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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 WITH THE CONTROLLING SHAREHOLDER

THE FRAMEWORK AGREEMENT

On 9 December 2022, CRH and the Company entered into the Framework Agreement in relation to Gas Products, Labor Outsourcing and IT Services for a term from 9 December 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.

On 9 December 2022, CRH and the Company entered into the Framework Agreement, pursuant to which (i) the Company will purchase natural gas ("**Gas Products**") from CRH Group; (ii) CRH Group will provide outsourcing labor services including drivers, cleaning, chefs, front desk and security to the Company ("**Labor Outsourcing**"); (iii) CRH Group will provide information products and services to the Company, including information system operation and maintenance, network and hardware services, information optimization services and security software products ("**IT Services**").

PRINCIPAL TERMS OF FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

- Date** : 9 December 2022
- Parties** : (i) CRH; and
(ii) the Company
- Term of Framework Agreement** : From 9 December 2022 to 31 December 2024
- Nature of transaction** : The parties to the Framework Agreement agreed to cooperate with each other in the following manner:
- (i) the Company will purchase Gas Products from CRH Group;
 - (ii) CRH Group will provide Labor Outsourcing to the Company; and
 - (iii) CRH Group will provide IT Services to the Company.
- 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 types 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 the quality of services or products of relevant parties.

The prices for Gas Products are determined with reference to the regulations pursuant to the documents in effect published by the National Development and Reform Commission (國家發展和改革委員會), the local Development and Reform Commission where the Gas Products are used and upstream gas suppliers from time to time subject to adjustments according to the gas source structure, current market price, transportation costs, production costs, operation costs, and various coefficients related to the generation of Gas Products.

Subject to any guidance price which may be imposed by the governmental authorities, the prices for Labor Outsourcing shall be determined after arm's length negotiations with reference to (i) the anticipated operational cost (including, among others, labor costs and administrative costs) for providing such services, and (ii) the prevailing market rates for similar services in the open market and the historical charging rates.

The prices of the IT Services shall be determined on arm's length basis with reference to the open market prices or quotes from other independent suppliers of similar services and taking into account the service level, quality of services as well as other terms such as payment terms and time required for the provision of services. Such prices shall not be higher than those offered by other independent third-party suppliers.

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

ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENT

Set out below are the approximate historical transaction amount of the Gas Products, Labor Outsourcing and IT Services between the Group and CRH Group in the three financial years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2022:

	For the year ended 31 December			For the six months
	2019	2020	2021	ended 30 June
	<i>HKD</i>	<i>HKD</i>	<i>HKD</i>	<i>HKD</i>
Transaction amount of Gas Products	8,338,000 (equivalent to RMB7,336,231)	6,065,000 (equivalent to RMB5,391,251)	27,962,000 (equivalent to RMB23,207,948)	19,217,795 (equivalent to RMB15,906,401)
Transaction amount of Labor Outsourcing	0 (equivalent to RMB0)	0 (equivalent to RMB0)	5,421,690 (equivalent to RMB4,499,904)	12,706,106 (equivalent to RMB10,516,733)
Transaction amount of IT Services	29,612,000 (equivalent to RMB26,054,268)	484,000 (equivalent to RMB430,233)	20,865,000 (equivalent to RMB17,317,568)	22,962,711 (equivalent to RMB19,006,035)

The respective proposed annual caps for the Gas Products, Labor Outsourcing and IT Services 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 for Gas Products	300,000,000	500,000,000	500,000,000
Annual caps for Labor Outsourcing	200,000,000	300,000,000	300,000,000
Annual caps for IT Services	100,000,000	200,000,000	200,000,000

In assessing the annual caps for Gas Products, the Board has considered a number of factors including the historical transaction amount, the past consumption amount of Gas Products, the existing scale and operations of each of the relevant members of the Group involved in these transactions and the anticipated growth and development of natural gas consumption of the Group.

In assessing the annual caps for Labor Outsourcing, the Board has considered a number of factors including the historical transaction amount, the expected scopes and scale of cooperation between the parties, the expected quality of Labor Outsourcing to be provided by CRH Group, the expected increase in business demand of the Group and the expected increases in the market price of the Labor Outsourcing in the future.

In assessing the annual caps for IT Services, the Board has considered a number of factors including the historical transaction amount, the expected scopes and scale of cooperation between the parties, the expected quality of IT Services to be provided by CRH Group, the Group's business demands, and the expected increases in market prices of IT Services in the future.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Framework Agreement will enable the Group to procure the Gas Products, Labor Outsourcing and IT Services provided by CRH Group to support the Group's business, to ensure a steady source of services which are of reliable quality, and to support the development of the Group on a scale which will not place the Group's resources at risk or affect its relationship with other independent third-party suppliers. Under the Framework Agreement, the Group is not required to exclusively procure such services or products from CRH Group. The Group will retain the flexibility and discretion in selecting CRH Group and/or other independent suppliers based on arm's length negotiation and taking into account the commercial terms and factors of consideration.

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 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, 9 December 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.