
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in China Resources Power Holdings Company Limited, you should at once hand this circular and the accompanying proxy form of the Company to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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This circular is solely for the purpose of providing Shareholders with certain information in connection with an extraordinary general meeting of the Company and is not an offer to sell or a solicitation of an offer to buy any securities.



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)

**(1) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders*



SOMERLEY CAPITAL LIMITED

Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 5 to 14 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 35 of this circular.

A notice convening the EGM to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Monday, 2 December 2024 at 3:00 p.m. is set out on pages 41 to 43 of this circular.

A proxy form for use at the EGM is also enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and sign the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company’s share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

Hong Kong, 13 November 2024

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 23 October 2024 in relation to the Placing and the Subscription
“Board”	the board of the Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
“Company”	China Resources Power Holdings Company Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed 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
“CRCL”	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
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, being a controlling shareholder of the Company
“CRH Group”	CRH and its subsidiaries, excluding the Group
“CSRC”	the China Securities Regulatory Commission
“CSRC Archive Rules”	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) issued by the CSRC on 24 February 2023 (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“CSRC Filing Report”	the filing report in relation to the Subscription, including any amendments, supplements and/or modifications thereof, to be submitted by the Company or its subsidiary to the CSRC pursuant to Article 13 of the CSRC Filing Rules
“CSRC Filing Rules”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC (effective from 31 March 2023), as amended, supplemented or otherwise modified from time to time
“CSRC Filings”	any and all letters, filings, correspondences, communications, documents, responses, undertakings and submissions in writing, orally or in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Subscription pursuant to the CSRC Filing Rules and other applicable laws, regulations and requirements of the CSRC (including, without limitation, the CSRC Filing Report)
“CSRC Rules”	the CSRC Filing Rules and the CSRC Archive Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent Board committee comprising all independent non-executive Directors, to advise the Independent Shareholders on the Subscription and the transaction contemplated thereunder

DEFINITIONS

“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the transaction contemplated thereunder
“Independent Third Party(ies)”	third party(ies) who/which is/are not connected person(s) of the Group
“Independent Shareholders”	the Shareholders other than (i) the Subscriber and its associate (if any); (ii) those who have material interest in the Subscription or any other person who is required by the Listing Rules to abstain from voting on the resolutions approving the Subscription, the allotment and issuance of the Subscription Shares and other transaction contemplated under the Subscription Agreement
“Last Trading Date”	22 October 2024, being the last trading day prior to the signing of the Subscription Agreement, which took place after trading hours
“Latest Practicable Date”	8 November 2024, being the latest practicable date prior to the printing of this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time
“Placing”	the placement of 198,500,000 new Shares in accordance with the placing agreement dated 23 October 2024 entered into between the Company and Merrill Lynch (Asia Pacific) Limited as the placing agent. For further details, please refer to the Announcement
“PRC”	the People’s Republic of China, excluding for the purposes of this circular only, Hong Kong, the Macau Special Administrative Region and Taiwan region

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Commotra Company Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of CRH
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber dated 23 October 2024 in respect of the Subscription
“Subscription Price”	HK\$19.70 per Subscription Share
“Subscription Shares”	an aggregate of 168,114,000 new Shares to be issued by the Company and subscribed by the Subscriber under the Subscription Agreement
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Trading Day”	days on which the Stock Exchange is open for trading
“%”	per cent

LETTER FROM THE BOARD



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)

Directors:

Executive Directors:

SHI Baofeng (*Chairman*)
ZHANG Junzheng (*Vice Chairman*)
SONG Kui (*Vice Chairman*)

Non-executive Directors:

ZHOU Bo
ZHANG Yingzhong
CHEN Guoyong
LI Chuanji

Independent Non-Executive Directors:

LEUNG Oi-sie, Elsie
CH' IEN Kuo Fung, Raymond
SO Chak Kwong, Jack
YANG Yuchuan

Registered Office:

Rooms 2001–2002,
China Resources Building,
26 Harbour Road, Wanchai,
Hong Kong

Hong Kong, 13 November 2024

To the Shareholders,

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

LETTER FROM THE BOARD

On 23 October 2024, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which, among other things, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 168,114,000 Subscription Shares at the Subscription Price of HK\$19.70 for each Subscription Share.

The purpose of this circular is to provide you with, among others, (i) further details of the Subscription Agreement and the transaction contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Subscription Agreement and the transaction contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transaction contemplated thereunder; and (iv) other information as required under the Listing Rules, together with a notice convening the EGM.

THE SUBSCRIPTION AGREEMENT

Date: 23 October 2024

Parties:

- (a) the Company (as the issuer); and
- (b) Commotra Company Limited (as the subscriber).

Number of Subscription Shares

168,114,000 new Shares to be issued to the Subscriber, representing (i) approximately 3.49% of the issued share capital of the Company as at the date of the Subscription Agreement; (ii) approximately 3.36% of the existing issued share capital of the Company as at the Latest Practicable Date; and (iii) approximately 3.25% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Subscription).

Subscription Price

The Subscription Price of HK\$19.70 per Subscription Share represents:-

- (1) a discount of approximately 5.06% to the closing price of HK\$20.75 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (2) a discount of approximately 3.48% to the average closing price of approximately HK\$20.41 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days prior to and including the Last Trading Date;

LETTER FROM THE BOARD

- (3) a discount of approximately 3.98% to the average closing price of approximately HK\$20.52 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days prior to and including the Last Trading Date; and
- (4) a premium of approximately 4.73% to the net asset value per Share of approximately HK\$18.81 (based on the total equity attributable to owners of the Company of approximately HK\$90,467.77 million and 4,810,443,740 Shares in issue as at 30 June 2024).

The Subscription will have a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 0.16%, represented by the theoretical diluted price of approximately HK\$20.72 per Share as compared to the benchmarked price of approximately HK\$20.75 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$20.75 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive Trading Days prior to and including the Last Trading Date of HK\$20.41 per Share).

Based on the closing price of the Shares of HK\$20.75 per Share on the Last Trading Date, the aggregate market value of the Subscription Shares is approximately HK\$3,488.37 million. The aggregate gross proceeds from the issue of the Subscription Shares is approximately HK\$3,311.85 million.

The Subscription Price was determined with reference to the prevailing market price of the Shares (which recorded an average closing price of approximately HK\$18.97 per Share for the past twelve months before the date of the Subscription Agreement), and was equivalent to the placing price of the placing shares under the Placing which was a reflection of the market demand for the Shares and therefore, was indicative of the market valuation of the Company. The Directors (including the independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription are fair and reasonable under the current market conditions (such as the uncertain future outlook in different industries and the recent fluctuation in the Hong Kong stock market), and are in the best interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and allotted, will rank *pari passu* in all respects with the other Shares then in issue as at the date of completion of the Subscription (save in respect of any entitlements the record date for which falls on or before the date of completion of the Subscription).

LETTER FROM THE BOARD

Conditions of the Subscription

The closing of the Subscription is conditional upon the satisfaction of the following conditions:

- (1) the Listing Committee granting approval (either unconditionally or subject only to conditions to which the Company does not reasonably object) for the listing of, and permission to deal in, the Subscription Shares; and
- (2) the passing by the Independent Shareholders of all necessary resolutions at the EGM in compliance with applicable laws and the Listing Rules to approve the grant of the specific mandate to allot and issue the Subscription Shares and the transaction contemplated under the Subscription Agreement.

None of the conditions can be waived under the Subscription Agreement.

Closing of the Subscription

Closing of the Subscription shall take place within 10 Business Days (or such other time and/or date as the Company and the Subscriber may agree in writing) immediately following the fulfilment of the conditions of the Subscription.

Mandate to issue the Subscription Shares

The issue of the Subscription Shares will be made pursuant to the specific mandate to be sought from the Independent Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has recently completed the Placing on 30 October 2024 and the relevant information is as follows:

Date of announcement	Details of equity fund raising activity	Net proceeds	Intended use of proceeds
30 October 2024	Placing of 198,500,000 new Shares under general mandate	Approximately HK\$3,886.63 million	Approximately HK\$1,886.63 million will be utilized to increase cash reserves for operational and general corporate use and approximately HK\$2,000.00 million will be utilized to repay financial liabilities including bank borrowings and other payables of the Company.

It was expected that the proceeds of the Placing will be fully utilized by the end of 2024.

LETTER FROM THE BOARD

Save as disclosed above, the Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

EFFECT ON THE SHAREHOLDING STRUCTURE

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Subscription (assuming that there will be no further change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Subscription) are set out below:-

	As at the Latest Practicable Date, before the completion of the Subscription		Immediately after the completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shareholders				
the Subscriber (<i>Note 3</i>)	902,000	0.02	169,016,000	3.26
CRH (Power) Limited (<i>Note 4</i>)	<u>3,027,003,337</u>	<u>60.43</u>	<u>3,027,003,337</u>	<u>58.47</u>
Subtotal	<u>3,027,905,337</u>	<u>60.45</u>	<u>3,196,019,337</u>	<u>61.73</u>
Other public Shareholders	<u>1,981,038,403</u>	<u>39.55</u>	<u>1,981,038,403</u>	<u>38.27</u>
Total:	<u><u>5,008,943,740</u></u>	<u><u>100.00</u></u>	<u><u>5,177,057,740</u></u>	<u><u>100.00</u></u>

Notes:

- The above assumes there is no change to the issued share capital of the Company between the Latest Practicable Date and the completion date of the Subscription.
- Certain figures and percentage figures included in the above table have been subject to rounding adjustments.
- As at the Latest Practicable Date, before the completion of the Subscription, 902,000 Shares are beneficially owned by the Subscriber.
- CRH (Power) Limited is a subsidiary of CRH, which is a 100%-owned subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by China Resources Inc. ("CRI"), which is in turn held as to 100% by CRCL. Each of CRH, CRCL, CRI and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in 3,027,003,337 Shares as those of CRH (Power) Limited.

As the Subscriber is a wholly-owned subsidiary of CRH, CRH, through its interest in the Subscriber, is interested in 902,000 Shares. Accordingly, each of CRCL, CRI and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the 902,000 Shares as those of CRH.

LETTER FROM THE BOARD

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The Subscription is being undertaken to further enlarge the Shareholders' equity base of the Company. The Subscription is also an appropriate window for the Subscriber to subscribe for further Shares to demonstrate its confidence in the Company's long-term business development and prospects.

In particular, capital expenditures of the Group during the recent years were relatively high and resulting in higher gearing ratio due to the Group's plan to vigorously develop new energy in the 14th Five-year Plan period (i.e. from 2021 to 2025). The Directors have also discussed with various major banks of the Company to assess the costs of bank borrowings and considered other forms of fund-raising methods for the Group, including debt financing and equity financing, before entering into the Subscription Agreement. Having assessed the gearing ratio of the Company, the ongoing financing costs associated with debt financing alternatives, and the potential dilution of the shareholding interests of the public Shareholders by approximately 1.28% as a result of the Subscription (for details, please refer to the subsection headed "EFFECT ON THE SHAREHOLDING STRUCTURE" above in this letter), the Directors consider that the aforesaid dilution is acceptable and the Subscription is an appropriate fund raising method available to the Group to reduce the gearing ratio of the Group with the support of the CRH Group.

Other than the factors as set out above, considering the recent prevailing market conditions such as the uncertain future outlook in different industries, the recent fluctuation in the Hong Kong stock market and the trend of the market price of the Shares (which recorded an average closing price of approximately HK\$18.97 per Share for the 12 months before the date of the Subscription Agreement), the Directors therefore consider that Subscription would be appropriate in order to replenish the Company's cash resources to satisfy the funding needs of the Group in order to reduce the gearing ratio and interest expenses of the Group and therefore to optimize the Company's capital structure, which would be important for the promotion of the Group's long-term development and success.

The Directors (including the independent non-executive Directors) also consider the terms of the Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole, and the Subscription Agreement is entered into on normal commercial terms following arm's length negotiations between the Company and the Subscriber.

USE OF PROCEEDS OF THE SUBSCRIPTION

The estimated gross proceeds and net proceeds from the Subscription (after deducting all fees, costs and expenses estimated to be incurred by the Company in connection with the Subscription) are expected to be approximately HK\$3,311.85 million and HK\$3,310.16 million, respectively. The estimated net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$19.69 per Subscription Share.

The Company intends to use all of the estimated net proceeds of the Subscription by the end of 2024 to repay certain financial liabilities including bank borrowings and other payables of the Company.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES INVOLVED

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. As at the Latest Practicable Date, the Company is owned by CRH (Power) Limited with approximately 60.43% equity interests. CRH (Power) Limited is in turn a subsidiary of and controlled by CRH. The ultimate beneficial owner of the Company is CRCL which is beneficially owned by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The Subscriber

The Subscriber is a limited liability company incorporated in Hong Kong with its principal business activities in securities investment holding. The Subscriber is a wholly-owned subsidiary of CRH as at the Latest Practicable Date. The ultimate beneficial owner of the Subscriber is CRCL which is beneficially owned by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber holds approximately 0.02% of the total number of issued Shares. Given that the Subscriber is a wholly-owned subsidiary of CRH (which is a controlling shareholder and a connected person of the Company under the Listing Rules), the Subscriber is an associate of CRH and a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company and is subject to the announcement, circular, Independent Shareholders' approval and reporting requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the 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, has been established to advise the Independent Shareholders in relation to the Subscription Agreement and the transaction contemplated thereunder. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

None of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Subscription Agreement and the transaction contemplated thereunder.

LETTER FROM THE BOARD

CSRC FILINGS

The Company shall comply with CSRC Rules and complete the CSRC Filings in connection with the Subscription.

THE EGM

The EGM will be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Monday, 2 December 2024 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Subscription Agreement, the transaction contemplated thereunder and the requisite specific mandate. The notice convening the EGM, which contains, inter alia, ordinary resolution to approve the Subscription, the transaction contemplated thereunder and the requisite specific mandate is set out on pages 41 to 43 to this circular. Shareholders are advised to read the notice and to complete and return the proxy form for use at the EGM in accordance with the instructions printed thereon.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

In accordance with the Listing Rules, the Subscriber and its associates will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement, the connected transaction contemplated thereunder and the requisite specific mandate at the EGM. As at the Latest Practicable Date, the Subscriber is directly interested in 902,000 Shares, representing approximately 0.02% of the total number of issued Shares. The Subscriber is a wholly-owned subsidiary of CRH (which is a controlling shareholder and a connected person of the Company under the Listing Rules) which in turn is also indirectly interested in 3,027,003,337 Shares, representing approximately 60.43% of the total number of issued Shares, directly held by CRH (Power) Limited. Both the Subscriber and CRH (Power) Limited, holding 3,027,905,337 Shares (representing 60.45% of the total number of issued Shares) in aggregate as at the Latest Practicable Date, will abstain from voting on the resolution(s) to approve the Subscription Agreement, the connected transaction contemplated thereunder and the requisite specific mandate at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the connected transaction contemplated under the Subscription Agreement and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement, the connected transaction contemplated thereunder and the requisite specific mandate at the EGM.

LETTER FROM THE BOARD

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the Subscription Agreement and the connected transaction contemplated thereunder, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the Shareholders who are entitled to attend and vote at the EGM, the register of members will be closed from Friday, 29 November 2024 to Monday, 2 December 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 28 November 2024.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote by shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted only by a show of hands. Therefore, the resolutions to be proposed at the EGM will be voted by the Independent Shareholders by way of poll.

An announcement on the poll results will be published after the EGM in the manner prescribed under Rule 13.39(5) and Rule 13.39(5A) of the Listing Rules.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the Subscription Agreement and the connected transaction contemplated thereunder. The Independent Board Committee comprised all the 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, who have not been involved or interested in, directly or indirectly, the Subscription.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 17 to 35 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription, and the principal factors and reasons taken into consideration in arriving at its advice.

Your attention is also drawn to the Appendix to this circular.

LETTER FROM THE BOARD

The Directors (including the members of the Independent Board Committee whose opinion have been set forth in the “Letter from the Independent Board Committee” of this circular after having been advised by the Independent Financial Adviser in this regard) consider that the terms of the Subscription Agreement (including the connected transaction contemplated thereunder) are fair and reasonable, and the Subscription and the connected transaction contemplated thereunder are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the connected transaction contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the resolution to be proposed at the EGM.

WARNING

As the Subscription is subject to the fulfillment of the conditions set out in the Subscription Agreement and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and should consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.

Yours faithfully,

By order of the Board

China Resources Power Holdings Company Limited

SHI Baofeng

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee, prepared for the purpose of inclusion in this circular from the Independent Board Committee to the Independent Shareholders regarding the Subscription Agreement and the connected transaction contemplated thereunder.



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)

Hong Kong, 13 November 2024

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

We refer to the circular dated 13 November 2024 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transaction contemplated thereunder are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

Somerley Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement and the transaction contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 17 to 35 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 14 of the Circular and the additional information set out in the Appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information as set out in the letter from the Board, the terms of the Subscription Agreement and the transaction contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Company, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, and the Subscription and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Subscription Agreement and the transaction contemplated thereunder to be proposed at the EGM.

Yours faithfully

For and on behalf of the Independent Board Committee of
China Resources Power Holdings Company Limited

Ms. LEUNG Oi-sie, Elsie
Independent non-executive Director

Dr. CH'IEN Kuo Fung, Raymond
Independent non-executive Director

Mr. SO Chak Kwong, Jack
Independent non-executive Director

Mr. YANG Yuchuan
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this Circular.



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

13 November 2024

To: The Independent Shareholders and the Independent Board Committee

Dear Sirs,

**CONNECTED TRANSACTION
ISSUE OF NEW SHARES TO A CONNECTED PERSON
UNDER SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement and the transaction contemplated thereunder (the “**Transactions**”). Details of the aforesaid transaction are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to its Shareholders dated 13 November 2024, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

On 23 October 2024, the Board announced that (i) the Company and Merrill Lynch (Asia Pacific) Limited as the placing agent (the “**Placing Agent**”) entered into the placing agreement (the “**Placing Agreement**”) pursuant to which the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as the agent of the Company to purchase or procure purchasers to purchase the 198,500,000 new Shares (the “**Placing Share(s)**”) at the placing price of HK\$19.70 per Share (the “**Placing Price**”) upon the terms and subject to the conditions set out in the Placing Agreement (the “**Placing**”); and (ii) the Company entered into the Subscription Agreement with the Subscriber, pursuant to which Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 168,114,000 Subscription Shares at the Subscription Price of HK\$19.70 for each Subscription Share. As disclosed in the Company’s announcement dated 30 October 2024, the Placing was completed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Subscriber is directly interested in 902,000 Shares, representing approximately 0.02% of the total number of issued Shares. Given that the Subscriber is a wholly-owned subsidiary of CRH (which is a controlling shareholder and a connected person of the Company under the Listing Rules) which in turn is also indirectly interested in 3,027,003,337 Shares, representing approximately 60.43% of the total number of issued Shares directly held by CRH (Power) Limited, the Subscriber is an associate of CRH and a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company and is subject to the announcement, circular, Independent Shareholders' approval and reporting requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the 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, has been established to make a recommendation to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated or connected with the Company, the Subscriber or their respective core connected persons or associates. In the past two years prior to this appointment, save for the appointment as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to a proposed spin-off of its subsidiary and the transactions contemplated therein, as set out in the circular issued by the Company to the Shareholders dated 21 June 2023 and the engagement as an independent financial adviser to a fellow subsidiary of the Company in October 2022 in relation to a continuing connected transaction, we did not have any other relationship with or any interests in the Company, the Subscriber or their respective core connected persons, associates, close associates or any party acting or presumed to be acting in concert with any of them that could reasonably be regarded as relevant to our independence nor have had any other engagement with the Company. Apart from normal professional fees payable to us in connection with the aforementioned past engagements and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Subscriber or their respective core connected persons or associates. Accordingly, we are considered eligible to give independent advice on the Transactions under Listing Rules 13.84.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, the "**Management**") and the respective professional advisers of the Company, which we have assumed to be true, accurate and complete. We have reviewed information on the Company, including but not limited to, the Subscription Agreement, annual reports of the Company for years ended 31 December 2022 ("**FY2022**") (the "**2022 Annual Report**") and 2023 ("**FY2023**") (the "**2023 Annual Report**") and interim report of the Company for the six months ended 30 June 2024 ("**1H2024**") (the "**2024 Interim Report**", together with the 2022 Annual Report and the 2023 Annual Report, the "**Reports**") and other information contained in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Group and have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held at the time they were made and will remain, in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held, up to the date of the EGM. We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group and the Subscriber nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Transactions, we have considered the following principal factors and reasons:

1. Information on the Group

1.1 Principal business of the Group

The Group is principally engaged in the investment, development, operation and management of wind farms, photovoltaic power plants, hydro-electric power plants and other clean and renewable energy projects and coal-fired power plants in China. The two segments of the Group are (i) thermal power (inclusive of coal-fired and gas-fired power); and (ii) renewable energy (inclusive of wind power, photovoltaic power and hydro power).

1.2 Financial information of the Group

Set out below is the summary of the Group's audited financial performance for the three years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2023 and 2024, as extracted from the 2022 Annual Report, the 2023 Annual Report and 2024 Interim Report respectively:

	Six months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	51,119,684	51,483,669	103,334,322	103,305,097	90,414,166
Total operating expenses	(40,265,580)	(42,976,820)	(87,380,156)	(93,919,734)	(87,105,093)
Other income	865,308	953,651	2,029,731	1,981,567	2,812,146
Other gains and losses	1,547,025	1,034,810	214,499	2,184,149	(92,079)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Six months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating profit	13,266,437	10,495,310	18,198,396	13,551,079	6,029,140
Finance costs	(2,070,242)	(2,102,700)	(4,240,637)	(3,890,192)	(3,759,788)
Share of results of associates and joint ventures	821,616	299,568	1,541,338	(199,413)	122,064
Profit before income tax	12,017,811	8,692,178	15,499,097	9,461,474	2,391,416
Income tax expense	(2,064,698)	(1,613,588)	(3,388,602)	(1,905,574)	(955,001)
Profit for the period/year	9,953,113	7,078,590	12,110,495	7,555,900	1,436,415
Profit for the period/year attributable to owners of the Company	9,362,748	6,740,100	11,003,283	7,042,478	2,137,849

As shown above, the Group reported a relatively steady turnover during the past three financial years and the six months ended 30 June 2024. In FY2022, the Group reported turnover of approximately HK\$103,305.1 million, representing an increase of approximately 14.3% from approximately HK\$90,414.2 million in 2021. As stated in the 2022 Annual Report, the increase in turnover of the Group was mainly attributable to (i) a year-on-year increase of around 20.2% in the average on grid tariff (tax exclusive) of consolidated coal-fired power plants; (ii) a year-on-year increase of 4.1% in net generation volume of consolidated power plants; (iii) a year-on-year increase of around 13.8% in the average price (tax exclusive) of the sales of heat supply of consolidated power plants; and (iv) a year-on-year increase of around 6.4% in the sales of heat supply of consolidated power plants. Turnover of the Group in FY2023 marginally increased by approximately 0.03% to approximately HK\$103,334.3 million as compared to that for the previous year, mainly due to (i) a year-on-year increase of around 4.7% increase in net generation volume of consolidated power plants; and (ii) a year-on-year increase of 2.1% in the average price of heat sales from consolidated power plants. For 1H2024, the Group reported turnover of approximately HK\$51,119.7 million, representing a decrease of approximately 0.7% from the corresponding period in 2023. This was mainly attributable to the increase in net generation volume of consolidated power plants and sales volume of heat generation of consolidated power plants in the first half year of 2024, partially offset by (i) a year-on-year decrease of 3.0% in average on-grid tariff (tax exclusive) of consolidated coal-fired power plants; and (ii) a year-on-year decrease of 1.9% in average on-grid tariff (tax exclusive) of consolidated wind power projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Operating profit of the Group and profit attributable to owners of the Company increased by approximately 124.8% and approximately 229.4% for the year ended 31 December 2022, respectively, as compared to those for the prior year, which was chiefly due to a year-on-year increase in the average on-grid tariff (tax exclusive) of coal-fired power plants and profit contribution from newly invested projects.

In FY2023, the Group reported operating profit of approximately HK\$18,198.4 million, representing an increase of around 34.3% from approximately HK\$13,551.1 million in 2022. Such increase was mainly due to (i) a year-on-year decrease in the unit price of standard coal of consolidated coal-fired power plants; and (ii) profit contribution from newly commissioned projects; which was offset by the effects of a year-on-year decrease in the average on-grid tariff of consolidated wind energy projects. The profit attributable to owners of the Company increased from approximately HK\$7,042.5 million in 2022 to approximately HK\$11,003.3 million in 2023, representing a year-on-year increase of around 56.2%, which was mainly caused by the same reasons in line with the increase of operating profit as mentioned above and due to profit of coal-fired power associates and profit of the joint venture power enterprises resulting from a decrease in fuel cost.

Despite the slight decrease in turnover in 1H2024, the operating profit of the Group grew by around 26.4% to approximately HK\$13,266.4 million as compared to that for the corresponding period in 2023, which was mainly attributable to (i) a year-on-year decrease in the unit cost of standard coal in consolidated coal-fired power plants; (ii) profit contribution from newly invested projects; (iii) bargain purchase gain on acquisition of the Guangxi Hezhou Thermal Power Project; and (iv) a decrease in impairment losses. The profit attributable to owners of the Company for the first half of 2024 amounted to approximately HK\$9,362.7 million, representing an increase of around 38.9% as compared to HK\$6,740.1 million in the first half of 2023, which was due to the increase in operating profit as mentioned above.

Set out below is the summary of the Group's financial position as at 31 December 2023 and 30 June 2024, as extracted from the 2024 Interim Report:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Non-current Assets		
Property, plant and equipment	222,447,199	215,752,142
Other non-current assets	<u>61,811,254</u>	<u>57,026,442</u>
	<u>284,258,453</u>	<u>272,778,584</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Current Assets		
Inventories	6,178,688	4,016,944
Trade receivables, other receivables and prepayments	45,573,176	40,467,098
Pledged and restricted bank deposits	448,407	418,538
Cash and cash equivalents	9,958,336	4,082,972
Other current assets	361,117	631,854
	<u>62,519,724</u>	<u>49,617,406</u>
Current Liabilities		
Borrowings	42,138,607	33,364,682
Trade payables, other payables and accruals	34,483,526	36,424,348
Amount due to associates and joint ventures	1,866,964	738,475
Amount due to other related companies	5,878,654	10,868,925
Other current liabilities	1,901,011	2,665,824
	<u>86,268,762</u>	<u>84,062,254</u>
Net current liabilities	<u>(23,749,038)</u>	<u>(34,444,848)</u>
Total assets less current liabilities	<u>260,509,415</u>	<u>238,333,736</u>
Non-current Liabilities		
Borrowings	141,049,124	125,827,123
Lease liabilities	2,902,113	2,020,456
Other long-term payables	3,079,626	2,945,310
Other non-current liabilities	2,862,044	2,993,706
	<u>149,892,907</u>	<u>133,786,595</u>
Total Equity		
Equity attributable to owners of the Company	90,467,770	84,973,689
Non-controlling interests	9,484,467	8,909,181
Perpetual capital securities holders	10,664,271	10,664,271
	<u>110,616,508</u>	<u>104,547,141</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total non-current assets of the Group as at 31 December 2023 and 30 June 2024 mainly comprised of property, plant and equipment. Total non-current assets increased from approximately HK\$272,778.6 million as of 31 December 2023 to approximately HK\$284,258.5 million as at 30 June 2024. Such increase was mainly attributable to the increase in the balance of property, plant and other receivables and prepayments.

Total current assets of the Group as at 31 December 2023 and 30 June 2024 mainly comprised of cash and cash equivalents, inventories and trade receivables, other receivables and prepayments. Total current assets increased from approximately HK\$49,617.4 million as of 31 December 2023 to approximately HK\$62,519.7 million as of 30 June 2024. The increase was mainly resulted from the increases in trade and other receivables and prepayments from approximately HK\$40,467.1 million as at 31 December 2023 to approximately HK\$45,573.2 million as at 30 June 2024 and cash and cash equivalents from approximately HK\$4,083.0 million as at 31 December 2023 to approximately HK\$9,958.3 million as at 30 June 2024.

Current liabilities of the Group mainly comprised of the borrowings and trade and other payables and accruals as at both 31 December 2023 and 30 June 2024. Current liabilities of the Group increased slightly from approximately HK\$84,062.3 million as at 31 December 2023 to approximately HK\$86,268.8 million as at 30 June 2024, mainly due to the increase by approximately 26.3% in borrowings of the Group from approximately HK\$33,364.7 million as at 31 December 2023 to HK\$42,138.6 million as at 30 June 2024, off set by the decrease in trade and other payables and accruals of the Group by around 5.3% from approximately HK\$36,424.3 as at 31 December 2023 to approximately HK\$34,483.5 as at 30 June 2024.

Based on 2023 Annual Report and the 2024 Interim Report, the Group's gearing ratio, which is equivalent to net debt (balance of borrowings at the end of the period – cash and cash equivalents at the end of the period – balance of pledged bank balance at the end of the period) divided by total equity at the end of the period, was around 153% as at 31 December 2023 and 156% as at 30 June 2024. The Group's current ratio was approximately 0.59 as at 31 December 2023 and approximately 0.72 as at 30 June 2024.

As at 31 December 2023 and 30 June 2024, total equity attributable to owners of the Company was approximately HK\$84,973.7 million and HK\$90,467.8 million respectively. Based on the total number of issued Shares as at 30 June 2024 of 4,810,443,740, total equity attributable to owners of the Company per Share was approximately HK\$18.81 as at 30 June 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for the Subscription Agreement

2.1 *Reasons for the Subscription Agreement*

As disclosed in the Circular, the Subscription is being undertaken to further enlarge the Shareholders' equity base of the Company, which is also an appropriate window for the Subscriber to subscribe for further Shares to demonstrate its confidence in the Company's long-term business development and prospects. In particular, capital expenditures of the Group during the recent years were relatively high and resulting in higher gearing ratio due to the Group's plan to vigorously develop new energy in the 14th Five-year Plan period (i.e. from 2021 to 2025). The Directors have also discussed with various major banks of the Company to assess the costs of bank borrowings and considered other forms of fund-raising methods for the Group, including debt financing and equity financing, before entering into the Subscription Agreement. Having assessed the gearing ratio of the Company, the ongoing financing costs associated with debt financing alternatives and the potential dilution of the shareholding interests of the public shareholders by approximately 1.28% as a result of the Subscription (for details, please refer to the subsection headed "EFFECT ON THE SHAREHOLDING STRUCTURE" in the letter from the board in the Circular), the Directors consider that the aforesaid dilution is acceptable and the Subscription is an appropriate fund raising method available to the Group to reduce the gearing ratio of the Group with the support of the CRH Group.

Other than the factors as set out above, considering the recent prevailing market conditions such as the uncertain future outlook in different industries, the recent fluctuation in the Hong Kong stock market and the trend of the market price of the Shares (which recorded an average closing price of approximately HK\$18.97 per Share for the 12 months before the date of the Subscription Agreement), the Directors therefore consider that the Subscription would be appropriate in order to replenish the Company's cash resources to satisfy the funding needs of the Group in order to reduce the gearing ratio and interest expenses of the Group for the above intended purposes and therefore to optimize the Company's capital structure, which would be important for the promotion of the Group's long-term development and success. The Directors also consider the terms of the Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber.

Based on the above, we understand that the Company has been exploring various options to raise capital and considers the Subscription by the Subscriber as the most efficient way to raise capital in order to maintain a sufficient cash position of the Group and to meet its current liabilities and to enhance the capital base of the Company to lay a more solid foundation for future development. The Subscription by the Subscriber, which is a wholly-owned subsidiary of CRH (which is a controlling shareholder and a connected person of the Company under the Listing Rules), also reflects its confidence in the Company's long-term business development and prospects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As further disclosed in the Circular, the Company intends to use all of the estimated net proceeds of the Subscription by the end of 2024 to repay certain financial liabilities including bank borrowings and other payables of the Company.

As discussed in the section headed “1.2 Financial information of the Group” above, as at 30 June 2024, the Company’s cash and cash equivalents amounted to approximately HK\$9,958.3 million, its short-term loan and long-term loan amounted to HK\$42,139 million and HK\$139,953 million respectively, and the Group’s gearing ratio was around 156% as at 30 June 2024. We consider that the Subscription can diversify its fund-raising channels through conducting the Placing and the Subscription to reduce its reliance on short-term loans, which helps to improve the Company’s liquidity position and to reduce costs. We also concur with the Group’s view that the Subscription is beneficial to the Group in strengthening its capital base and improving the financial position of the Company by settling part of the indebtedness which can lower the Group’s gearing ratio in the view that, upon the completion of the Placing and the Subscription and the application of the relevant proceeds for financial liabilities repayment as disclosed in the Circular, the Group’s gearing ratio is expected to decrease from approximately 156% as at 30 June 2024 to approximately 141%. Accordingly, we are of the view that the entering into of the Subscription is fair and reasonable so far as the Company and its Shareholders as a whole is concerned.

2.2 Financing alternatives

We note from the Company that it has considered alternative fund-raising methods, including debt financing and equity financing, however, resolved to proceed with the Placing and the Subscription.

We understand from the Company that the alternative equity financing methods (as compared with Placing and/or Subscription) will require a relatively lengthy process including but not limited to, (i) the preparation of more requisite compliance and legal documentation such as announcements, circulars, prospectus and application forms etc.; (ii) more administrative arrangements will be required as more public Shareholders may be involved; and (iii) administrative costs involved would also be higher due to the regulation needs.

We have further discussed and understand from the Management that the Company has also explored the possibility of debt financing. Considering the existing debt level and gearing ratio of the Company and the associated ongoing financing costs, the Directors are of the view that in order to balance the financing structure and reduce the future debt financing risk of the Company, the higher gearing ratio would not be in the interests of the Company for the long run.

After considering all the aforementioned alternatives, the Company resolved to proceed with the Subscription by the end of 2024 to repay certain financial liabilities including bank borrowings and other payables of the Company. At the same time, the Management considers that the issuance of new Shares to the Subscriber provides an efficient means of raising capital for the Group’s immediate needs, and the Subscription represents the Subscriber’s continued support for the Company’s development and future growth.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) the Subscription is expected to improve the gearing position of the Group upon completion of the Subscription, in particular, the enhancement in working capital, cash position and net asset value of the Group; and (ii) the Subscription Price is considered fair and reasonable as further discussed in the section headed “4. The Subscription Price” below, the Subscription is considered as an appropriate and efficient mean for the Group to raise funds among other fund raising alternatives during the relevant time.

3. Principal terms of the Subscription Agreement

3.1 Key terms of the Subscription Agreement

On 23 October 2024, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue the Subscription Shares at the Subscription Price of HK\$19.70 per Subscription Share. Based on the Subscription Price and 168,114,000 Subscription Shares to be subscribed by the Subscriber, the total subscription monies payable by the Subscriber to the Company pursuant to the Subscription Agreement amount to approximately HK\$3,311,845,800.

The Subscription Price was determined with reference to the prevailing market price of the Shares (which recorded an average closing price of approximately HK\$18.97 per Share for the past twelve months before the date of the Subscription Agreement), and was equivalent to the placing price of the placing shares under the Placing which was a reflection of the market demand for the Shares and therefore, was indicative of the market valuation of the Company. The Directors consider that the Subscription Price and the terms of the Subscription are fair and reasonable under the current market conditions (such as the uncertain future outlook in different industries and the recent fluctuation in the Hong Kong stock market), and are in the best interests of the Company and the Shareholders as a whole.

3.2 Conditions precedent

The closing of the Subscription is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee granting approval (either unconditionally or subject only to conditions to which the Company does not reasonably object) for the listing of, and permission to deal in, the Subscription Shares; and
- (ii) the passing by the Independent Shareholders of all necessary resolutions at the EGM in compliance with applicable laws and the Listing Rules to approve the grant of the specific mandate to allot and issue the Subscription Shares and the transaction contemplated under the Subscription Agreement.

None of the conditions can be waived under the Subscription Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The Subscription Price

4.1 Evaluation of the Subscription Price

Pursuant to the Subscription Agreement, 168,114,000 Subscription Shares at the Subscription Price of HK\$19.70 each will be issued by the Company upon completion of the Subscription.

(i) Historical Share Performance

Set out below is a chart reflecting movements in the closing prices of the Shares from 3 October 2023, being approximately 13 months before the date of the Subscription Agreement, up to and including the Latest Practicable Date, which represented a sufficient period of time to provide a general overview on the recent market performance of the Shares (the “**Review Period**”).



Source: Website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company published a number of announcements during the Review Period, and the relevant announcements are summarised as follows:

Reference No.	Date	Details of the announcements
(1)	9/11/2023	Declaration of special dividend
(2)	19/12/2023	November 2023 update on power plant net generation figures
(3)	20/3/2024	Announcement of annual results for the year ended 31 December 2023; Announcement of final dividend for the year ended 31 December 2023; and February 2024 update on power plant net generation figures
(4)	18/6/2024	May 2024 update on power plant net generation figures
(5)	27/8/2024	Announcement of interim results for 2024; and Announcement of interim dividend for the six months ended 30 June 2024 and Closure of Register of Members
(6)	23/10/2024	Placing of new shares under the general mandate and connected transaction involving subscription of new shares under specific mandate

From the chart above, during the period from 3 October 2023 to the Last Trading Date (both dates inclusive) (the “**Pre-Announcement Period**”), being roughly 13 months immediately before the date of the Subscription Agreement, the Shares price closed in a wide range between HK\$13.59 and HK\$25.00 per Share with an average of approximately HK\$18.70 per Share. The average Share closing price per share for the entire Review Period was approximately HK\$18.71.

As shown in the chart above, the closing price of the Shares has led a general increasing trend since 3 October 2023 before reaching its peak during the Review Period of HK\$25.00 per Share on 4 July 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subsequent to 4 July 2024, closing price of the Shares depicted a gradual downward trend to HK\$20.65 each on 5 August 2024. Since then Share closing price showed a slight recovery and until the Company published its interim result for six months ended 30 June 2024 on 27 August 2024, the closing price of the Shares started to experience a decline again from HK\$23.00 per Share on 27 August 2024 to HK\$18.34 per Share on 11 September 2024, representing a decrease of approximately 20.3%. We have discussed such share price movement with the Management and understand that the Company is not aware of any particular reason for the Share price decrease. In this regard, we have reviewed and noted that the movements in the Hang Seng Index showed a similar decline by approximately 7.4% during the period between 4 July 2024 and 11 September 2024.

Since then closing prices of the Shares fluctuated largely in line with the movement of the Hang Seng Index and was within the range of HK\$18.50 and HK\$22.75 per Share between the period from 12 September 2024 up to and including the Last Trading Date. Following the publication of the announcement in relation to the Placing and the Subscription Agreement in the morning on 23 October 2024, the closing price of the Shares dropped by approximately 6.6% to HK\$19.38 per Share on the same day. The closing price per Share then fluctuated within a tight range between HK\$18.54 per Share and HK\$19.38 per Share between 23 October 2024 and the Latest Practicable Date, and was HK\$18.62 per Share as at the Latest Practicable Date.

As disclosed in the letter from the Board, the Subscription Price of HK\$19.70 per Subscription Share represents:

- (i) a discount of approximately 5.06% to the closing price of HK\$20.75 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 3.48% to the average closing price of approximately HK\$20.41 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days prior to and including the Last Trading Date;
- (iii) a discount of approximately 3.98% to the average closing price of approximately HK\$20.52 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days prior to and including the Last Trading Date; and
- (iv) a premium of approximately 4.73% to the net asset value per Share of approximately HK\$18.81 (based on the total equity attributable to owners of the Company of approximately HK\$90,467.77 million and 4,810,443,740 Shares in issue as at 30 June 2024).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note that the Subscription Price represents a premium of around 5.35% over the average closing price per Share during the Pre-Announcement Period. We also note that the Company has announced the Placing in the Announcement and the Subscription Price is equivalent to the Placing Price of HK\$19.70 per Placing Share under the Placing which was completed on 30 October 2024.

We consider that Placing Price is a reflection of the market demand for the Shares and therefore, is indicative of the market valuation of the Company. As such, in light of the completion of the Placing and the Subscription Price being equal to the Placing Price, and that the Subscription Price represents a premium over the equity attributable to owners of the Company as at 30 June 2024, we consider the determination of the Subscription Price primarily based on the Placing Price is reasonable.

(ii) Comparison with recent issue of shares

To further assess the fairness and reasonableness of the Subscription Price, we have conducted a comparable analysis through identifying companies listed on the Main Board of the Stock Exchange (excluding pro-longed suspension company), based on the criteria that (i) the subscriptions were announced since 2 January 2024, being a roughly ten-month period up to and including the Latest Practicable Date, which we believe it representing a reasonable and meaningful period to reflect the recent market conditions; (ii) the subscription for cash under specific mandate by connected person(s) of the respective listed issuers; and (iii) the shares were mainly issued for fund raising purpose instead of (a) consideration issues for transactions such as acquisitions; (b) for loan capitalization purpose; (c) as part of debt restructuring or group restructuring or involving a change in control; (d) share award or for emolument; and (e) excluding issues of A shares or domestic shares. Based on the above criteria, we have identified an exhaustive list of 10 transactions (the “**Comparable Share Issues**”).

Despite the subject companies constituting the Comparable Share Issues may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and different reasons for their respective fund raising activities, we would still consider, in light of our selection criteria, capturing recent issue of shares by listed companies under similar market conditions and sentiments can provide Shareholders with a general reference on the recent market trend of this type of transaction in Hong Kong equity capital market. Based on the aforesaid, despite the large range of discount/premium represented by the respective issue price under the Comparable Share Issues, we regard the Comparable Share Issues being meaningful and representative samples for Shareholders to consider amongst the other factors in assessing the fairness and reasonableness of the Subscription Price. We would also consider the review period chosen to be fair and reasonable as it reflects the prevailing market environment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement Date	Listed Company	Stock Code	Subscription price per share (HK\$)	Number of subscription shares (shares)	Premium/ (discount) of the subscription price over/to the average closing price of the share for the last 5 consecutive trading days prior to and including the last trading day ^{note 1} (%)	Premium/ (discount) of the subscription price over/to the average closing price of the share for the last 10 consecutive trading days prior to and including the last trading day ^{note 1} (%)	Premium/ (discount) of the subscription price over/to the average closing price of the share for the last 10 consecutive trading days prior to and including the last trading day ^{note 1} (%)
12-Jan-24	ZO Future Group	2309	2.142	43,697,478	(15.0)	(11.41)	(10.23)
26-Jan-24	JL Mag Rare-Earth Co., LTD.	6680	8.19	26,895,424	10.38	6.57	N/A ^{note 2}
02-Feb-24	Virtual Mind Holding Company Limited	1520	0.10	800,000,000	(23.66)	(24.81)	(26.47)
09-Feb-24	Peking University Resources (Holdings) Company Limited	618	0.228	250,000,000	(9.52)	(19.03)	(21.60)
15-Mar-24	Apollo Future Mobility Group Limited	860	0.46	445,652,177	(9.80)	(16.36)	(16.21)
13-May-24	Labixiaoxin Snacks Group Limited	1262	0.11	85,518,388	(5.17)	(15.17)	(21.03)
13-May-24	Television Broadcast Limited	511	3.36	8,743,836	7.24	12.68	14.84
07-Jun-24	Wenye Group Holdings Limited	1802	0.055	237,600,000	(3.5)	(14.1)	(15.80)
08-Jul-24	Winshine Science Company Limited	209	0.20	23,000,000	(9.1)	(9.1)	(9.91)
13-Oct-24	Virtual Mind Holding Company Limited	1520	0.10	100,000,000	13.64	38.89	47.06

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement Date	Listed Company	Stock Code	Subscription price per share (HK\$)	Number of subscription shares (shares)	Premium/ (discount)	Premium/ (discount)
					of the subscription price over/to the average closing price of the share for the last 5 consecutive trading days prior to and including the last trading day ^{note 1} (%)	of the subscription price over/to the average closing price of the share for the last 10 consecutive trading days prior to and including the last trading day ^{note 1} (%)
				Average	(4.45)	(5.18)
				Maximum	13.64	38.89
				Minimum	(23.66)	(24.81)
The Subscription Shares			19.70	168,114,000	(5.06)	(3.48)

Note 1: Last trading day being the last trading day as disclosed and/or defined in the respective announcement(s) or the date of the subscription agreements as disclosed in the respective announcement(s).

Note 2: The average closing price for ten consecutive trading days of the corresponding transaction prior to and including the last trading day was equal to the subscription price per share of such transaction.

As shown in the table above, the discounts represented by the Subscription Price are within all the respective range of the premium/discount under the Comparable Share Issues prior to/on the last trading day, for the last 5 and 10 consecutive trading days immediately prior to and including the last trading day. Though the Subscription Price represents a slightly higher discount to the average discount of the Comparable Share Issues prior to/on the last trading day, it is close to such average discount of the Comparable Share Issues and also represents a less discount as compared to both the average discounts of the Comparable Share Issues for the last 5 and 10 consecutive trading days immediately prior to and including the last trading day. In addition, as discussed in section headed “4.1 Evaluation of the Subscription Price – (i) Historical Share Performance” above, whilst the Placing Price is a reflection of the market demand for the Shares and therefore is indicative of the market valuation of the Company, the Subscription Price being equal to the Placing Price and also representing a premium over the equity attributable to owners of the Company as at 30 June 2024 is therefore, in our view, fair and reasonable and is in line with the market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Effect on the shareholding structure of the Company

As disclosed in the Circular, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the completion of the Subscription (assuming that there will be no further change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Subscription) are set out below:

	As at the Latest Practicable		Immediately after the completion	
	Date, before the completion of		of the Subscription	
	the Subscription		of the Subscription	
	<i>Number of</i>	<i>Approximate %</i>	<i>Number of</i>	<i>Approximate %</i>
	<i>Shares</i>		<i>Shares</i>	
Shareholders				
the Subscriber (<i>Note 3</i>)	902,000	0.02	169,016,000	3.26
CRH (Power) Limited (<i>Note 4</i>)	3,027,003,337	60.43	3,027,003,337	58.47
	<hr/>		<hr/>	
Subtotal	3,027,905,337	60.45	3,196,019,337	61.73
Other public Shareholders	1,981,038,403	39.55	1,981,038,403	38.27
	<hr/>		<hr/>	
Total:	<u>5,008,943,740</u>	<u>100.00</u>	<u>5,177,057,740</u>	<u>100.00</u>

Notes:

1. The above assumes there is no change to the issued share capital of the Company between the Latest Practicable Date and the date completion of the Subscription.
2. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.
3. As at the Latest Practicable Date, before the completion of the Subscription, 902,000 Shares are beneficially owned by the Subscriber.
4. CRH (Power) Limited is a subsidiary of CRH, which is a 100%-owned subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by China Resources Inc. (“**CRI**”), which is in turn held as to 100% by China Resources Company Limited (“**CRCL**”). Each of CRH, CRCL, CRI and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in 3,027,003,337 Shares as those of CRH (Power) Limited.

As the Subscriber is a wholly-owned subsidiary of CRH, CRH, through its interest in the Subscriber, is interested in 902,000 Shares. Accordingly, each of CRCL, CRI and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the 902,000 Shares as those of CRH.

As shown in the table above and assuming there will be no other change to the issued share capital of the Company other than the issue of the Subscription Shares on the completion of the Subscription, the shareholding in the Company held by the public Shareholders will be diluted by approximately 1.28% from 39.55% to 38.27% as a result of the Subscription.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Although the shareholding interest of the existing public Shareholders will be diluted, considering (i) the reasons for the Subscription Agreement as discussed under the section under “2. Reasons for the Subscription Agreement” above; and (ii) the terms of the Subscription Agreement, including the Subscription Price, being fair and reasonable as discussed under sections headed “4. The Subscription Price” above, we are of the view that the dilution effect on the shareholding of existing public Shareholders in the Company is acceptable.

6. Financial effects

As stated in the letter from the Board in the Circular, the net proceeds (after deducting professional fees and other related expenses estimated to be incurred by the Company in connection with the Subscription) to be received by the Company from the issue of the Subscription Shares is expected to be approximately HK\$3,310.16 million. As disclosed in the 2024 Interim Report, the Group had cash and cash equivalents and net asset value of approximately HK\$9,958.3 million and HK\$110,616.5 million respectively as at 30 June 2024. Immediately upon completion of the Subscription, it is expected that the cash position and net asset value of the Group will be enhanced with the amount of net proceeds of the Subscription to be received by the Company.

On 30 October 2024, the Company completed the Placing in which 198,500,000 Shares were placed to no less than six independent third parties under general mandate. The net proceeds from the Placing (after deducting all relevant fees, costs and expenses estimated to be incurred by the Company (including the Placing Agent’s commission (if any), the Stock Exchange trading fee and the transaction levies to be borne by the Company) are expected to be approximately HK\$3,886.63 million which will be utilised to increase cash reserves for operational and general corporate use, and to repay financial liabilities including bank borrowings and other payables of the Company. As further stated in the letter from the Board in the Circular, the Company intends to apply the net proceeds from the issue of the Subscription Shares to increase cash reserves for operational and general corporate use, and to repay financial liabilities including bank borrowings and other payables of the Company. Following the repayment of loans by the relevant proceeds from the Placing and the Subscription as disclosed in the Circular, it is expected that, based on the interim report for the six months ended 30 June 2024 of the Company, the net debt of the Group (being sum of current and non-current borrowings and loans from related parties less cash and cash equivalents, and pledged and restricted bank deposits) of the Group would decrease by approximately 4.17% and the gearing ratio (being the net debt divided by total equity at the end of the period) of the Group would decrease to around 141%.

As such, the Directors consider, and we concur, that the financial position of the Group is expected to be strengthened after completion of the Subscription.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. Discussion

Having considered, in particular:

- (i) as discussed in sub-section headed “2.2 Financing alternatives” above, the Subscription is considered as an appropriate and efficient mean for the Group to raise funds among other fund raising alternatives considered;
- (ii) the Subscription Price is equal to the Placing Price and represents a premium over the average closing price per Share during the Pre-Announcement Period and the equity attributable to owners of the Company per Share as at 30 June 2024;
- (iii) the discounts represented by the Subscription Price are in line with those under the Comparable Share Issues; and
- (iv) as discussed in section headed “6. Financial effects” above, the Subscription is expected to strengthen the financial position of the Group upon completion of the Subscription,

we are of the view that the terms of the Subscription Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that, though the entering into Subscription Agreement is not in the ordinary and usual course of the business of the Company, the terms of the Subscription Agreement and the connected transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interest of the Company and its Shareholders as a whole. We therefore advise that the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

Directors' interests in securities

Save as disclosed below, as at Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein:

A. The Company

Name of Director	Capacity	Number of issued Shares held	Long/ short position	Percentage of the issued Shares
ZHANG Junzheng	Beneficial Owner	700,000	Long	0.014%
	Interest of Spouse	96,000	Long	0.002%
CH'IEN Kuo Fung, Raymond	Interest of Spouse	4,000	Long	Below 0.001%
SO Chak Kwong, Jack (<i>Note</i>)	Interest in a Controlled Corporation	400,000	Long	0.008%

Note: Mr. SO Chak Kwong, Jack, through a 100% controlled entity holds these 400,000 Shares.

B. China Resources Gas Group Limited (“CR Gas”)

CR Gas is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Gas held by the Director(s) as at the Latest Practicable Date are as follows:

Name of Director	Capacity	Number of issued ordinary shares held		Percentage of the issued shares of CR Gas
		Long/short position		
ZHANG Junzheng	Beneficial Owner	10,000	Long	Below 0.001%

C. China Resources Pharmaceutical Group Limited (“CR Pharmaceutical”)

CR Pharmaceutical is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Pharmaceutical held by the Director(s) as at Latest Practicable Date are as follows:

Name of Director	Capacity	Number of issued ordinary shares held		Percentage of the issued shares of CR Pharmaceutical
		Long/short position		
SHI Baofeng	Beneficial Owner	650,000	Long	0.010%

Substantial shareholders

Save as disclosed below, as at the Latest Practicable Date, the Directors were not aware of any other persons (other than a Director or chief executive of the Company, whose interests are disclosed in the section headed “**Directors’ interests in securities**” above) who had an interest or short position in the Shares or underlying shares of the Company as required, pursuant to Section 336 of the SFO, to be recorded referred to therein:

Capacity	Number of issued Shares held		Percentage of the issued Shares	
	Long/short position			
CRH (Power) Limited ^(Note)	Beneficial owner	3,027,003,337	Long	60.43%

	Capacity	Number of issued Shares held	Long/ short position	Percentage of the issued Shares
CRH ^(Note)	Interest in a controlled corporation	3,027,905,337	Long	60.45%
CRC Bluesky Limited ^(Note)	Interest in a controlled corporation	3,027,905,337	Long	60.45%
China Resources Inc. (“CRI”) ^(Note)	Interest in a controlled corporation	3,027,905,337	Long	60.45%
CRCL ^(Note)	Interest in a controlled corporation	3,027,905,337	Long	60.45%

Note: CRH (Power) Limited is a subsidiary of and controlled by CRH, which is a 100%-owned subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRI, which is in turn held as to 100% by CRCL. Each of CRH, CRCL, CRI and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in 3,027,003,337 Shares as those of CRH (Power) Limited. CRH, through Commotra Company Limited (i.e. its wholly-owned subsidiary), is interested in 902,000 Shares. Accordingly, each of CRCL, CRI and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the 902,000 Shares as those of CRH.

Directors’ service contracts

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

Directors’ interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors or their respective close associates had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group’s business.

Directors' interest in contracts and assets of the Group and other interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

3. MATERIAL ADVERSE CHANGE

The Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2023, being the date to which the latest published audited financial statements of the Group was made up.

5. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cr-power.com) for not less than 14 days from the date of this circular:

- (i) the Subscription Agreement; and
- (ii) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 17 to 35 of this circular.

6. MISCELLANEOUS

- (a) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (b) In the event of inconsistency, the English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of China Resources Power Holdings Company Limited (the “**Company**”) will be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, on Monday, 2 December 2024 at 3:00 p.m. for the following purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 13 November 2024):

ORDINARY RESOLUTION

1. To consider and, if thought fit, pass with or without modification the following resolution as an ordinary resolution:

“**THAT**

- (a) the subscription agreement (the “**Subscription Agreement**”) dated 23 October 2024 (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and entered into by the Company as issuer and Commotra Company Limited as subscriber in relation to the subscription of 168,114,000 new shares of the Company (the “**Subscription Shares**”) at the subscription price of HK\$19.70 per Subscription Share and the transactions contemplated therein be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Subscription Shares, subject to and in accordance with the terms and conditions set out in the Subscription Agreement. This specific mandate so granted is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company at, before or after the passing of this resolution; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one Director be and is hereby authorised to sign, execute, perfect and deliver all such documents and deeds, and do all such acts, matters and things as are, in the opinion of such Director, desirable or expedient to give effect to the Subscription Agreement, all the transactions contemplated thereunder and/or any matter ancillary or incidental thereto (including without limitation the allotment and issue of the Subscription Shares pursuant thereto), to agree to such variations, amendments or waivers to or of any of the provisions of the Subscription Agreement and all documents ancillary or incidental thereto as are, in the opinion of such Director, not of a material nature and in the interest of the Company, and to effect or implement any other matter referred to in this resolution.”

Yours faithfully,

By order of the board

China Resources Power Holdings Company Limited

SHI Baofeng

Chairman

Hong Kong, 13 November 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Friday, 29 November 2024 to Monday, 2 December 2024 (both days inclusive), during which no share transfer will be registered. To qualify for the entitlement of the shareholders of the Company to attend, speak and vote at the meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 28 November 2024.
2. Any member entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and speak and, on a poll, vote instead of him, provided that each proxy is appointed to represent the respective number of shares held by the member as specified in the relevant proxy forms. A proxy need not be a member of the Company.
3. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
4. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company.
5. In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or "extreme conditions" is announced by the Government of Hong Kong or in force in Hong Kong at or at any time after 12:30 p.m. on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on the corporate website of the Company (www.cr-power.com) and the designated website of the Stock Exchange (www.hkexnews.hk) to notify shareholders of the Company of the date, time and place of the adjourned meeting. The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders of the Company should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.
6. As at the date of this notice, the board of the Company comprises three executive Directors, namely Mr. SHI Baofeng (Chairman), Mr. ZHANG Junzheng and Mr. SONG Kui; four non-executive Directors, namely Mr. ZHOU Bo, Mr. ZHANG Yingzhong, Mr. CHEN Guoyong and Mr. LI Chuanji; 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.