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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 PARTICIPATION IN CHONGQING ENERGY RESTRUCTURING**

#### **INVESTMENT OPERATION AGREEMENT**

Shenzhen Nanguo, a wholly owned subsidiary of the Company, has entered into the Investment Operation Agreement with the Restructuring Entities and Chongqing Guotiao (as designated by Chongqing State-owned Assets Supervision and Administration Commission) on 4 November 2022, pursuant to which the Group shall invest RMB6 billion to participate in the restructuring of the Restructuring Entities.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Investment Operation Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, it constitutes a discloseable transaction of the Company under the Listing Rules and is accordingly subject to the announcement requirement under Chapter 14 of the Listing Rules.

The Board announces that Shenzhen Nanguo, a wholly owned subsidiary of the Company, has entered into the Investment Operation Agreement with the Restructuring Entities and Chongqing Guotiao Enterprise Management Co., Ltd.\* (重慶國調企業管理有限公司) (“**Chongqing Guotiao**”) (as designated by Chongqing State-owned Assets Supervision and Administration Commission) on 4 November 2022, pursuant to which the Group shall invest RMB6 billion to participate in the restructuring of the Restructuring Entities (the “**Restructuring**”).

## PRINCIPAL TERMS OF THE INVESTMENT OPERATION AGREEMENT

The principal terms of the Investment Operation Agreement are set out as below:

**Date** : 4 November 2022

**Parties** : (i) 16 restructuring entities (“**Restructuring Entities**” and each a “**Restructuring Entity**”) as recorded and registered by the Fifth Intermediate People’s Court of Chongqing (the “**Court**”):

- a. Chongqing Energy Investment Group Co., Ltd. (重慶市能源投資集團有限公司) (“**Chongqing Energy**”)
- b. Chongqing Energy Investment Co., Ltd.\* (重慶能投資產運營有限公司), 100% equity interests of which is owned by Chongqing Energy
- c. Chongqing Yongrong Mining Co., Ltd. (重慶永榮礦業有限公司), 100% equity interests of which is owned by Chongqing Energy
- d. Chongqing Nantong Mining Co., Ltd. (重慶南桐礦業有限責任公司), 100% equity interests of which is owned by Chongqing Energy
- e. Chongqing Energy Investment Trading Co., Ltd.\* (重慶能投商貿有限公司), 100% equity interests of which is owned by Chongqing Energy
- f. Chongqing Energy Investment Yu New Energy Co., Ltd.\* (重慶能投渝新能源有限公司), 80% equity interests of which is owned by Chongqing Energy
- g. Chongqing Tianfu Mining Co., Ltd. (重慶天府礦業有限責任公司), 100% equity interests of which is owned by Chongqing Energy
- h. Chongqing Tianhong Mining Co., Ltd.\* (重慶天弘礦業有限責任公司), 71.35% equity interests of which is owned by Chongqing Energy
- i. Chongqing Energy Investment Group Material Co., Ltd.\* (重慶市能源投資集團物資有限責任公司), 100% equity interests of which is owned by Chongqing Energy
- j. Chongqing Qineng Electricity & Aluminum Co., Ltd. (重慶旗能電鋁有限公司), 98.63% equity interests of which is owned by Chongqing Energy

- k. Chongqing Shun'an Baopo Equipment Co., Ltd.\* (重慶順安爆破器材有限公司), 100% equity interests of which is owned by Chongqing Energy
- l. Chongqing Energy Investment Clean Energy Co., Ltd.\* (重慶能投清潔能源有限公司), 80% equity interests of which is owned by Chongqing Energy
- m. Chongqing Yunneng Power Generation Co., Ltd.\* (重慶雲能發電有限公司), 80% equity interests of which is owned by Chongqing Energy
- n. Fengdu County Power Generation Co., Ltd.\* (豐都縣發電有限公司), 80% equity interests of which is owned by Chongqing Energy
- o. Chongqing Bashan Hydropower Development Co., Ltd. (重慶巴山水電開發有限公司), 80% equity interests of which is owned by Chongqing Energy
- p. Ganluo County Gongpeng Power Development Co., Ltd. (甘洛縣工棚電力開發有限責任公司), 72.51% equity interests of which is owned by Chongqing Energy; and

(ii) Investors

- a. Shenzhen Nanguo, a wholly owned subsidiary of the Company
- b. Chongqing Guotiao

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Restructuring Entities and Chongqing Guotiao and their ultimate beneficial owner(s) are independent third parties.

**Restructuring investment amount**

: The Investors shall inject RMB8 billion to Chongqing Energy, among which Shenzhen Nanguo shall contribute RMB6 billion and Chongqing Guotiao shall contribute RMB2 billion. A small portion of the fund shall be used to pay the Restructuring Entities' liquidation expenses, common benefits debts and debts payable in cash and most of the fund shall be saved as self-owned capital for future investment and development of Chongqing Energy. In the future, Chongqing Energy will focus on principal business by optimizing asset structure and achieving strategic transformation and adjustment.

The consideration was determined on the basis of normal commercial terms, after arm's length negotiation among the parties, and with reference to the value of Chongqing Energy as set out in below section "FINANCIAL INFORMATION OF CHONGQING ENERGY".

**Shareholding structure** : Other 15 Restructuring Entities are subsidiaries of Chongqing Energy. Upon Completion, the shareholding structure of Chongqing Energy shall be as below:

<i>Identity</i>	<i>percentage</i>
Certain shareholding platforms of the creditors of the Restructuring Entities	49%
Shenzhen Nanguo	38.25%
Chongqing Guotiao	12.75%

The Restructuring Entities will not be consolidated in the Group as the Company has no control over the shareholders' meeting of Chongqing Energy.

**Deposit** : Within fifteen Trading Days after the date of the Investment Operation Agreement, the Investors shall make a deposit of RMB500 million (the “**Deposit**”), among which Shenzhen Nanguo shall pay RMB375 million and Chongqing Guotiao shall pay RMB125 million.

**Restructuring plan** : The Investment Operation Agreement was agreed upon by all parties thereto and formed the basis of the draft restructuring agreement and the draft restructuring plan. The restructuring plan shall be formulated based on the restructuring agreement agreed by Investors in writing and approved by the creditors' meeting of the Restructuring Entities.

**Payment** : (i) First installment of RMB1.6 billion (the “**First Installment**”) shall be made by the Investors within fifteen Trading Days upon satisfaction of below conditions and receipt of written notice:

- a. the Court having approved the restructuring plan of the Restructuring Entities; and
- b. the Restructuring having passed the concentration of business undertakings review (if applicable).

The Deposit of RMB450 million shall be automatically converted into the First Installment. As such, Shenzhen Nanguo shall pay RMB862.5 million and Chongqing Guotiao shall pay RMB287.5 million among the First Installment.

- (ii) Second installment of RMB2.4 billion shall be made by the Investors within fifteen Trading Days upon satisfaction of below conditions:
  - a. the Court having reviewed and ruled on the bankrupt liquidation applications for certain subsidiaries of Chongqing Energy; and
  - b. the Completion having taken place and the creditors having obtained the relevant equity interests of Chongqing Energy or such equity interests having been duly deposited in accordance with the restructuring plan.

Among the second installment, Shenzhen Nanguo shall pay RMB1.8 billion and Chongqing Guotiao shall pay RMB600 million.

- (iii) Third installment of RMB4 billion shall be made by the Investors within thirteen months upon Completion:

The Deposit of RMB50 million shall be automatically converted into the third installment. As such, among the third installment, Shenzhen Nanguo shall pay RMB2,962.5 million and Chongqing Guotiao shall pay RMB987.5 million.

**Completion**

: The Completion shall take place upon:

- (i) The Court having approved the restructuring plan;
- (ii) The transactions contemplated under the Investment Operation Agreement having been approved by relevant State-owned assets regulatory authorities (if applicable);
- (iii) The relevant arrangements of paying off debts with shares having fulfilled the disclosure obligations of the listed company and other regulatory requirements (if applicable);
- (iv) The transactions contemplated under the Investment Operation Agreement having passed the foreign investment security review (if applicable);
- (v) The Investors having completed the compliance procedures pursuant to the Listing Rules, including but not limited to shareholders' approval (if applicable); and
- (vi) The First Installment having been made by the Investors.

Change of the relevant registration and filing procedures of the Restructuring Entities shall be made within fifteen Trading Days upon the conditions of Completion having been satisfied.

**Management arrangement** : The board of directors of Chongqing Energy after the Restructuring shall consist of seven directors, among which, Shenzhen Nanguo shall nominate four directors, Chongqing Guotiao shall nominate one director, employees of Chongqing Energy shall nominate one director and the creditors of the Restructuring Entities shall nominate one director. The chairman of the board shall be recommended by Shenzhen Nanguo and elected by the board members.

Chongqing Energy shall appoint two supervisors, among which, each of Shenzhen Nanguo and Chongqing Guotiao shall nominate one supervisor.

Chongqing Energy shall set up a management team with one general manager, who shall be recommended by Shenzhen Nanguo and several deputy general managers, one of whom shall be recommended by Chongqing Guotiao and others by Shenzhen Nanguo. The person in charge of finance shall be recommended by Shenzhen Nanguo.

## **FINANCIAL INFORMATION OF CHONGQING ENERGY**

After the comprehensive settlement of the debts of the Restructuring Entities through “cash + debt retention + debt for equity + debt equity swap”, the estimated net asset value of Chongqing Energy is RMB7.704 billion. Upon completion of the Restructuring, the net assets of Chongqing Energy are expected to be RMB15.704 billion, and its gearing ratio will be 55%.

Set out below is the audited consolidated financial information of Chongqing Energy for the years ended 31 December 2020 and 2021.

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(audited)</i>	<i>(audited)</i>
Net loss before taxation	1.611 billion	32.687 billion
Net loss after taxation	1.818 billion	32.688 billion

Affected by the closure of coal mines in Chongqing, the assets of Chongqing Energy have been significantly impaired in 2021. The loss in 2021 are mainly due to the impairment of the closed coal mine assets, risk creditors’ rights, equity disposal losses and personnel resettlement costs. After excluding the aforesaid one-off profit or loss, the operating losses in 2021 are generally the same compared to 2020.

## **REASONS FOR AND BENEFITS OF PARTICIPATING IN THE RESTRUCTURING**

The Company is laying out its power-related business including thermal power generation, hydropower generation, wind power generation, photovoltaic power generation and integrated energy services. On the basis of efficient management and economy improvement of existing projects, the Company will actively promote Xinjiang Power to Chongqing (疆電入渝) and the acquisition and construction of renewable energy projects in Chongqing municipality, striving to arm the Chongqing Energy after the Restructuring and its subsidiaries with 8,000MW installed capacity (including 5,000MW of renewable energy capacity) by the end of the “14th Five Year Plan” period. In the future, the Group will further promote “other regional power to Chongqing” (外電入渝) projects including “Tibet Power to Chongqing” (藏電入渝) and “Sichuan Power to Chongqing” (川電入渝) projects, laying the foundation for large-scale development during the “15th Five Year Plan” and the “16th Five Year Plan” period in Southwest China.

Leveraging on its dominant position in Chongqing’s energy market, the Company has actively built a new model for all-round development as a provincial-level energy platform. In addition to traditional thermal, wind and photovoltaic power generation businesses, based on a large number of high-quality industrial and commercial businesses, more than 30 million urban population in Chongqing and with the deepening of the power system reform, it is expected that there will be broad development space in the fields of distribution network, distributed energy, integrated energy and hydrogen energy in Chongqing in the future, facilitating the transformation and development of the Company.

After the Restructuring, Chongqing Energy and its subsidiaries will focus on the development of their principal business. As an important platform to ensure the energy supply of Chongqing, it will become an important market player in energy resources allocation in Chongqing and the backbone of Chongqing in optimizing its energy structure and promoting the realization of the goal of “carbon peak and carbon neutrality”.

Having considered the above factors, the Board (including the independent non-executive Directors) considers that the Investment Operation Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, are fair and reasonable and are in the ordinary and usual course of business of the Group.

## **INFORMATION OF PARTIES**

### **The Company and Shenzhen Nanguo**

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. The Company is owned by CRH with 62.94% equity interests and public shareholders with 37.06% equity interests. The ultimate beneficial owner of the Company is CRNC which is beneficially owned by State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Shenzhen Nanguo is a wholly owned subsidiary of the Company and is principally engaged in technical development and consultation of renewable energy and clean energy.

## **Restructuring Entities**

Chongqing Energy and its subsidiaries are the important entities to guarantee the energy supply in Chongqing, and have been conscientiously fulfilling the responsibility of guaranteeing energy supply for a long time. The Restructuring Entities have been playing an important role in promoting the economic and social development of Chongqing and protecting and improving people's livelihood in Chongqing. The Restructuring Entities have several industrial sectors including power, gas, cement, coal, health, electrolytic aluminum, blasting, logistics and trade and machinery processing, among which the power sector has a controllable installed capacity of 1,975MW, with clean energy accounting for 1/3 of the total.

## **Chongqing Guotiao**

Chongqing Guotiao is wholly owned by Chongqing State-owned Assets Supervision and Administration Commission and is principally engaged in business management, enterprise management consulting, enterprise headquarters management, information consulting services (excluding licensing information consulting services), real estate consulting, real estate brokerage, land use right lease, housing lease, marketing planning, project planning and public relations services, land improvement services, estate management, conference and exhibition services, market management services, commercial complex management services, non-residential real estate leasing, general cargo warehousing services (excluding hazardous chemicals and other items requiring approval), grain and oil storage service, finished oil storage (excluding hazardous chemicals), general merchandise sales, domestic freight forwarding agent, road cargo transport station operation, trade brokerage and sales agents.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Investment Operation Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, it constitutes a discloseable transaction of the Company under the Listing Rules and is accordingly subject to the announcement requirement under Chapter 14 of the Listing Rules.

None of the Directors was deemed to have material interests in the Investment Operation Agreement and the transactions contemplated thereunder and thus no Director was required to abstain from voting on the relevant resolution(s) at the board meeting.

## **DEFINITIONS**

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

“Board”	The board of Directors of the Company;
“China” or “PRC”	the People's Republic of China, which for the purposes of this announcement excludes Hong Kong, Macao Special Administrative Region of the People's Republic of China and Taiwan;
“Company”	China Resources Power Holdings Company Limited (華潤電力控股有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 836);



“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability, which is ultimately owned by CRNC;
“CRNC”	China Resources National Corporation* (中國華潤有限公司), a company incorporated in the PRC with limited liability and the ultimate holding company 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;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Shares”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shenzhen Nanguo”	Shenzhen Nanguo Energy Co., Ltd. (深圳南國能源有限公司), a wholly owned subsidiary of the Company and is incorporated in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trading Day”	a day on which the Stock Exchange is open for business.

\* For identification purposes only

By order of the Board  
**CHINA RESOURCES POWER  
HOLDINGS COMPANY LIMITED**  
**WANG Chuandong**  
*Chairman*

Hong Kong, 4 November 2022

*As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. LIU Guixin and Mr. CHEN Guoyong; three executive directors, namely Mr. SHI Baofeng, Mr. ZHANG Junzheng and Ms. WANG Xiao Bin; 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.*