- (a) the Company, as the entrustee;
- (b) CR Power, as the first principal; and
- (c) Chongqing Energy, as the second principal.

(3) Term of Entrusted Management

A period from 3 March 2025 to 29 February 2028.

(4) Targets of Entrusted Management

The current principal business of the Building Materials Branch of Chongqing Energy shall be set as the boundary to be included in the entrusted management as a whole. The targets of entrusted management include the Building Materials Branch of Chongqing Energy and its subsidiaries including Chongqing Nantong Special Cement Co., Ltd., Chongqing Qingpeng Cement Co., Ltd., Chongqing Jianhe Stone Powder Co., Ltd., Chongqing Nantong Environmental Technology Co., Ltd., Chongqing Energy Investment New Materials Co., Ltd., Chongqing Tongcheng Building Materials Co., Ltd. and Chongqing Tongsheng Building Materials Co., Ltd., as well as its associate Chongqing Energy Investment Runqi New Materials Co., Ltd.

(5) Scope of Entrusted Management

Pursuant to the Entrusted Management Agreement, CR Power and Chongqing Energy shall entrust the Company to exercise the duties and responsibilities of daily operational management of the Targets of Entrusted Management.

The scope of management shall include office administration, planning management, investment and asset management, market management, financial management, human resources and cadre management, systems and process management, risk management, legal management, information technology management, confidentiality management, production and operation, project construction and other matters of the Targets of Entrusted Management.

The matters set out below shall continue to be decided by Chongqing Energy: (i) dissolution, liquidation, demerger, merger and amendment of articles of association; (ii) strategic capital expenditure; (iii) equity asset disposal; (iv) non-equity asset disposal of net book value or appraisal value of RMB5,000,000 or above; (v) profit distribution plan and loss recovery plan.

For matters which are required to execute relevant approval procedures according to the articles of association of the Targets of Entrusted Management, such approval procedures shall be dealt with according to the articles of association.

The parties may dynamically adjust the matters of entrusted management according to changes in circumstances upon friendly negotiations.

(6) Entrusted Management Fee

The entrusted management fee shall be the sum of the costs of entrusted management and the enhancement incentives.

The costs of entrusted management shall include all the salaries costs, office, travel and other expenses of the expatriate staff of the Company.

The enhancement incentives shall include floating portion of the enhancement incentives and fixed portion of the enhancement incentives, among which, floating portion of the enhancement incentives shall be 20% of decrease in loss or increase in profit of the annual operating profit of the Targets of Entrusted Management, and fixed portion of the enhancement incentives shall vary according to the quantity of corporates actually entrusted for management as follows:

Quantity of corporates actually entrusted for management	Fixed portion of the enhancement incentives
6-8	RMB12,000,000 per annum
3-5	RMB8,000,000 per annum
1-2	RMB5,000,000 per annum

The quantity of corporates actually entrusted for management shall be mutually confirmed by the parties at the end of every quarter during the Term of Entrusted Management.

(7) Payment Terms

Clearance of the costs of entrusted management of the preceding month shall be completed within the first 5 working days of each month, and payment shall be made to the Company within 10 working days upon clearance.

Clearance of the enhancement incentives of the preceding year shall be completed upon confirmation of figures of the decrease in loss or increase in profit of the annual operating profit of the Targets of Entrusted Management of the preceding year by the parties within the first 5 working days of the issuance of the audited reports of the Targets of Entrusted Management.

INTERNAL CONTROL MEASURES

In order to ensure that all continuing connected transactions of the Group comply with the Listing Rules, the Company has formulated various management measures in place for the compliance and ongoing monitoring of continuing connected transactions. According to the contract management measures and connected transaction management measures of the Company, all agreements for connected transactions are required to complete contract approval and monitoring procedures on the Company's designated online platform prior to execution. The connected transaction management measures of the Company had also set forth the procedures for management of continuing connected transactions.

Before entering into the transactions contemplated under the Entrusted Management Agreement in its ordinary and usual course of business, the Group has conducted research study on the market price fairness by comparing the prevailing levels of entrusted management fees charged by independent third parties in at least 2 similar transactions of entrusted management services for building materials enterprises in PRC according to its internal approval and monitoring procedures for continuing connected transactions, in order to determine the relevant terms through arm's length negotiations and upon comprehensive consideration of various assessment criteria (including but not limited to the aforesaid comparison of levels of entrusted management fees charged in the industry, the reasonable costs of the Group in providing the entrusted management services, the reasonable profit margins to be made by the Group for the provision of entrusted management services, and the operations situation of the Targets of the Entrusted Management, etc.). Such market research study report, the Entrusted Management Agreement and the transactions contemplated thereunder shall be reviewed by the management, finance personnel, legal personnel and other relevant departments of the Company according to the Group's internal approval and monitoring procedures. Afterwards, the Entrusted Management 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 caps. 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 continuing 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 independent 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 annual caps.

In the future, should the Group contemplate to enter into any connected transaction with Chongqing Energy or its associates, such connected transactions shall also be subject to strict management according to the Listing Rules, the contract management measures and connected transaction management measures of the Company, as well as the aforesaid internal control measures.

ANNUAL CAPS AND BASIS OF DETERMINATION

The proposed annual caps of the continuing connected transactions contemplated under the Entrusted Management Agreement shall be RMB36,000,000 per annum. All Directors (including the independent non-executive Directors) are of the view that the annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The proposed annual caps were determined with reference to, among others, the following factors: (i) the existing operations situation of the Targets of the Entrusted Management; (ii) the Group's operational and management experiences of building materials business; (iii) the reasonable costs of the Group in providing the entrusted management services based on the expected workload and the number and seniority of staff to be designated to the Targets of Entrusted Management; and (iv) the estimation of potential enhancement in the annual operating profits of the Targets of Entrusted Management in the next three years.

The Group did not conduct any similar transaction with CR Power nor Chongqing Energy in relation to entrusted management services in the past.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group possesses relatively mature, advanced and abundant management experiences and competent management capabilities in respect of the production processes, technologies, safety production and operation management in the building materials industry. The entering into of the Entrusted Management Agreement will enhance and fully leverage the positive synergistic advantages of the building materials businesses of the Group in South West Region and Central China Region, facilitate the Group to pool its resources for professional management, reduce management cost, and improve performance and competitiveness of the Group.

All Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Entrusted Management Agreement are 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 Entrusted Management 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, CRC, being the controlling shareholder of the Company, indirectly holds approximately 61.73% of the shares issued by CR Power and Chongqing Energy is an associate of CR Power. Accordingly, under Chapter 14A of the Listing Rules, CR Power and Chongqing Energy are both connected persons of the Company and the transactions contemplated under the Entrusted Management 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 Entrusted Management Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Entrusted Management 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.

As Mr. ZHOU Bo is the common director of both CR Power and the Company, as good corporate governance measure, he absented himself from the Board meeting when the Entrusted Management Agreement and the transactions contemplated thereunder were discussed, voted and approved. Save as disclosed above, none of the Directors has any material interest in the Entrusted Management Agreement and the transactions contemplated thereunder or abstained from voting on the relevant Board resolutions approving the Entrusted Management Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES TO THE TRANSACTIONS AND THEIR ULTIMATE BENEFICIAL OWNERS

CR Power

CR Power was incorporated in Hong Kong with limited liability and the shares of CR Power have been listed on the Stock Exchange since 12 November 2003 (stock code: 836). CR Power Group is principally engaged in the investment, development, operation and management of power plants in China. As at the date of this announcement, CR Power is indirectly owned by CRH with approximately 61.73% equity interests. The ultimate beneficial owner of CR Power is CRC, which is beneficially owned by the State-owned Assets Supervision and Administration Commission of the State Council of PRC.

Chongqing Power

Chongqing Power, a company established in PRC with limited liability, currently has multiple industrial sectors including energy generation (secured supply of power and coal), energy services (integrated energy services, engineering technology services, energy financing, logistics for commerce and trade), building materials (electrolytic aluminum, industrial explosives and cement), medical health care and asset operation, among which, the building materials sector has annual production capacities of cement of 4,000,000 tons and construction stones of 3,000,000 tons. As at the date of this announcement, Chongqing Energy is owned as to 38.25% by Shenzhen Nanguo Energy Co., Ltd. (深圳南國能源有限公司), 12.75% by Chongqing Guotiao Enterprise Management Co., Ltd. (重慶國調企業管理有限公司), and 49% by eight limited partnerships established and registered in PRC (each of which holds less than 10% interests in Chongqing Power). Shenzhen Nanguo Energy Co., Ltd. (深圳南國能源有限公司), a company incorporated in PRC with limited liability and an indirect wholly owned subsidiary of CR Power, is principally engaged in technical development and consultation of renewable energy and clean energy, investment and setup of industrial businesses (specific projects to be declared separately). Chongqing Guotiao Enterprise Management Co., Ltd. (重慶國調企業管理有限公司), a company incorporated in PRC with limited liability, is owned as to 66% by Chongqing City Construction Investment (Group) Co., Ltd. (重慶市城市建設投資（集團）有限公司) and 34% by Chongqing Real Estate Group Co., Ltd. (重慶市地產集團有限公司) respectively, both of which are wholly owned by Chongqing State-owned Assets Supervision and Administration Commission. Chongqing Guotiao Enterprise Management Co., Ltd. is principally engaged in business management, enterprise management consulting, enterprise headquarters management, information consulting services (excluding licensing information consulting services), real estate consulting, real estate brokerage, land use right lease, housing lease, marketing planning, project planning and public relations services, land improvement services, real estate management, conference and exhibition services, trade market management services, commercial complex management services, non-residential real estate leasing, general cargo warehousing services (excluding hazardous chemicals and other items requiring approval), grain and oil storage service, finished oil storage (excluding hazardous chemicals), general merchandise sales, domestic freight forwarding agent, road cargo transport station operation, trade brokerage and sales agents.

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, aggregates and other related products and services in PRC and Hong Kong.

CRC

CRC, the ultimate beneficial owner of the Company and CR Power, 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 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:

“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	board of Directors;
“Chongqing Energy”	Chongqing Energy Investment Group Co., Ltd. (重慶市能源投資集團有限公司), a company established in PRC with limited liability, an associate of CR Power;
“Company”	China Resources Building Materials Technology Holdings Limited (華潤建材科技控股有限公司), 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 Power”	China Resources Power Holdings Company Limited (華潤電力控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 836);
“CRC”	China Resources Company Limited (中國華潤有限公司), a company established in PRC with limited liability, the ultimate holding company and the ultimate beneficial owner of the Company and CR Power;
“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability, the intermediate holding company of the Company and CR Power, which is ultimately and wholly owned by CRC;
“Director(s)”	the director(s) of the Company;
“Entrusted Management Agreement”	the Corporate Entrusted Operational Management Services Agreement in relation to the entrustment of daily operational management of the Targets of Entrusted Management entered into between the Company, CR Power and Chongqing Energy on 3 March 2025;
“Group”	the Company and its subsidiaries;
“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;
“RMB”	Renminbi, the lawful currency of PRC;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Targets of Entrusted Management”	has the meaning ascribed thereto in the section headed “Targets of Entrusted Management” in this announcement; and
“Term of Entrusted Management”	has the meaning ascribed thereto in the section headed “Term of Entrusted Management” in this announcement.

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

Hong Kong, 3 March 2025

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. JING Shiqing and Mr. XIE Ji; 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.