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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 2018

Reference is made to the announcement of the Company dated 18 December 2015 in relation to the entering of the Strategic Cooperation Agreement with CR Bank. The Strategic Cooperation Agreement will expire on 31 December 2018. On 24 December 2018, the Company entered into the CR Bank Strategic Cooperation Agreement 2018 with CR Bank whereby new annual caps were set taking into account of the Group's liquidity, business needs and the expected level of services to be received from 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 the CR Bank Strategic Cooperation Agreement 2018, the transactions are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 18 December 2015 in relation to the entering of the Strategic Cooperation Agreement with CR Bank. The Strategic Cooperation Agreement will expire on 31 December 2018. On 24 December 2018, the Company entered into the CR Bank Strategic Cooperation Agreement 2018 with CR Bank whereby new annual caps were set taking into account of the Group's liquidity, business needs and the expected level of services to be received from CR Bank.

CR BANK STRATEGIC COOPERATION AGREEMENT 2018

Principal terms of the CR Bank Strategic Cooperation Agreement 2018

The principal terms of the CR Bank Strategic Cooperation Agreement 2018 are set out as follows:

Parties:	CR Bank and the Company.
Date of agreement:	24 December 2018.
Date of commencement of agreement:	1 January 2019.
Term of the agreement:	Three years ending 31 December 2021.
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 discount 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>(a) <i>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 2018, any deposits placed with CR Bank will bear the same interest and will be on the same terms and conditions as would apply to similar deposits made by other customers of CR Bank, which deposit rates shall be determined with reference to the benchmark rates published by the PBOC.</p> <p>(b) <i>Commercial banking and other financial services:</i> The fees and charges for other financial services provided by CR Bank will be provided on normal commercial terms, and shall not be higher than the net discounted fees offered to other preferred customers of CR Bank.</p>

Annual caps under the CR Bank Strategic Cooperation Agreement 2018

Set out below are the approximate historical figures of the maximum daily deposit amount, inclusive of 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 and financial services provided by CR Bank where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratios) under the terms of the Strategic Cooperation Agreement during each of the years ended 31 December 2016 and 2017 and the ten months ended 31 October 2018:

	For the year ended 31 December				For the ten months ended 31 October	
	2016		2017		2018	
	<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	1,713	1,936	1,295	1,463	1,071	1,210
Maximum daily amount of other financial services provided by CR Bank during the year/period	0	0	0	0	0	0

The proposed annual caps for financial services under the CR Bank Strategic Cooperation Agreement 2018 have been determined after taking into account of the Group's liquidity, business needs and the expected level of services to be received from CR Bank under the CR Bank Strategic Cooperation Agreement 2018.

The proposed maximum daily deposit amount, inclusive of interest payable rounded to the nearest million, placed by the Group with CR Bank for the term of the CR Bank Strategic Cooperation Agreement 2018, the Group's gross cash and bank balances and the highest applicable percentage ratios 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 2018	Highest applicable percentage ratio
2019		2020		2021			
<i>RMB</i> <i>million</i>	<i>HK\$</i> <i>million</i>	<i>RMB</i> <i>million</i>	<i>HK\$</i> <i>million</i>	<i>RMB</i> <i>million</i>	<i>HK\$</i> <i>million</i>	<i>HK\$</i> <i>million</i>	% (Approximately)
2,000	2,260	2,000	2,260	2,000	2,260	8,100	3.11

The proposed maximum daily amount of financial services provided by CR Bank to the Group (excluding deposit services and financial services provided by CR Bank where only the fees and commissions paid by the Group are used to calculate the relevant percentage ratios) for the term of the CR Bank Strategic Cooperation Agreement 2018 and the highest applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

Maximum daily amount for the year ending 31st December,						Highest applicable percentage ratio
2019		2020		2021		
<i>RMB</i> <i>million</i>	<i>HK\$</i> <i>million</i>	<i>RMB</i> <i>million</i>	<i>HK\$</i> <i>million</i>	<i>RMB</i> <i>million</i>	<i>HK\$</i> <i>million</i>	% (Approximately)
1,000	1,130	1,000	1,130	1,000	1,130	1.56

It is expected the highest applicable percentage ratios 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 2018 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 revisiting 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, with the aim to ensure that the deposit rate is not lower than the then 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 check the tariffs or charges offered by CR Bank against those provided by at least three major commercial banks that have established business relationship with the Group, with the aim to ensure that the tariffs or charges are appropriate;
4. the Group will closely monitor the transactions contemplated under any agreements for deposit, commercial banking and other financial services from CR Bank and will report on relevant transactions to the management of the Group on a regular basis;
5. to manage the relevant risks, the Company will from time to time request CR Bank to provide sufficient information on various financial indicators and annual financial statements 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 cap under the CR Bank Strategic Cooperation Agreement 2018 will not be exceeded.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as CRC, being a controlling shareholder of the Company, holds approximately 75.33% 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 2018, the transactions are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement of the Listing Rules.

None of the Directors is considered to have material interest in the CR Bank Strategic Cooperation Agreement 2018. As a good corporate governance practice, Mr. Li Ru Ge, Mr. Wang Yan and Mr. Chen Ying have abstained from voting on the relevant board resolution in view of their senior management roles at CRH.

REASONS FOR AND BENEFITS OF THE PROPOSALS

The CR Bank Strategic Cooperation Agreement 2018 will enable the Group to use the deposit and other financial services of CR Bank and to support its development within the China Resources Group on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other financial institutions.

All Directors (including independent non-executive Directors) consider the CR Bank Strategic Cooperation Agreement 2018 was negotiated on an arm's length basis and is on normal commercial terms or better, and the relevant terms and annual caps are fair and reasonable and in the interests 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 Regulatory Commission and is headquartered in Zhuhai. As of October 2018, it had approximately 92 branches and sub-branches in total comprising one Head Office, two branches and 39 sub-branches in Zhuhai, one branch and 26 sub-branches in Shenzhen, one branch and three sub-branches in Zhongshan, one branch and six sub-branches in Foshan, one branch and five sub-branches in Dongguan, one branch and two sub-branches in Huizhou and one branch in Guangzhou. In addition, there is one rural bank in each of Deqing, Guangdong and Baise, Guangxi.

The following table illustrates the historical figures of CR Bank's assets, deposits, loans and total equity from 31 December 2016 to 30 June 2018:

	As at 30 June 2018		As at 31 December 2017		As at 31 December 2016	
	<i>RMB billion</i>	<i>HK\$ billion</i>	<i>RMB billion</i>	<i>HK\$ billion</i>	<i>RMB billion</i>	<i>HK\$ billion</i>
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
Total Assets	159.4	180.2	152.6	172.4	137.7	155.6
Deposits	103.2	116.6	88.4	99.9	81.4	92.0
Loans	80.3	90.7	72.8	92.3	63.0	71.2
Total equity	11.9	13.4	10.8	12.2	9.7	11.0

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 turnover, total assets and cash balance of the Group from 31 December 2016 to 30 June 2018 are illustrated in the table below:

	As at		As at		31 December,	31 December,
	30 June	31 December	31 December	31 December	2016 to	2017 to
	2018	2017	2016	2017		2018
				<i>increase/</i>	<i>increase/</i>	
				<i>(decrease)</i>	<i>(decrease)</i>	
	<i>HK\$ billion</i>	<i>HK\$ billion</i>	<i>HK\$ billion</i>	<i>%</i>	<i>%</i>	
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
Total assets	228.0	221.0	200.1	10.4%		3.2%
Cash	8.1	5.4	4.3	23.8%		50.5%
Turnover for the year/period	39.3	73.3	66.2	10.7%		N/A

DEFINITIONS

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

“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 municipal bank headquartered in Zhuhai, in which CRC holds approximately a 75.33% equity interest as at the date of this announcement
“CR Bank Strategic Cooperation Agreement 2018”	the strategic cooperation agreement entered into by CR Bank and the Company on 24 December 2018
“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 carrying out the 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 the China Resources Group’s material interests apart from 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, 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”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, and 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 18 December 2015

For illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$1.13.

By order of the board
**CHINA RESOURCES POWER
HOLDINGS COMPANY LIMITED**
Li Ru Ge
Chairman

Hong Kong, 24 December 2018

As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. LI Ru Ge (Chairman), Mr. CHEN Ying and Mr. WANG Yan; three executive directors, namely Mr. GE Changxin, Mr. HU Min and Ms. WANG Xiao Bin; and four independent non-executive directors, namely, Mr. MA Chiu-Cheung, Andrew, Ms. LEUNG Oi-sie, Elsie, Mr. CH’IEN Kuo-fung, Raymond and Mr. SO Chak Kwong, Jack.

** For identification purpose only*