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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 — POWER SUPPLY FRAMEWORK AGREEMENT**

On 21 December 2016, the Company and CR Cement entered into the Power Supply Framework Agreement to govern the supply and purchase of electricity for a term of one year from 1 January 2017 to 31 December 2017.

As at the date of this announcement, CRH, which is interested in approximately 62.98% of the total issued capital of the Company and is the controlling shareholder of the Company, is also the controlling shareholder of CR Cement by virtue of being interested in approximately 73.35% of the issued share capital of CR Cement. Accordingly CR Cement is an associate of CRH and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Power Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Power Supply Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Power Supply Framework Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

On 21 December 2016, the Company and CR Cement entered into the Power Supply Framework Agreement to govern the supply and purchase of electricity for a term of one year from 1 January 2017 to 31 December 2017.

## **POWER SUPPLY FRAMEWORK AGREEMENT**

The principal terms of the Power Supply Framework Agreement are set out below.

Date: 21 December 2016

Parties: (i) The Company as supplier; and  
(ii) CR Cement as purchaser

Term: 1 January 2017 to 31 December 2017

Subject matter: The Group shall supply electricity to CR Cement, its subsidiaries or associates, including but not limited to through direct power supply (where the Group generates the electricity to be supplied) and agency power supply (where the Group purchases the electricity to be supplied). The volume of electricity to be supplied shall be determined by the Company and CR Cement.

It is contemplated under the Power Supply Framework Agreement that individual contracts will be entered into between relevant members of the Group and CR Cement or its subsidiaries for a term ending not later than 31 December 2017 to govern the specific terms of power supply in relation to each relevant production base, which shall be on normal commercial terms or better and arrived at upon arm's length negotiation, with reference to market practice, industry standards and in accordance with the relevant national or local rules and regulations.

Price and basis of pricing: The electricity fees payable shall be determined after arm's length negotiation based on the relevant national and provincial power supply system reform policies and with reference to prices in the open market, which shall be no less favourable than the price for similar transactions with independent third parties. Payment terms shall be negotiated on arm's length basis and on normal commercial terms under the individual contracts.

## **Historical Transaction Amounts and Proposed Annual Caps**

### **(a) Historical Transaction Amounts**

The aggregate amounts paid by CR Cement, its subsidiaries and associates to the Group in relation to power supply by the Group for the nine months ended 30 September 2016 amounted to RMB101 million (equivalent to approximately HK\$119 million). No power supply transactions had been conducted between the Group and CR Cement, its subsidiaries and associates for the years ended 31 December 2014 and 2015.

### **(b) Proposed Annual Cap**

The proposed annual cap for the transactions under the Power Supply Framework Agreement for the year ending 31 December 2017 is expected to be RMB1,200 million (equivalent to approximately HK\$1,368 million).

The proposed annual cap for the transactions under the Power Supply Framework Agreement has been determined after arm's length negotiation with reference to (i) the historical transaction amounts; (ii) the maximum prevailing unit price of electricity to be supplied by the Group under the Power Supply Framework Agreement; and (iii) the maximum amount of electricity to be supplied by the Group under the Power Supply Framework Agreement.

## **REASONS FOR AND BENEFITS OF THE POWER SUPPLY FRAMEWORK AGREEMENT**

The Directors consider that the transactions contemplated under the Power Supply Framework Agreement will enable the Group to increase the power generation hours and utilization rate of its power plants, which will in turn maximize the plants' turnover and enhance profitability and help improve the plants' operating efficiency. The Directors are of the view that such transactions will benefit the operating results and financial position of the Group as a whole.

Having considered the foregoing, all Directors of the Company (including the independent non-executive Directors) consider that the transactions under the Power Supply Framework Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Power Supply Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ABOUT 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 Group is principally engaged in the investment, development, operation and management of power plants and coal mines in the PRC.

### **CR Cement**

CR Cement is principally engaged in the production and sale of cement, clinker and concrete in the PRC and Hong Kong.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CRH, which is interested in approximately 62.98% of the total issued capital of the Company and is the controlling shareholder of the Company, is also the controlling shareholder of CR Cement by virtue of being interested in approximately 73.35% of the issued share capital of CR Cement. Accordingly CR Cement is an associate of CRH and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Power Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Power Supply Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Power Supply Framework Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors is considered to have material interest in the Power Supply Framework Agreement. As good corporate governance measure, Ms. Zhou Junqing, Mr. Chen Ying and Mr. Wang Yan abstained from voting on the relevant board resolutions for considering and approving the Power Supply Framework Agreement in view of their senior management roles at CRH.

## DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“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”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“CR Cement”	China Resources Cement Holdings Limited (華潤水泥控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1313)
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“independent shareholders”	shareholders of the Company, other than CRH and its associates
“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
“Power Supply Framework Agreement”	the power supply framework agreement dated 21 December 2016 between the Company and CR Cement in relation to the supply of electricity by the Group to CR Cement, its subsidiaries or associates
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

# *For illustrative purpose of this announcement only, conversion of HK\$ into RMB is made at the following rates:*

*2016: RMB1.00 = HK\$1.17*

*2017: RMB1.00 = HK\$1.14*

By Order of the Board  
**CHINA RESOURCES POWER  
HOLDINGS COMPANY LIMITED**  
**ZHOU Junqing**  
*Chairman*

Hong Kong, 21 December 2016

*As at the date of this announcement, the executive directors are Ms. ZHOU Junqing, Mr. GE Changxin, Mr. HU Min and Ms. WANG Xiao Bin; the non-executive directors are Mr. CHEN Ying and Mr. WANG Yan; and the independent non-executive directors are Mr. MA Chiu-Cheung, Andrew, Ms. Elsie LEUNG Oi-sie, Dr. Raymond Kuo-fung CH’IEN and Mr. Jack SO Chak Kwong.*