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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)

CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT IN RELATION TO THE INTEGRATED ENERGY PROJECTS

THE FRAMEWORK AGREEMENT

On 28 June 2022, CRH and the Company have entered into the Framework Agreement in relation to the cooperation on Integrated Energy Projects for a term from 28 June 2022 to 31 December 2024.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRH, being the controlling shareholder of the Company with 62.94% equity interests, is a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As a good corporate governance measure, Mr. Wang Chuandong, has abstained from voting on the relevant board resolution in view of his senior management role in CRH. Save as aforementioned disclosure, none of the Directors had a material interest in the Framework Agreement and the transactions contemplated thereunder.

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PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

Date	:	28 June 2022
Parties	:	(i) CRH; and (ii) the Company.
Term of Framework Agreement	:	From 28 June 2022 to 31 December 2024.

Nature of transaction

- : The parties to the Framework Agreement have agreed to cooperate with each other in the following manner:

The Group will utilize the rooftops and relevant storage and operation space of CRH Group to install photovoltaic power station facilities and will supply power and provide integrated energy services to CRH Group after photovoltaic power stations were put into operation. The Group will also utilize the waste steam, heat and pressure to construct power generation projects to supply power and provide integrated energy services to CRH Group. The Company will take advantage of its power industry resources to construct energy storage and cold storage projects to supply power and provide integrated energy services to CRH Group based on the peak-to-trough price difference of CRH Group's power consumption throughout the whole day and in accordance with its energy consumption needs and conditions (collectively, "**Integrated Energy Projects**").

Pricing policy

- : The pricing policy of the Framework Agreement will be based on the market prices determined by ascertaining the prevailing prices at which the same or similar type of products or services are provided by or to or between independent third parties under normal commercial terms in the ordinary course of business, in each case taking into account the applicable circumstances, including but not limited to the relevant policies and regulations of the PRC and provincial power system reformation and the configuration, costs, profit, resources, experience, quality assurance requirement and technical solutions of relevant parties.

When determining whether the transaction price for any transaction under the Framework Agreement represents market prices, to the extent reasonably practicable, the business team of CRH Group and the Company would (i) compare the power tariffs supplied by/offered to other independent third party suppliers/customers of the same type in the vicinity of the relevant power projects, (ii) obtain market and industry data on such power tariffs from time to time through public available information, and (iii) keep regular contact with other established customers/suppliers to better understand the market price trends (if applicable).

CRH Group and the Company will review and ensure that the terms and pricing of the transactions to be conducted under the Framework Agreement are consistent with those of other independent third parties.

ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENT

Set out below are the approximate historical amount of the Integrated Energy Projects between the Group and CRH Group in the three financial years ended 31 December 2019, 2020 and 2021:

	For the year ended 31 December		
	2019	2020	2021
	<i>HKD</i>	<i>HKD</i>	<i>HKD</i>
Transaction amount of Integrated Energy Projects	571,000 (equivalent to RMB511,488*)	4,670,000 (equivalent to RMB3,930,447*)	15,118,000 (equivalent to RMB12,360,497*)

* Each of the exchange rate on 31 December 2019, 2020 and 2021 was HK\$1 to RMB0.89578, HK\$1 to RMB0.84164 and HK\$1 to RMB0.81760, respectively.

The proposed annual caps for the transactions under the Framework Agreement for the three financial years ending 31 December 2022, 2023 and 2024 are set out as follows:

	For the year ending 31 December		
	2022	2023	2024
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual caps	200,000,000	200,000,000	200,000,000

In assessing the annual caps for the Framework Agreement, the Board has considered a number of factors including the historical transaction amount and the increasing pace and progress of the Integrated Energy Projects taking into account the background that the government has been vigorously developing the new energy industry. Based on the aforesaid factors, the Board expects that the annual transaction amounts for the Integrated Energy Projects during the next few years will be ten times more than the historical amount in 2021.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The transactions contemplated under the Framework Agreement serves as a good opportunity for the Group to explore the possibility to develop new energy business which is in line with the government's policy of "carbon peak and carbon neutrality". The transactions may also enhance the profitability of the Group's new energy sector. The entering into the Framework Agreement would enable the Group to leverage the strengths and resources of other profit centers of CRH and build a stable and mutually-beneficial relationship between the Group and other profit centers for the development of new energy business.

Having considered the above factors, the Board (including the independent non-executive Directors) considers that the Framework Agreement and the transactions contemplated thereunder are negotiated on an arm's length basis and are on normal commercial terms or better, in the interests of the Company and the Shareholders as a whole, fair and reasonable and in the ordinary and usual course of business of the Group.

INFORMATION OF 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 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.

CRH

CRH was incorporated in Hong Kong with limited liability and is ultimately owned by CRNC with 100% equity interests. It carries out comprehensive business in the mainland and Hong Kong, including consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRH, being the controlling shareholder of the Company with 62.94% equity interests, is a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As a good corporate governance measure, Mr. Wang Chuandong, has abstained from voting on the relevant board resolution in view of his senior management role in CRH. Save as aforementioned disclosure, none of the Directors had a material interest in the Framework Agreement and the transactions contemplated thereunder.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall 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 (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability, which is ultimately owned by CRNC;
“CRH Group”	CRH and its subsidiaries (excluding the Group for the purpose of this announcement);
“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;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“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;
“Shares”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

* *For identification purposes only*

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

Hong Kong, 28 June 2022

As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. LIU Guixin and Mr. CHEN Guoyong; three executive directors, namely Mr. SHI Baofeng, Mr. ZHANG Junzheng and Ms. WANG Xiao Bin; and four independent non-executive directors, namely Ms. LEUNG Oi-sie, Elsie, Dr. CH’IEN Kuo-fung, Raymond, Mr. SO Chak Kwong, Jack and Mr. YANG Yuchuan.