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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**

#### **CR BANK STRATEGIC COOPERATION AGREEMENT 2021**

Reference is made to the announcement published on 24 December 2018 in relation to the Strategic Cooperation Agreement between the Company and CR Bank. The Strategic Cooperation Agreement will expire on 31 December 2021. On 24 December 2021, the Company entered into the CR Bank Strategic Cooperation Agreement 2021 with CR Bank, whereby the new annual caps were set in accordance with the Group's liquidity, business needs and the expected level of services to be provided by CR Bank.

As one or more of the applicable size test percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under such Strategic Cooperation Agreement 2021, the transactions are only subject to the reporting, annual review and announcement requirements but are exempt from the requirement of independent shareholders' approval under the Listing Rules.

#### **BACKGROUND**

Reference is made to the announcement published on 24 December 2018 in relation to the Strategic Cooperation Agreement between the Company and CR Bank. The Strategic Cooperation Agreement will expire on 31 December 2021. On 24 December 2021, the Company entered into the CR Bank Strategic Cooperation Agreement 2021 with CR Bank, whereby the new annual caps were set in accordance with the Group's liquidity, business needs and the expected level of services to be provided by CR Bank.

## **CR BANK STRATEGIC COOPERATION AGREEMENT 2021**

### **Principal terms of the CR Bank Strategic Cooperation Agreement 2021**

The principal terms of the CR Bank Strategic Cooperation Agreement 2021 are set out below:

Parties:	CR Bank and the Company.
Date of agreement:	24 December 2021.
Effective date of the agreement:	1 January 2022.
Term of the agreement:	Three years ending 31 December 2024.
Scope of services:	The Group may place deposits with CR Bank and use other commercial banking services of CR Bank, including credit services (such as commercial loans, bill acceptance and discounting services and account receivable factoring services), settlement services, agency services (such as entrustment loan, insurance and custodian services), cash management services, financial advisory services, and other financial services as agreed by the parties.
Fees and rates:	<p><i>(a) Deposit services:</i> The deposit rates for RMB-denominated deposits were historically set by the PBOC whilst the PBOC has gradually liberalised its regulation of deposit rates in the recent years, allowing commercial banks in the PRC more flexibility to determine the interest rate for RMB-denominated deposits. Accordingly, pursuant to the CR Bank Strategic Cooperation Agreement 2021, any deposits placed with CR Bank will bear interest on the same interest rate and with the same terms and conditions as applicable to similar deposits made by other customers of CR Bank, the deposit rates shall be determined with reference to the benchmark rates published by the PBOC.</p> <p><i>(b) Commercial banking and other financial services:</i> The fees and charges for other financial services provided by CR Bank will be determined on normal commercial terms, and shall not be higher than the standard of actual effective service fees net of preferential discounts offered to other preferred customers of CR Bank.</p>

## Annual caps under the CR Bank Strategic Cooperation Agreement 2021

Set out below are the approximate historical figures of the maximum daily deposit amount (including interest payable) placed by the Group with CR Bank, and the maximum daily amount of financial services provided by CR Bank to the Group (excluding deposit services provided by CR Bank and financial services where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratio) pursuant to the terms of the Strategic Cooperation Agreement for each of the years ended 31 December 2019 and 2020 and for the 11 months ended 30 November 2021:

	For the year ended 31 December				For the 11 months ended 30	
	2019		2020		November	
	<i>RMB million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>	<i>RMB million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>	<i>RMB million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>
Maximum daily deposit amount placed with CR Bank during the year/period	751	916	297	362	442	539
Maximum daily amount of other financial services provided by CR Bank	0	0	23	28	22	27

The proposed annual caps for financial services under the CR Bank Strategic Cooperation Agreement 2021 have been determined after taking into account of the Group's liquidity, business needs and the expected level of services to be provided by CR Bank under the CR Bank Strategic Cooperation Agreement 2021.

The proposed maximum daily deposit amount (including interest payable and rounded to the nearest million) placed by the Group with CR Bank during the term of the CR Bank Strategic Cooperation Agreement 2021, the Group's total cash and bank balances and the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) are as follows:

Maximum daily deposit amount for the year ending 31 December					Unaudited consolidated cash and bank balances of the Group as at 30 June 2021	Highest applicable percentage ratio	
2022		2023		2024			
<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>%</i> <i>(approximately)</i>	
2,000	2,440	2,000	2,440	2,000	2,440	4,392	1.93%

The proposed maximum daily amount of financial services provided by CR Bank to the Group (excluding deposit services provided by CR Bank and financial services where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratio) during the term of the CR Bank Strategic Cooperation Agreement 2021 and the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) are as follows:

2022		Maximum daily amount for the year ending 31 December				2024		Highest applicable percentage ratio % (approximately)
<i>RMB million</i>	<i>HK\$ million</i>	2023		<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	
1,000	1,220	1,000	1,220	1,000	1,220	1,000	1,220	0.97%

It is expected that the highest applicable percentage ratio in respect of the aggregate annual amount of fees and commissions paid by the Group for the financial services provided by CR Bank during the term of the CR Bank Strategic Cooperation Agreement 2021 will not exceed 0.1%, and therefore will be fully exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### Internal control measures

The Group has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including (without limitation) the regular reporting of transaction volume to the Group's finance department for monitoring the annual caps of the relevant transactions and monitoring the fees and charges offered by other independent financial institutions in relation to the same financial services.

The Group will adopt the following internal control procedures and corporate governance measures when engaging CR Bank for its deposit, commercial banking and other financial services:

1. the Group will check the benchmark deposit rates published by the PBOC and quoted by other commercial banks regularly;
2. before making a deposit in CR Bank, the Group will check the interest rates offered by CR Bank against those provided by at least three major commercial banks that have established business relationship with the Group, to ensure that the deposit rate is not lower than the prevailing applicable interest rate for the same deposit services from other domestic commercial banks in the PRC;
3. before entering into any contract or agreements with CR Bank, the Group will compare the fee rates offered by CR Bank against similar business fee rates provided by at least three major commercial banks that have established business relationship with the Group, to ensure that the fee rates agreed between the Group and CR Bank are appropriate;
4. the Group will closely monitor the transactions contemplated under any agreements for deposit, commercial banking and other financial services and will report on the relevant transactions to the management of the Group on regular basis;

5. to manage the relevant risks, the Group will request CR Bank to provide sufficient information on various financial indicators and annual financial statements to the Group, so that the Group is able to monitor and review its financial conditions. Subject to compliance with laws and regulations, CR Bank must notify the Group on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank, the Group will adopt appropriate measures (including early withdrawal of deposits or suspend the placement of further deposits) to safeguard the financial conditions of the Group; and
6. the Group will review periodic report(s) submitted by CR Bank in order to monitor and ensure that the proposed annual caps under the CR Bank Strategic Cooperation Agreement 2021 will not be exceeded.

## **IMPLICATIONS OF LISTING RULES**

As at the date of this announcement, CRC, being a controlling shareholder of the Company, holds approximately 70.28% equity interest of CR Bank, CR Bank is a connected person of the Company under the Listing Rules.

As one or more of the applicable size test percentage ratios exceed 0.1% but are less than 5% in respect of the continuing connected transactions under the CR Bank Strategic Cooperation Agreement 2021, the transactions are only subject to the reporting, annual review and announcement requirements but are exempt from the requirement of independent shareholders' approval under the Listing Rules.

None of the Directors is considered to have material interest in the CR Bank Strategic Cooperation Agreement 2021. As a good corporate governance practice, Mr. Wang Chuandong has abstained from voting on the relevant board resolution in view of his senior management role at China Resources Group.

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

The CR Bank Strategic Cooperation Agreement 2021 will enable the Group to use the deposit and other financial services of CR Bank on normal commercial terms and to support its development within the China Resources Group, and will not place the Group's resources at risk or affect the Group's relationship with other financial institutions.

All Directors (including independent non-executive Directors) consider the CR Bank Strategic Cooperation Agreement 2021 has been negotiated on an arm's length basis and is on normal commercial terms or better terms, and the relevant terms and annual caps are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## INFORMATION OF CR BANK AND THE COMPANY

### CR Bank

CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission and is headquartered in Zhuhai. As at November 2021, it had approximately 106 branches and sub-branches in total comprising one Head Office, two branches and 37 sub-branches in Zhuhai, one branch, one proprietary institution and 26 sub-branches in Shenzhen, one branch and five sub-branches in Zhongshan, one branch and nine sub-branches in Foshan, one branch and seven sub-branches in Dongguan, one branch and seven sub-branches in Huizhou, one branch and three sub-branches in Guangzhou, one branch in Jiangmen and one branch in Zhaoqing. In addition, there is one rural bank in each of Deqing, Guangdong and Baise, Guangxi.

The following table sets forth the historical figures of CR Bank's assets, deposits, loans and total equity from 31 December 2019 to 30 June 2021:

	As at 30 June 2021		As at 31 December 2020		As at 31 December 2019	
	<i>RMB billion</i> <i>(approximately)</i>	<i>HK\$ billion</i> <i>(approximately)</i>	<i>RMB billion</i> <i>(approximately)</i>	<i>HK\$ billion</i> <i>(approximately)</i>	<i>RMB billion</i> <i>(approximately)</i>	<i>HK\$ billion</i> <i>(approximately)</i>
Total assets	260.0	317.2	235.2	286.94	201.7	246.07
Deposits	177.7	216.79	159.3	194.35	133.7	163.11
Loans	144.8	176.66	127.2	155.18	105.3	128.47
Total equity	20.8	25.38	19.3	23.55	15.8	19.28

### 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 investment, development, operation and management of power plants in the PRC.

The following table sets forth the turnover, total assets and cash balance of the Group from 31 December 2019 to 30 June 2021:

	As at	As at	As at	31 December 2019	31 December 2020
	30 June 2021	31 December 2020	31 December 2019	to	to
	<i>HK\$ billion</i> <i>(approximately)</i>	<i>HK\$ billion</i> <i>(approximately)</i>	<i>HK\$ billion</i> <i>(approximately)</i>	<i>Increase/(decrease)</i> <i>%</i> <i>(approximately)</i>	<i>Increase/(decrease)</i> <i>%</i> <i>(approximately)</i>
Total assets	268.23	259.63	215.74	20.35%	3.31%
Cash	4.33	5.04	4.91	2.63%	-14.11%
Turnover for the year/period	43.24	69.55	67.76	2.65%	N/A

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings.

“China Resources Group”	CRC, CRH and their respective subsidiaries
“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 thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“CR Bank”	China Resources Bank of Zhuhai Co., Ltd.* (珠海華潤銀行股份有限公司), a company established in the PRC with limited liability and a city commercial bank headquartered in Zhuhai, in which CRC holds approximately a 70.28% equity interest as at the date of this announcement
“CR Bank Strategic Cooperation Agreement 2021”	the strategic cooperation agreement entered into by CR Bank and the Company on 24 December 2021
“CRC”	China Resources Co., Limited* (華潤股份有限公司), a joint stock limited liability company established in the PRC, which is the holding company of CRH and engages in banking and trust activities in which the China Resources Group has an interest
“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 intermediate holding company of the China Resources Group in Hong Kong, holding all material interests in the China Resources Group, except for interests in its banking and trust activities
“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 the People’s Republic of China
“independent shareholders”	shareholders of the Company other than CRH and its associates (as defined under the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms or better terms”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“PBOC”	the People’s Bank of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the Strategic Cooperation Agreement in respect of the framework for the provision and engagement of banking services entered into between CR Bank and the Company on 24 December 2018

*In this announcement, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$1.22, for illustrative purpose only.*

By order of the board  
**CHINA RESOURCES POWER  
HOLDINGS COMPANY LIMITED**  
**Wang Chuandong**  
*Chairman*

Hong Kong, 24 December 2021

*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.*