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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)

CONNECTED TRANSACTION LEASE AGREEMENT

INTRODUCTION

The Lease Agreement

On 1 May 2021, CRP Investment (a wholly owned subsidiary of the Company) entered into the Lease Agreement with CRL Shenzhen to lease the Property for a term of 3 years from 1 May 2021 to 30 April 2024.

Listing Rules Implications

In accordance with HKFRS 16, the Group will recognise (i) right-of-use assets in its consolidated statement of financial position in respect of the lease of Property under the Lease Agreement; and (ii) expenses incurred by the Group over the term of the Lease Agreement in respect of Variable Lease Payment under the Lease Agreement.

Approximately 59.55% of the shares issued by CRL are indirectly held by CRH which also holds 62.94% equity interests of the Company. CRL Shenzhen is a wholly owned subsidiary of CRL. Accordingly, the transaction under the Lease Agreement constitutes a one-off connected transaction for the Company under Chapter 14A of the Listing Rules.

Given that one or more percentage ratio(s) in respect of the value of the right-of-use assets under the Lease Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the highest total amount of Variable Lease Payment under the Lease Agreement for a year during the lease term is less than 0.1%, Variable Lease Payment under the Lease Agreement constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 1 May 2021, CRP Investment (a wholly owned subsidiary of the Company) entered into the Lease Agreement with CRL Shenzhen to lease the Property for a term of 3 years from 1 May 2021 to 30 April 2024.

THE LEASE AGREEMENT

The principal terms of the Lease Agreement are as follows:

Parties	:	(i) CRP Investment (as lessee) (ii) CRL Shenzhen (as lessor)
Date	:	1 May 2021
Property	:	Unit 01-08 on 10th floor and unit 01-08 on 23rd-26th floor of China Resources Land Building Block C located at No. 9668, Shennan Avenue, Nanshan District, Shenzhen with a total GFA of 12,726.36 square meters; for office use only
Term	:	3 years from 1 May 2021 to 30 April 2024
Rent-free period	:	(i) Unit 01-08 on 10th floor: 151 days in total, from 1 May 2021 to 31 July 2021, from 1 January 2022 to 28 February 2022; (ii) Unit 01-08 on 23rd-26th floor: 92 days in total, from 1 May 2021 to 31 July 2021
Rental and aggregate value of consideration payable	:	The annual rental payable is as follows: (i) From 1 May 2021 to 30 April 2024, RMB2,545,272 per month (RMB200/m ² × 12,726.36m ²) (tax included);

The management fee is as follows:

- (i) RMB445,422.6 per month (RMB35/m² × 12,726.36m²) (tax included)

The consideration paid by CRP Investment to CRL Shenzhen under the Lease Agreement is determined after arm's length negotiations between parties after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Property.

In accordance with HKFRS, the rental payment is capital in nature and the Property will be recognised as right-of use assets of the Group on 1 May 2021 for an amount of RMB74,867,223.08. Variable Lease Payment made under the Lease Agreement will be recognised as expenses of the Group over the term of the Lease Agreement. Payments under the Lease Agreement is expected to be satisfied by internal resources of the Group in its ordinary and usual course of business.

- Payment arrangement : The rental and the management fee shall be paid monthly within first 10 days of each month.
- Security Deposit : Security deposit, representing 3 times of the monthly rental and management fee, is as follows:

From 1 May 2021 to 30 April 2024, RMB8,972,083.8 as security deposit, which shall be paid by CRP Investment within 7 days from 1 May 2021;
- Delivery of Property : CRL Shenzhen shall deliver the Property to CRP Investment by 1 May 2021.
- Exclusivity : CRP Investment shall not transfer its rights under the Lease Agreement or sublease the Property without CRL Shenzhen's written consent.

CRP Investment shall notify CRL Shenzhen in writing within 5 days upon occurrence of events as follows:
- (i) The shareholder or the actual controller of CRP Investment having been changed;
 - (ii) CRP Investment having been merged, acquired, reorganized or liquidated;
 - (iii) CRP Investment having changed its name; or
 - (iv) Statutory succession having occurred, which led to change of lessee of the Property
- Termination : Each of CRP Investment and CRL Shenzhen is entitled to terminate the Lease Agreement upon occurrence of below events:
- (i) Supply of water, electricity or gas to the Property having been interrupted for more than 60 days, which seriously affects the normal use of the Property;
 - (ii) The Property having been demolished due to the government expropriation; or
 - (iii) Other force majeure events.

CRL Shenzhen is entitled to terminate the Lease Agreement upon occurrence of below events:

- (i) CRP Investment having been delayed for more than 30 days to take over the Property upon CRL Shenzhen's delivery;
- (ii) CRP Investment having been delayed for more than 30 days to pay any of the fees under the Lease Agreement;
- (iii) CRP Investment having transferred its rights under the Lease Agreement or subleased the Property without CRL Shenzhen's prior written consent;
- (iv) CRP Investment's business license or other licenses having been revoked or the Property having been ordered for suspension or sealed up by the government authority due to reasons attributable to CRP Investment;
- (v) CRP Investment having changed the structure of the Property without CRL Shenzhen's prior written consent and failed to restore within the period required by CRL Shenzhen;
- (vi) CRP Investment having changed the usage of the Property without CRL Shenzhen's prior written consent or having used the Property for illegal activities;
- (vii) CRP Investment having failed to perform its obligations to maintain the Property or bear the maintenance costs, which results in serious damage to the Property or facilities or equipment attached thereto;
- (viii) Accidents causing casualties or serious losses having occurred due to reasons attributable to CRP Investment;
- (ix) Shareholder or the actual controller of CRP Investment having been claimed bankruptcy or entering into liquidation process or having been involved in any material legal disputes;
- (x) The operation of the Property having been affected by reputation of CRP Investment and failed to be restored within the period required by CRL Shenzhen;
- (xi) CRP Investment having required to terminate the Lease Agreement; or

- (xii) Other circumstances where CRP Investment breach the Lease Agreement and failed to restore within 30 days upon CRL Shenzhen's written notice.

CRP Investment is entitled to terminate the Lease Agreement upon occurrence of below events:

- (i) CRL Shenzhen having been delayed for more than 30 days to deliver the Property;
- (ii) Any other reasons attributable to CRL Shenzhen having caused CRP Investment unable to use the Property normally for more than 30 days;
- (iii) CRL Shenzhen having altered, extended or decorated the Property without consent of CRP Investment and the approval of the government authority;
- (iv) CRL Shenzhen having entered bankruptcy or liquidation process which seriously impair its ability to perform under the Lease Agreement;
- (v) Reasons attributable to CRL Shenzhen having caused the Property being ordered for suspension or sealed up by the government authority;
- (vi) Other circumstances where CRL Shenzhen breach the Lease Agreement and failed to restore within 30 days upon CRP Investment's written notice.

VALUE OF THE RIGHT-OF-USE ASSETS

In accordance with HKFRS 16, the total value of the right-of-use assets to be recognised by the Group in respect of the lease of the Property under the Lease Agreement is approximately RMB74,867,223.08.

REASONS AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The entering into the Lease Agreement can provide the Group with enhanced and necessary office and premises to satisfy its daily business operation needs and will also enable the Group to secure a long term premise for office use, which will enhance the operation and management capacity of the Company.

The Board (including the independent non-executive Directors), is of the view that the transaction under the Lease Agreement is conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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 Group is principally engaged in the investment, development, operation and management of power plants in the PRC. The Company is owned by CRH with 62.94% equity interests and public shareholders with 37.06% equity interests. The ultimate beneficial owner of the Company is CRNC which is beneficially owned by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

CRL Shenzhen is principally engaged in property investment and development. It is wholly owned by CRL, a limited liability company whose shares are listed on the Stock Exchange. As at the date of this announcement, approximately 59.55% of the shares issued by CRL are indirectly held by CRH which in turn is ultimately owned by CRNC.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Group will recognise (i) right-of-use assets in its consolidated statement of financial position in respect of the lease of Property under the Lease Agreement; and (ii) expenses incurred by the Group over the term of the Lease Agreement in respect of Variable Lease Payment under the Lease Agreement.

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As a good corporate governance measure, three Directors, namely Mr. Wang Chuandong, Mr. WANG Yan and Mr. CHEN Ying, have abstained from voting on the relevant board resolution in view of their senior management position in CRH. Save as aforementioned disclosure, none of the Directors had a material interest in the Lease Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Board”	The board of Directors of the Company;
“China” or “PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“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(s)”	has the meaning ascribed to it under the Listing Rules;
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, which is ultimately owned by CRNC;
“CRL”	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1109);
“CRL Shenzhen”	China Resources Land (Shenzhen) Company Limited (華潤置地(深圳)有限公司), a limited liability company incorporated in the PRC and is a wholly owned subsidiary of CRL;
“CRNC”	China Resources National Corporation* (中國華潤有限公司), a company incorporated in the PRC with limited liability and the ultimate holding company of the Company;
“CRP Investment”	China Resources Power Investment Co., Ltd. (華潤電力投資有限公司), a limited liability company incorporated in the PRC and is wholly owned by the Company;
“Directors”	the directors of the Company;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Lease Agreement”	the lease agreement dated 1 May 2021 entered into between CRL Shenzhen and CRP Investment in relation to lease of the Property;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“Property”	Unit 01-08 on 10th floor and unit 01-08 on 23rd-26th floor of China Resources Building Block C located at No. 9668, Shennan Avenue, Nanshan District, Shenzhen with a total GFA of 12,726.36 square meters;
“Shares”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trading Day”	a day on which the Stock Exchange is open for business;
“Variable Lease Payment”	the amounts payable by CRP Investment to CRL Shenzhen for the right to use the Property during the term of the Lease Agreement that varies due to changes in circumstances occurring after the commencement date of the lease.

* *for identification purposes only*

By order of the Board
**CHINA RESOURCES POWER
HOLDINGS COMPANY LIMITED**
WANG Chuandong
Chairman

Hong Kong, 1 May 2021

As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. CHEN Ying and Mr. WANG Yan; three executive directors, namely Mr. TANG Yong, Mr. ZHANG Junzheng 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.