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## 華潤電力控股有限公司

### China Resources Power Holdings Company Limited

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock Code: 836)**

#### **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Continuing Connected Transactions between the Company and CRH under the Property Lease Framework Agreement 2018, details of which were disclosed in the 2018 Announcement.

In view of the increase in office space leased by the Company from CRH and the rental amounts, the Board envisages that the Original Property Services Annual Caps in respect of the financial years ending 31 December 2019 and 31 December 2020 will not be sufficient. The Board therefore proposes to revise and increase the Original Property Services Annual Caps for the financial years ending 31 December 2019 and 31 December 2020 to the Revised Property Services Annual Caps.

As at the date of this announcement, CRH is interested in approximately 62.94% of the total issued capital of the Company and is the controlling shareholder of the Company. Accordingly, CRH is a connected person of the Company under the Listing Rules and the transactions contemplated under the Property Lease Framework Agreement 2018 constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the Percentage Ratios in respect of the Revised Property Services Annual Caps for the financial years ending 31 December 2019 and 31 December 2020 exceed 0.1% but are less than 5%, the Revised Property Services Annual Caps are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **REVISION OF THE ORIGINAL PROPERTY SERVICES ANNUAL CAPS**

Reference is made to the Continuing Connected Transactions between the Company and CRH under the Property Lease Framework Agreement 2018, details of which were disclosed in the 2018 Announcement.

In view of the increase in office space leased by the Company from CRH and the rental amounts, the Board envisages that the Original Property Services Annual Caps in respect of the financial years ending 31 December 2019 and 31 December 2020 will not be sufficient. The Board therefore proposes to revise and increase the Original Property Services Annual Caps for the financial years ending 31 December 2019 and 31 December 2020 to the Revised Property Services Annual Caps.

## **ACCOUNTING IMPLICATIONS TO THE TENANCIES**

As Hong Kong Financial Reporting Standard 16 “Leases” has become effective on 1 January 2019 and applied to financial years beginning on or after 1 January 2019, with respect to the continuing connected transactions in 2019 and 2020 for which the Group as the lessee, the Group will be required to set annual caps on the total value of right-of-use assets relating to the leases which it entered into in accordance with the requirements of the Stock Exchange.

In accordance with the Hong Kong Financial Reporting Standards applicable to the Group in respect of the Continuing Connected Transactions under which the properties are leased from CRH to the Group, the rental payments to be made by the Group under the Continuing Connected Transactions are capital in nature and recognized, among others, as assets of the Group from the respective commencement dates of the tenancies.

## **CONTINUING CONNECTED TRANSACTIONS UNDER THE PROPERTY LEASE FRAMEWORK AGREEMENT 2018**

The terms of the Property Lease Framework Agreement 2018 have not been changed or modified in any way and the major terms are set out in the section headed “PROPERTY LEASE FRAMEWORK AGREEMENT 2018” in the 2018 Announcement.

## **THE ORIGINAL AND REVISED PROPERTY SERVICES ANNUAL CAPS**

Set out below are the Original Property Services Annual Caps and the Revised Property Services Annual Caps:

	<b>For the financial years ending<sup>1</sup></b>	
	<b>31 December 2019</b>	<b>31 December 2020</b>
Original Property Services Annual Caps	RMB70,000,000 (equivalent to approximately HK\$77,700,000)	RMB85,000,000 (equivalent to approximately HK\$94,350,000)
Revised Property Services Annual Caps	RMB75,000,000 (equivalent to approximately HK\$83,250,000)	RMB90,000,000 (equivalent to approximately HK\$99,900,000)

The transaction amounts under the Property Lease Framework Agreement 2018 for the first 10 months ended 31 October 2019 was RMB56,643,481 (equivalent to approximately HK\$62,874,264<sup>1</sup>).

<sup>1</sup> Conversion of RMB into HK\$ is made at a rate of RMB1.00 = HK\$1.11 for illustrative purpose of this announcement only

The Revised Property Services Annual Caps are determined with reference to:

- (1) the total value of the right-of-use assets involved in the leasing of the leased properties from the CRH to the Group;
- (2) the historical annual amounts in respect of the lease of properties and provision of management services from CRH and its associates to the Group during the past financial years;
- (3) the increasing demand of the Group for office space and the availability of such properties to be provided by CRH and its associates;
- (4) the rents and management fees agreed under the existing leases with CRH and its associates; and
- (5) the expected increase in the growth rate of rents and management fees of the leased properties and other comparable properties in first and second-tier cities in the PRC in the upcoming years.

Shareholders and potential investors should note that the Revised Property Services Annual Caps should not be construed as an assurance or forecast by the Company of the future expenses of the Group under the terms of the Property Lease Framework Agreement 2018.

#### **REASONS FOR AND BENEFITS OF THE REVISED PROPERTY SERVICES ANNUAL CAPS AND THE CONTINUING CONNECTED TRANSACTIONS**

The Board has been carefully monitoring the historical transacted amounts of the Continuing Connected Transactions. Taking into account the various bases set out above and in view of the expected increase in office space leased by the Company from CRH and the rental amounts, the Board envisages that the aggregate value of the Continuing Connected Transactions would exceed the Original Property Services Annual Caps in respect of the financial years ending 31 December 2019 and 31 December 2020. The Board therefore proposes to revise and increase the Original Property Services Annual Caps for the financial years ending 31 December 2019 and 31 December 2020 to the Revised Property Services Annual Caps.

When the Group leases properties in the ordinary and usual course of its business, it selects properties and landlords based on its internal evaluation and selection procedures taking into account various factors, including the Group's business needs, the rents and locations of the properties. The Group selects the most suitable landlord among the candidates which comprise both connected persons and independent third parties. Historically, the Group entered into lease arrangements with CRH and its associates having considered the suitability of locations, rents and quality of the properties offered by them.

The Continuing Connected Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group and CRH.

The Directors (except the Directors as set out in the section headed "Approval by the Board") consider that the Continuing Connected Transactions are on normal commercial terms or better and the terms of the Property Lease Framework Agreement 2018 and the Revised Property Services Annual Caps are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **INFORMATION REGARDING THE PARTIES**

### **The Company**

The Company was incorporated in Hong Kong with limited liability and the shares of the Company have been listed on the Stock Exchange since 12 November 2003. The Company is principally engaged in the investment, development, operation and management of power plants in the PRC.

### **CRH**

CRH's principal businesses include consumer products (including retail, beer, food and beverages), power, real estate, cement, gas, pharmaceuticals and finance.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CRH is interested in approximately 62.94% of the total issued capital of the Company and is the controlling shareholder of the Company. Accordingly, CRH is a connected person of the Company under the Listing Rules and the transactions contemplated under the Property Lease Framework Agreement 2018 constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the Percentage Ratios in respect of the Revised Property Services Annual Caps for the financial years ending 31 December 2019 and 31 December 2020 exceed 0.1% but are less than 5%, the Revised Property Services Annual Caps are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Approval by the Board**

None of the Directors is considered to have material interest in the Property Lease Framework Agreement 2018 and the Revised Property Services Annual Caps. For good corporate governance, Mr. Li Ru Ge, Mr. Wang Yan and Mr. Chen Ying have abstained from voting on the relevant board resolution in view of their senior management roles at CRH.

### **DEFINITIONS**

Unless the context otherwise requires, the following terms have the following meanings when used in this announcement:

“2018 Announcement”	the announcement of the Company dated 20 December 2018 regarding the execution of the Property Lease Framework Agreement 2018 and the Original Property Services Annual Caps
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Property Lease Framework Agreement 2018
“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“Directors”	the directors of the Company
“financial year”	financial year of the Company ending on 31 December
“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
“normal commercial terms or better”	has the meaning ascribed thereto under the Listing Rules
“Original Property Services Annual Caps”	the annual cap amounts in respect of the lease agreements that the Group and CRH have and may enter into pursuant to the Property Lease Framework Agreement 2018 and the provision of property management services by CRH and its associates in relation to some of the properties leased to the Group for the financial years ending 31 December 2019 and 31 December 2020 respectively as stated in the section headed “THE ORIGINAL AND REVISED PROPERTY SERVICES ANNUAL CAPS” in this announcement
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Property Lease Framework Agreement 2018”	the property lease framework agreement dated 20 December 2018 between the Company and CRH in relation to the lease of properties by the Group from CRH, its subsidiaries or associates and the provision of property management services by CRH and its associates in relation to some of the properties leased to the Group

“Revised Property Services Annual Caps”	the revised annual cap amounts in respect of the lease agreements that the Group and CRH have and may enter into pursuant to the Property Lease Framework Agreement 2018 and the provision of property management services by CRH and its associates in relation to some of the properties leased to the Group for the financial years ending 31 December 2019 and 31 December 2020 respectively as stated in the section headed “THE ORIGINAL AND REVISED PROPERTY SERVICES ANNUAL CAPS” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of any shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**China Resources Power Holdings Company Limited**  
**WANG Xiao Bin**  
*Executive Director and Company Secretary*

Hong Kong, 9 December 2019

*As at the date of this announcement, the Board of the Company comprises four non-executive directors, namely Mr. LI Ru Ge (Chairman), Mr. CHEN Ying, Mr. WANG Yan and Mr. GE Changxin; two executive directors, namely Mr. HU Min and Ms. WANG Xiao Bin; and four independent non-executive directors, namely, Mr. MA Chiu-Cheung, Andrew, Ms. LEUNG Oi-sie, Elsie, Dr. CH’IEN Kuo-fung, Raymond and Mr. SO Chak Kwong, Jack.*