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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 FOR PROVISION OF VARIOUS SERVICES

The Board hereby announces that, on 5 December 2014, the Company entered into the Framework Agreement with CR Energy Services in relation to the provision of Contract Energy Management, Contract Environment Management and Exclusive Operation by CR Energy Services or its subsidiaries to the Group.

As at the date of this announcement, CRH holds approximately 63.06% interest in the Company and is the controlling shareholder of the Company. CR Energy Services is an indirect wholly-owned subsidiary of CRH, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Framework Agreement, on an annual basis, exceed 0.1% but are less than 5%, the transactions are therefore subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Various members of the Group have in the ordinary and usual course of their business entered into individual contracts with CR Energy Services or its subsidiaries on normal commercial terms and on arm's length basis in relation to the provision of Contract Energy Management and Contract Environment Management by CR Energy Services or its subsidiaries to the relevant members of the Group. The applicable percentage ratios in respect of the aggregate annual service fees paid by the Group to CR Energy Services or its subsidiaries for such transactions did not exceed 0.1%, and therefore such transactions constituted de minimis transactions of the Company under Chapter 14A of the Listing Rules.

In light of the continuous transactions between the Group and CR Energy Services or its subsidiaries, on 5 December 2014, the Company entered into the Framework Agreement with CR Energy Services in relation to the provision of Contract Energy Management, Contract Environment Management and Exclusive Operation by CR Energy Services or its subsidiaries to the Group.

THE FRAMEWORK AGREEMENT

1. Principal Terms of the Framework Agreement

Parties: (i) the Company
(ii) CR Energy Services

Date: 5 December 2014

Term: The Framework Agreement shall take effect from the date of the Framework Agreement.

It is contemplated under the Framework Agreement that individual contracts will be entered into between the relevant members of the Group (the “**Project Companies**”) and CR Energy Services or its subsidiaries with respect to the specific services contemplated under the Framework Agreement. The term of such individual contracts will be determined by the relevant Project Companies and CR Energy Services or its subsidiaries depending on the respective specified requirement by the Project Companies and in any event shall not exceed (i) six years with respect to Contract Energy Management; (ii) eight years with respect to Contract Environment Management; and (iii) 20 years with respect to Exclusive Operation.

As it is expected that the term of most of such individual contracts to be entered into between the members of the Group and CR Energy Services or its subsidiaries pursuant to the Framework Agreement will exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Platinum Securities Company Limited as its Independent Financial Adviser to explain the reasons for requiring a term exceeding three years and to confirm whether this is normal business practice for similar types of contracts, the details of which are set out in the section headed “Opinion from the Independent Financial Adviser” below.

Subject matters: Pursuant to the terms of the Framework Agreement, CR Energy Services or its subsidiaries shall provide the following services to the Project Companies:

(i) Contract Energy Management

CR Energy Services or its subsidiaries shall provide investment, procurement, assembly, commissioning and management services to the Project Companies to ensure satisfaction of various technical requirements by the Project Companies during the agreed construction period. Upon acceptance by the Project Companies, the Project Companies shall pay to CR Energy Services or its subsidiaries an energy efficiency sharing fee for an agreed period. The energy efficiency sharing fee is calculated on the following basis.

Maximum amount of the energy efficiency sharing fee = Total capital expenditure undertaken by CR Energy Services or its subsidiaries for the project x (1 + CR Energy Services' rate of return as a result of the tender (Note) x the term of the energy efficiency sharing period under the individual contract)

Upon expiration of the agreed period, the title to the project assets under such energy efficiency sharing contract shall be transferred to the Project Companies.

(ii) Contract Environment Management

CR Energy Services or its subsidiaries shall provide investment, procurement, assembly, commissioning and management services to the Project Companies to ensure satisfaction of various national emission standards by the Project Companies during the agreed construction period. Upon acceptance by the Project Companies, the Project Companies shall pay to CR Energy Services or its subsidiaries an emission reduction sharing fee for an agreed period. The emission reduction sharing fee is calculated on the following basis:

Maximum amount of the emission reduction sharing fee = Total capital expenditure undertaken by CR Energy Services or its subsidiaries for the project x (1 + CR Energy Services' rate of return as a result of the tender (Note) x the term of the emission reduction sharing period under the individual contract)

Upon expiration of the agreed period, the title to the project assets under such emission reduction sharing contract shall be transferred to the Project Companies.

(Note: The CR Energy Services' rate of return refers to the rate of return agreed between the Company and CR Energy Services during the tender)

(iii) Exclusive Operation

The Project Companies shall grant exclusive licence to CR Energy Services or its subsidiaries for operation of one or more energy efficiency and emission reduction projects by CR Energy Services or its subsidiaries for a certain period of time, during which CR Energy Services or its subsidiaries shall have exclusive rights to such projects and shall invest in, operate, maintain and manage such projects to ensure satisfaction of various national standards of emission and environment protection by the Project Companies. The Project Companies shall pay an exclusive operation service fee to CR Energy Services or its subsidiaries. The exclusive operation service fee is calculated on the following basis:

Maximum amount of the exclusive operation service fee = Total amount of net power generation x the relevant maximum amount of subsidies for electricity price of RMB1.5 cent/kWh, RMB1 cent/kWh and RMB0.2 cent/kWh pursuant to the relevant national policies in relation to franchised desulfurization, denitration and ash-removal projects respectively in the PRC

Upon expiration of the exclusive operation period, the title to the project assets under the individual exclusive operation contracts shall be transferred to the Project Companies.

Service fees and payment:

The service fees shall be payable by the Project Companies to CR Energy Services or its subsidiaries by monthly, quarterly or annual installment, depending on payment terms negotiated on arm's length basis and on normal commercial terms under the individual contracts between the Project Companies and CR Energy Services or its subsidiaries.

2. Historical Transaction Amounts and the Proposed Annual Caps

(a) Actual Transaction Amounts

The annual aggregate amounts paid by the relevant members of the Group to CR Energy Services or its subsidiaries in relation to the provision of Contract Energy Management and Contract Environment Management by CR Energy Services or its subsidiaries under various individual contracts for the year ended 31 December 2013 and the ten months ended 31 October 2014 amounted to RMB24.69 million (equivalent to approximately HK\$31.16 million) and RMB43.58 million (equivalent to approximately HK\$55.00 million), respectively.

(b) Proposed Annual Caps

The proposed annual caps for the transactions in relation to the provision of Contract Energy Management, Contract Environment Management and Exclusive Operation by CR Energy Services or its subsidiaries pursuant to the Framework Agreement for the years ending 31 December 2014, 2015 and 2016 are expected to be RMB100 million, RMB300 million and RMB500 million, respectively (equivalent to approximately HK\$126.21 million, HK\$378.63 million and HK\$631.05 million, respectively).

The proposed annual caps for the transactions in relation to the provision of Contract Energy Management, Contract Environment Management and Exclusive Operation pursuant to the Framework Agreement have been determined after arm's length negotiation with reference to (i) the historical transaction amount; (ii) with respect to Contract Energy Management and Contract Environment Management, the expected amount of capital expenditure to be undertaken by CR Energy Services or its subsidiaries on the relevant projects, the term of the individual contracts and the rate of return determined by CR Energy Services at the tender conducted by the Group; and (iii) with respect to Exclusive Operation, the total amount of net power generation and the maximum amount of subsidies for electricity price of RMB1.5 cent/kWh, RMB1 cent/kWh and RMB0.2 cent/kWh pursuant to the relevant national policies in relation to franchised desulfurization, denitration and ash-removal projects in the PRC, respectively.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Group conducted a tender in 2013 in relation to the provision of Contract Energy Management in which CR Energy Services was the winning bidder. CR Energy Services possesses capacity for provision of investment, procurement, assembly, commissioning and management services for energy efficiency and emission reduction projects, and may in the future participate in the tenders conducted by the Group in relation to Contract Energy Management, Contract Environment Management and Exclusive Operation.

The Directors considered that the transactions contemplated under the Framework Agreement will facilitate the implementation of advance and large-scale energy efficiency and emission reduction and environmental projects by the relevant members of the Group and ensure their compliance with the relevant national technical requirements. It is expected that, the Group could enjoy the longer payment cycle offered by CR Energy Services under the Framework Agreement, and as a result the Group could better utilize its financial resources to further develop its principal business operations.

As it is expected that the transactions in relation to Contract Energy Management, Contract Environment Management and Exclusive Operation between the Group and CR Energy Services or its subsidiaries will continue to occur in the ordinary and usual course of business, in the event that CR Energy Services or its subsidiaries win the relevant tender(s), the Directors are of the view that the Framework Agreement will streamline these continuing connected transactions and enable the Company to manage such transactions efficiently.

Having considered the foregoing, save for those Directors who abstained from voting at the Board Meeting, the Directors of the Company (including the independent non-executive Directors) consider that the Framework Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Framework Agreement (including the proposed annual caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Rule 14A.52 of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. As it is expected that the term of most of the individual contracts to be entered into between the members of the Group and CR Energy Services or its subsidiaries pursuant to the Framework Agreement will exceed three

years, the Company has appointed Platinum Securities Company Limited as its Independent Financial Adviser to explain why a longer period is required and to confirm that it is normal business practice for contracts of the same type as the transactions contemplated under the Framework Agreement to be of such duration.

The Independent Financial Adviser considers that owing to the unique nature of the energy service industry, individual contracts under the Framework Agreement are commonly long term transactions. It is not practical and commercially sensible for the Group to enter into contracts of three-year duration with energy service companies, as energy service companies usually incur substantial initial capital investment in power stations for developing, installing and funding projects designed to satisfy various technical requirements and national emission standards by the Project Companies. A relatively longer payback period is necessary for such type of investment project in order to achieve the desired investment return.

In addition, in view of the more stringent environmental protection requirements imposed by the PRC government, the Independent Financial Adviser opines that the provision of various energy efficiency and emission reduction projects are supporting and ancillary services for the compliance of the relevant national technical requirements and national emission standards of the coal-fired power generating units in the PRC. As contracts with energy service companies of a short duration may give rise to uncertainties on operation and be commercially disadvantageous to the Group, it is reasonable to expect for a relatively long period (which is typically equivalent to the operating licence of the power station) for such type of services.

Having taken into account the factors set out above, together with a review of market comparable transactions that involve energy saving services, the Independent Financial Adviser is of the opinion that the duration of individual service contracts contemplated under the Framework Agreement, being in excess of three years, with the specific services not exceeding (i) six years with respect to Contract Energy Management; (ii) eight years with respect to Contract Environment Management; and (iii) 20 years with respect to Exclusive Operation, is justifiable and in the normal business practice for contract of this type.

INFORMATION ABOUT CR ENERGY SERVICES AND THE COMPANY

CR Energy Services

CR Energy Services is an indirect wholly-owned subsidiary of CRH, the controlling shareholder of the Company. CR Energy Services is principally engaged in energy efficiency services, contract energy management, energy saving project contracting, energy efficiency consulting services, sale of energy-saving and environmental protection technology and equipment and new energy power generation equipment, and investment advisory services.

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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRH holds approximately 63.06% interest in the Company and is the controlling shareholder of the Company. CR Energy Services is an indirect wholly-owned subsidiary of CRH, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Framework Agreement, on an annual basis, exceed 0.1% but are less than 5%, the transactions are therefore subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Wei Bin, being a director of CRH, abstained from attending the board meeting of the Company for considering and approving, among other things, the Framework Agreement and the transactions contemplated thereunder. As good corporate governance measure, Ms. Zhou Junqing, Mr. Du Wenmin, Mr. Chen Ying and Mr. Wang Yan also abstained from voting on the relevant board resolution in view of their senior management roles at CRH. None of the Directors is considered to have material interest in the Framework Agreement and the transactions contemplated thereunder.

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
“Contract Energy Management”	the provision of investment, procurement, assembly, commissioning and contract management services by CR Energy Services or its subsidiaries to the Group to ensure satisfaction of various technical requirements by the relevant members of the Group during the agreed period
“Contract Environment Management”	the provision of investment, procurement, assembly, commissioning and contract management services by CR Energy Services or its subsidiaries to the Group to ensure satisfaction of various national emission standards by the relevant members of the Group during the agreed period
“controlling shareholder”	has the meaning ascribed thereto 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 and the controlling shareholder of the Company
“CR Energy Services”	華潤能源服務有限公司 (China Resources Energy Services Company Limited*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of CRH

“Directors”	the directors of the Company
“Exclusive Operation”	the exclusive license granted by the relevant members of the Group to CR Energy Services or its subsidiaries for operation of one or more energy efficiency and emission reduction projects by CR Energy Services or its subsidiaries for a certain period of time, during which CR Energy Services or its subsidiaries shall have exclusive rights to such projects and shall invest in, operate, maintain, and manage such projects to ensure satisfaction of various national standards of emission and environment protection by the relevant members of the Group
“Framework Agreement”	the framework agreement dated 5 December 2014 between the Company and CR Energy Services in relation to the provision of Contract Energy Management, Contract Environment Management and Exclusive Operation by CR Energy Services or its subsidiaries to the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed for the purpose of Rule 14A.52 of the Listing Rules
“independent shareholders”	shareholders of the Company, other than CRH and its associates
“kWh”	kilowatt hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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 rate of RMB1.00 = HK\$1.262094.

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

Hong Kong, 5 December 2014

As at the date of this announcement, the executive directors are Ms. ZHOU Junqing, Mr. ZHANG Shen Wen and Ms. WANG Xiao Bin; the non-executive directors are Mr. DU Wenmin, Mr. WEI Bin, 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.

** For identification purposes only*