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## 華潤電力控股有限公司

### China Resources Power Holdings Company Limited

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 836)**

## **DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE**

On 5 August 2016, CRP Investment, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Cangzhou CI and Cang County Construction and Investment in relation to the formation of the Joint Venture. The Joint Venture will be engaged in the development of power projects, including a coal-fired power plant with 2 x 350MW heat and electricity co-generation units in Hebei, the PRC.

As one or more of the applicable percentage ratios is more than 5% but less than 25%, the formation of the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

On 5 August 2016, CRP Investment, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Cangzhou CI and Cang County Construction and Investment in relation to the formation of the Joint Venture. The principal terms of the Joint Venture Agreement are set out below.

### **THE JOINT VENTURE AGREEMENT**

#### **Date**

5 August 2016

## **Parties**

- (i) CRP Investment;
- (ii) Cangzhou CI; and
- (iii) Cang County Construction and Investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Cangzhou CI, Cang County Construction and Investment and their respective ultimate beneficial owner(s) are Independent Third Parties.

## **Capital Contribution**

According to the approval document issued by the Hebei Province Development and Reform Commission, the total investment amount of the Joint Venture is expected to be RMB2,995.34 million, and the registered capital of the Joint Venture will be RMB998.45 million, being approximately one-third of the total investment amount. Capital contribution will be made by the Parties in cash as follows:

<b>Party</b>	<b>Capital contribution (RMB)</b>	<b>Percentage of equity interest in the Joint Venture</b>
CRP Investment	898,605,000	90%
Cangzhou CI	49,922,500	5%
Cang County Construction and Investment	49,922,500	5%

The Joint Venture will be an indirect non wholly-owned subsidiary of the Company.

The Parties shall pay 15% of their respective capital contribution in respect of the registered capital within three months from the date the Joint Venture obtains its business license, and the remaining 85% of the registered capital shall be paid by the Parties within 30 business days from their receipt of a written request for such payment from the Joint Venture in proportion to their respective shareholding percentages, based on a principle of maximizing the efficient use of funds and in consideration of the Joint Venture's capital needs.

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiations between the Parties having taken into account the expected capital requirements of the Joint Venture. It is contemplated that the capital contribution payable by CRP Investment will be funded by internal resources of the Group.

In the event the Joint Venture requires capital in addition to its registered capital, the Joint Venture shall obtain financing from commercial banks, and if such financing is insufficient for the Joint Venture's capital requirements, the Parties shall provide guarantees or shareholders' loans to the Joint Venture in proportion to their capital contribution.

### **Purpose of the Joint Venture**

The Joint Venture will be engaged in the development of power projects, including a coal-fired power plant with 2 x 350MW heat and electricity co-generation units in Hebei, the PRC.

### **Board composition**

The board of directors of the Joint Venture will consist of seven directors, five of whom will be appointed by CRP Investment, one director will be appointed by Cangzhou CI, and the remaining one director will be appointed by Cang County Construction and Investment. The chairman of the Joint Venture will be appointed by CRP Investment.

### **Restrictions on equity transfers and encumbrances**

A Party may not transfer or pledge its equity interest in the Joint Venture to a third party without the prior written consent of the other Parties.

In the event that a Party proposes to transfer its equity interest in the Joint Venture, the other Parties shall have a right of first refusal to such equity interest.

### **Distribution of profit**

Profit after taxation available for distribution will be distributed to the Parties pro rata to their respective capital contribution in the Joint Venture.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE**

Cangzhou CI and Cang County Construction and Investment have abundant resources in local sectors such as power and heat supply. Through the formation of the Joint Venture, the Company, Cangzhou CI and Cang County Construction and Investment are able to complement the strength of each other and share resources, which is beneficial to the development of the power and heat market and the sale of electricity and heating by the Joint Venture.

The Directors are of the view that the terms of the Joint Venture Agreement are normal commercial terms, fair and reasonable and in the interests of the Company's shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

### **The Company**

The Company was incorporated in Hong Kong with limited liability and the shares of the Company have been listed on the Stock Exchange since 12 November 2003. The Group is principally engaged in the investment, development, operation and management of power plants and coal mines in the PRC.

### **CRP Investment**

CRP Investment is a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### **Cangzhou CI**

Cangzhou CI was jointly established by Cangzhou Construction and Investment Group Co., Ltd (滄州市建設投資集團有限公司) and Hebei Hengguan Power Development Co., Ltd. (河北衡冠電力開發有限公司). It is principally engaged in investment in energy construction projects and is the largest energy investment company in Cangzhou. It currently holds a 9% stake in Hebei Guohua Cangdong Power Co., Ltd. (河北國華滄東發電責任有限公司), 5% in China Resources Cangzhou Co-generation Co., Ltd. (滄州華潤熱電有限公司) and 2.31% in Hebei Construction and Investment Renqiu Thermal Power Co., Ltd. (河北建投任丘熱電有限公司) through investment.

### **Cang County Construction and Investment**

Cang County Construction and Investment was established by the State Assets Administration Bureau as a wholly state-owned company with limited liability. It is primarily engaged in project investment and disposal of idle assets.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios is more than 5% but less than 25%, the formation of the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of directors of the Company
“Cangzhou CI”	Cangzhou CI Energy Investment Company Limited* (滄州建設能源投資有限公司), a company established in the PRC with limited liability
“Cang County Construction and Investment”	Cang County Construction and Investment Company Limited* (滄縣建設投資有限公司), a company established in the PRC with limited liability
“Company”	China Resources Power Holdings Company Limited (華潤電力控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 836)
“CRP Investment”	China Resources Power Investment Co., Ltd* (華潤電力投資有限公司), a wholly foreign owned enterprise established in the PRC and a direct wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“Joint Venture”	a company to be established in the PRC under the proposed name of China Resources Power (Cangzhou Yundong) Co., Ltd.* (華潤電力(滄州運東)有限公司)

“Joint Venture Agreement”	the joint venture agreement dated 5 August 2016 entered into among CRP Investment, Cangzhou CI and Cang County Construction and Investment in relation to the formation of the Joint Venture
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt
“Parties”	parties to the Joint Venture Agreement, being CRP Investment, Cangzhou CI and Cang County Construction and Investment, and “Party” shall mean any of them
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 5 August 2016

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

\* *For identification purposes only*