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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**  
**DIRECT POWER SUPPLY**

**DIRECT POWER SUPPLY FRAMEWORK AGREEMENT 2017**

Reference is made to the Announcement 2016 in relation to the entering into of the Direct Power Supply Framework Agreement 2016. On 1 November 2017, the Company and CR Power for and on behalf of their respective subsidiaries and associates enter into the Direct Power Supply Framework Agreement 2017 to govern, among others, the purchase and supply of electricity for a term of three years from 1 January 2018 to 31 December 2020.

The proposed annual caps of RMB1,050 million (equivalent to approximately HK\$1,239 million) were determined after arm's length negotiation with reference to (i) the historical transaction amounts; (ii) the maximum prevailing unit price of electricity payable by the Group indirectly to CR Power Group through provincial power grid companies; and (iii) the projected electricity consumption of the Group based on the Group's business needs in 2018 to 2020.

**IMPLICATIONS UNDER THE LISTING RULES**

Since CRH is a controlling shareholder of both CR Power and the Company, CR Power is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions between the Group and CR Power Group contemplated under the Direct Power Supply Framework Agreement 2017 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 cap under the Direct Power Supply Framework Agreement 2017 exceed 0.1% but are less than 5%, the continuing connected transactions between the Group and CR Power Group contemplated under the Direct Power Supply Framework Agreement 2017 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.

## **DIRECT POWER SUPPLY FRAMEWORK AGREEMENT 2017**

Reference is made to the announcement of the Company dated 21 December 2016 (“**Announcement 2016**”) in relation to the entering into of the Direct Power Supply Framework Agreement 2016. As the Direct Power Supply Framework Agreement 2016 and its annual cap will expire on 31 December 2017, and in light of the continuous needs of the Group to use electricity for daily production operations, on 1 November 2017, the Company and CR Power for and on behalf of their respective subsidiaries and associates enter into the Direct Power Supply Framework Agreement 2017 to govern, among others, the purchase and supply of electricity for a term of three years from 1 January 2018 to 31 December 2020. Principal terms of the Direct Power Supply Framework Agreement 2017 are set out below.

### **(1) Date**

1 November 2017

### **(2) Parties**

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

### **(3) Term**

A fixed term of three years from 1 January 2018 to 31 December 2020.

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

The Group shall purchase electricity from CR Power Group, including but not limited to direct power supply (where CR Power Group generates the electricity to be supplied) and agency power supply (where CR Power Group purchases the electricity for supply to the Group). The volume of electricity to be purchased shall be determined by the parties.

It is contemplated under the Direct Power Supply Framework Agreement 2017 that individual contracts will be entered into between respective relevant members of the Group and CR Power Group for a term ending not later than 31 December 2020 to govern the specific terms of power procurement in relation to each relevant cement production plant, 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.

## **(5) Pricing**

The electricity fees payable by the Group shall be determined after arm's length negotiation in accordance with the relevant national and provincial power supply system reform policies and with reference to prices in the open market, which shall be no less favourable than the price for similar transactions with independent third parties. 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 Power Group, the Group will obtain quotes of electricity fees from other independent power generation enterprises for similar duration before it enters into any new arrangement of direct power supply or agency power supply with CR Power Group and such quotes, together with the offer from CR Power Group, will be reviewed and passed by the Group's internal approval procedures.

## **ANNUAL CAP AND BASIS OF DETERMINATION**

The proposed annual caps for the transactions between the Group and CR Power Group under the Direct Power Supply Framework Agreement 2017 for the years ending 31 December 2018, 2019 and 2020 are expected to be RMB1,050 million (equivalent to approximately HK\$1,239 million) each year.

The proposed annual caps were determined after arm's length negotiation with reference to (i) the historical transaction amounts; (ii) the maximum prevailing unit price of electricity payable by the Group indirectly to CR Power Group through provincial power grid companies; and (iii) the projected electricity consumption of the Group based on the Group's business needs in 2018 to 2020.

The aggregate electricity fees paid by the Group indirectly to CR Power Group through provincial power grid companies for the year ended 31 December 2016 and for the nine months ended 30 September 2017 amounted to RMB152.8 million (equivalent to approximately HK\$178.3 million) and RMB497.1 million (equivalent to approximately HK\$570.0 million) respectively.

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

Pursuant to Several Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening the Reform of the Electric Power System (Zhong Fa [2015] No. 9)\* (《中共中央、國務院關於進一步深化電力體制改革的若干意見》(中發[2015]9號)) and the requirements of relevant ancillary documents regarding the reform of the national electric power system, upon the construction and improvement of the electric power market, various provinces in PRC gradually implement direct power supply transactions and the entry conditions for various entities (including electricity users, power generation enterprises and power trading companies etc.) to participate in direct power supply transactions have been

further loosened. Subject to qualification application and approval by the relevant authorities, major industrial electricity users may enter into agreements with certain power generation enterprises to directly purchase electricity from such power generation enterprises rather than from the provincial power grid companies. Since some members of the Group have a high demand for electricity, they fall within the scope of major industrial electricity users stipulated by the said measures. Taking advantage of the said measures, the Group has been procuring Direct Power Supply from power generation enterprises including CR Power Group in Guangdong and Yunnan, and it is expected that our subsidiaries in other provinces at which the Group has operations will be allowed to participate in direct power supply transactions in the foreseeable future.

The transactions contemplated under the Direct Power Supply Framework Agreement 2017 will enable the Group to secure electricity supply at a fair, reasonable and competitive price which is lower than the normal on-grid tariffs, which in turn reduces the operating costs of the Group.

All Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Direct Power Supply Framework Agreement 2017 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 Direct Power Supply Framework Agreement 2017 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Since CRH is a controlling shareholder of both CR Power and the Company, CR Power is a connected person of the Company under Chapter 14A of the Listing Rules, and therefore, the transactions between the Group and CR Power Group contemplated under the Direct Power Supply Framework Agreement 2017 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 cap under the Direct Power Supply Framework Agreement 2017 exceed 0.1% but are less than 5%, the continuing connected transactions between the Group and CR Power Group contemplated under the Direct Power Supply Framework Agreement 2017 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 that Mr. Chen Ying and Mr. Wang Yan are the directors of both CR Power and the Company, these two Directors abstained from voting on the relevant board resolutions approving the Direct Power Supply Framework Agreement 2017 and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Direct Power Supply Framework Agreement 2017 and the transactions contemplated thereunder.

## **INFORMATION OF THE PARTIES**

### ***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. CR Power Group is principally engaged in the investment, development, operation and management of power plants and coal mines in PRC.

### ***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:

“associates”	has the meaning ascribed thereto under the Listing Rules;
“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 Power”	China Resources Power Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“CR Power Group”	CR Power, its subsidiaries and its associates;
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability;
“Direct Power Supply Framework Agreement 2016”	the framework agreement entered into between the Company and CR Power on 21 December 2016 in relation to the purchase of electricity by the Group from CR Power Group;

“Direct Power Supply Framework Agreement 2017”	the framework agreement entered into between the Company and CR Power on 1 November 2017 in relation to the purchase of electricity by the Group from CR Power Group;
“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;
“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, 1 November 2017

*\* For identification purposes only.*

*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\$1.18 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, 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, Madam ZENG Xuemin and Mr. LAM Chi Yuen Nelson.*