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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 RENEWAL OF THE COOPERATION AGREEMENT IN RELATION TO NEW ENERGY PROJECTS

THE 2024 COOPERATION AGREEMENT

Reference is made to the announcement of the Company dated 28 April 2023 in relation to the entering into the 2023 Cooperation Agreement by the Company and CR Sanjiu on 28 April 2023 for a term from 28 April 2023 to 31 December 2023. The Board is pleased to announce that, on 15 May 2024, the Company and CR Sanjiu have entered into the 2024 Cooperation Agreement in relation to the continuing cooperation on New Energy Projects for a term from 15 May 2024 to 31 December 2024 with the annual cap of RMB200 million to further promote the cooperation on New Energy Projects.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CR Sanjiu is a non-wholly-owned subsidiary of CRC which is the controlling shareholder of the Company with approximately 62.94% equity interests. As such, CR Sanjiu is a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the annual cap regarding the transactions contemplated under the 2024 Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the 2024 Cooperation Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, none of the Directors have a material interest in the 2024 Cooperation Agreement and the transactions contemplated thereunder and none of the Directors are required to abstain from voting on the Board resolutions approving the abovementioned transactions.

BACKGROUND

Reference is made to the announcement of the Company dated 28 April 2023 in relation to the entering into of the 2023 Cooperation Agreement by the Company and CR Sanjiu for a term from 28 April 2023 to 31 December 2023. The Board is pleased to announce that, on 15 May 2024, the Company and CR Sanjiu have entered into the 2024 Cooperation Agreement in relation to the continuing cooperation on New Energy Projects for a term from 15 May 2024 to 31 December 2024 with the annual cap of RMB200 million to further promote the cooperation on New Energy Projects.

PRINCIPAL TERMS OF THE 2024 COOPERATION AGREEMENT

Principal terms of the 2024 Cooperation Agreement are summarised as follows:

- Date:** 15 May 2024
- Parties:** (1) the Company; and
- (2) CR Sanjiu (as at the date of this announcement, CR Sanjiu is a non-wholly-owned subsidiary of CRC (the controlling shareholder of the Company)).
- Term:** From 15 May 2024 to 31 December 2024

Nature of transactions

The parties to the 2024 Cooperation Agreement have agreed to cooperate with each other for new energy power generation projects (“**New Energy Projects**”) with a focus on the herb-light complementary (藥光互補) photovoltaic power projects for which development rights are obtained, and other new energy projects. Pursuant to the 2024 Cooperation Agreement, the Group shall engage CR Sanjiu Group to plan and provide land abandonment management services at the location of the New Energy Projects or its adjacent areas, and CR Sanjiu Group shall solve the problem of land abandonment of new energy generation projects by planting Chinese medicinal herbs (which shall include other related works and services including but not limited to land preparation, seedling breeding, seedling transplanting, field management, pest control, technical support, harvesting and processing the herbs) and providing land management services to meet the land requirements of new energy generation projects (the “**Services**”). The parties will negotiate and execute separate formal agreements for different subject land/location in accordance with the terms and principles in the 2024 Cooperation Agreement.

Pricing policy

The pricing policy of the 2024 Cooperation Agreement is the same as that in the 2023 Cooperation Agreement, and the service fee payable by the Group to CR Sanjiu Group for the provision of Services by CR Sanjiu shall be with reference to, and generally shall not be higher than, the prices paid by the Group to other independent third party suppliers for provision of similar services, and take into account factors including but not limited to the market prices in relation to the Services, relevant areas of the land, climatic conditions, soil conditions, labour costs, market conditions and the configuration, costs, profits, resources, experience, quality assurance requirements and technical solutions of the parties.

When determining whether the service fees payable by the Group to CR Sanjiu Group for any transaction under the 2024 Cooperation Agreement are better, and are fair and reasonable and comparable to those prices and terms offered by independent third parties suppliers and market prices, to the extent reasonably practicable, the business team of the Group would (i) compare the price of similar services supplied by at least two other independent third party service suppliers with similar capabilities for providing same or similar services in similar regions, (ii) keep regular contact with other established suppliers with similar capabilities for providing same or similar services to better understand the market price trends (as appropriate) and (iii) obtain market and industry data on such price of similar services from time to time through public available information source (e.g. the Ministry of Natural Resources of the People's Republic of China). The review and evaluation process will be conducted from both technical and commercial perspectives. If there are situations where the Company could not obtain quotation and/or sufficient comparable quotations due to the limitations on, among others, the technical specifications required and/or qualification of the suppliers expected by the Group, the Company will evaluate the price and terms offered by the CR Sanjiu Group by making reference to, if available, the recent service fee paid by the Group and the market fluctuation of the estimated costs of the Services.

In addition to our compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of continuing connected transactions, the business and finance departments of the Group will ensure the actual transaction amounts and terms are properly recorded, and reviewed and compared with the terms and principles in the 2024 Cooperation Agreement. The Directors are of the view that the aforesaid method and procedures can ensure that the transactions contemplated under the 2024 Cooperation Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms

Payment arrangements for specific transactions will be negotiated and determined separately in each formal agreement in accordance with the principles laid down in the 2024 Cooperation Agreement.

HISTORICAL TRANSACTION AMOUNTS

The parties have cooperated on the New Energy Projects since 2022, the historical transaction amount for the financial year ended 31 December 2022 between the Group and CR Sanjiu Group is approximately RMB36.00 million. The historical transaction amount for the financial year ended 31 December 2023 was approximately RMB63.20 million, representing approximately 21.07% of the annual cap for the year ended 31 December 2023 of RMB300 million in the 2023 Cooperation Agreement. From 1 January 2024 to the date of this announcement, no transaction in relation to the New Energy Projects between the Group and CR Sanjiu Group was conducted and thus no transaction amount had been incurred or paid.

ANNUAL CAP AND BASIS OF ANNUAL CAP

The proposed annual cap for the transactions under the 2024 Cooperation Agreement for the financial year ending 31 December 2024 is RMB200 million. The annual cap is determined based on arm's length negotiations between the Group and CR Sanjiu Group having considered a number of factors including but not limited to the actual historical transaction amounts as mentioned above, the expected scale of the New Energy Projects with favorable government policies of the new energy industry, the estimated scale and areas of the relevant land which Services may be required in 2024 based on the expected cooperation plan of the New Energy Projects, and the estimated costs required in relation to the Services.

Such projection is assumed solely for determining the aforementioned annual cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Company or the Group.

If the total transaction amounts under the 2024 Cooperation Agreement are expected to exceed the aforementioned annual cap of RMB200 million, the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as by publishing a further announcement or to seek approval from independent Shareholders, if applicable.

REASONS FOR AND BENEFITS OF THE 2024 COOPERATION AGREEMENT

The transactions contemplated under the 2024 Cooperation Agreement serve 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 cooperation with CR Sanjiu Group enables the Group to facilitate smooth operation of its projects. Comprehensive land management can improve the quality of land to meet the nation's requirement on land for compound photovoltaic projects and needs of the local government to develop local Chinese medicine industry. The Group and CR Sanjiu Group play to their respective strengths, which will be conducive to the development of each in their respective business areas.

Having considered the above factors, the Board (including the independent non-executive Directors) considers that the 2024 Cooperation 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CR Sanjiu is a non-wholly-owned subsidiary of CRC which is the controlling shareholder of the Company with approximately 62.94% equity interests. As such, CR Sanjiu is a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the annual cap regarding the transactions contemplated under the 2024 Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the 2024 Cooperation Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, none of the Directors have a material interest in the 2024 Cooperation Agreement and the transactions contemplated thereunder and none of the Directors are required to abstain from voting on the Board resolutions approving the abovementioned transactions.

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 China. The Company is owned by CRH with approximately 62.94% equity interests as at the date of this announcement. The ultimate beneficial owner of the Company is CRC which is beneficially owned by State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China.

CR Sanjiu

CR Sanjiu was incorporated under the laws of China, and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000999). As at the date of this announcement, CR Sanjiu is indirectly held by CR Pharmaceutical with approximately 63.00% equity interests, and CR Pharmaceutical is indirectly held by CRH with approximately 53.05% equity interests, which in turn is ultimately owned by CRC. CR Sanjiu is principally engaged in research, development, production and sales of pharmaceutical products and related health services.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“2023 Cooperation Agreement”	the “New Energy Project Cooperation Agreement” entered into between the Company and CR Sanjiu on 28 April 2023 for a term from 28 April 2023 to 31 December 2023. Please refer to the announcement of the Company dated 28 April 2023 for further details;
“2024 Cooperation Agreement”	the “New Energy Project Cooperation Agreement” entered into between the Company and CR Sanjiu on 15 May 2024 for a term from 15 May 2024 to 31 December 2024;
“Board”	The board of Directors;

“China”	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 CRC;
“CRC”	China Resources Company Limited (中國華潤有限公司), a company incorporated in China with limited liability and the ultimate holding company of the Company;
“CR Pharmaceutical”	China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3320);
“CR Sanjiu”	China Resources Sanjiu Medical & Pharmaceutical Company Limited (華潤三九醫藥股份有限公司), a company incorporated under the laws of China, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000999), and a non-wholly-owned subsidiary of CR Pharmaceutical;
“CR Sanjiu Group”	CR Sanjiu and its subsidiaries;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“independent third party(ies)”	third party(ies) who/which is/are not connected person(s) of the Group;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“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; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
**China Resources Power
Holdings Company Limited**
SHI Baofeng
Chairman

Hong Kong, 15 May 2024

As at the date of this announcement, the Board of the Company comprises three executive directors, namely Mr. SHI Baofeng (Chairman), Mr. ZHANG Junzheng and Mr. SONG Kui; three non-executive directors, namely Mr. ZHOU Bo, Mr. ZHANG Yingzhong and Mr. CHEN Guoyong; 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.