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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)

CONNECTED TRANSACTION ESTABLISHMENT OF A JOINT VENTURE IN FUJIAN

ESTABLISHMENT OF A JOINT VENTURE

On 16 November 2016, CRP Investment, a direct wholly-owned subsidiary of the Company, and CR Gas Investment, an indirect wholly-owned subsidiary of CR Gas, entered into the Joint Venture Agreement, pursuant to which the Parties will establish the Joint Venture in Fujian Province of the PRC. Upon the establishment of the Joint Venture, the Joint Venture will be owned by CRP Investment and CR Gas Investment as to 51% and 49%, respectively.

The Joint Venture will principally engage in the sale and distribution of electricity and design and implementation of electrical engineering projects; research and development, technical consulting, technology transfer and technical services for new energy technology; energy management contract, energy-saving consulting and electricity usage consulting services; production, sales and research of environmental friendly electrical products; and electricity business agency service and other electricity-related business approved by the government.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, CRH, which is interested in 62.98% of the total issued share capital of the Company and is the controlling shareholder of the Company, is also the controlling shareholder of CR Gas by virtue of being interested in approximately 63.95% of the issued share capital of CR Gas. Accordingly, CR Gas and its wholly-owned subsidiary, CR Gas Investment, are associates of CRH and therefore connected persons of the Company.

As certain of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the establishment of the Joint Venture exceed 0.1% but are all less than 5%, the establishment of the Joint Venture constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 16 November 2016, CRP Investment, a direct wholly-owned subsidiary of the Company, and CR Gas Investment, an indirect wholly-owned subsidiary of CR Gas, entered into the Joint Venture Agreement, pursuant to which the Parties will establish the Joint Venture in Fujian Province of the PRC. Upon the establishment of the Joint Venture, which is subject to the approval of the relevant PRC authorities, the Joint Venture will be owned by CRP Investment and CR Gas Investment as to 51% and 49%, respectively.

The Joint Venture will principally engage in the sale and distribution of electricity and design and implementation of electrical engineering projects; research and development, technical consulting, technology transfer and technical services for new energy technology; energy management contract, energy-saving consulting and electricity usage consulting services; production, sales and research of environmental friendly electrical products; and electricity business agency service and other electricity-related business approved by the government.

ESTABLISHMENT OF JOINT VENTURE

The principal terms of the Joint Venture Agreement are set out as follows:

Date:	16 November 2016
Parties:	(A) CRP Investment, a direct wholly-owned subsidiary of the Company established in the PRC; and (B) CR Gas Investment, an indirect wholly-owned subsidiary of CR Gas established in the PRC
Total Investment and Registered capital:	The total investment amount of the Joint Venture is expected to be RMB400 million (approximately HK\$464 million). The registered capital of the Joint Venture is expected to be RMB210 million (approximately HK\$243.6 million), representing 52.5% of the total investment amount.

Capital
contribution:

- (a) CRP Investment will contribute RMB107.1 million (approximately HK\$124.2 million) in cash, representing 51% of the registered capital of the Joint Venture; and
- (b) CR Gas Investment will contribute RMB102.9 million (approximately HK\$119.4 million) in cash, representing 49% of the registered capital of the Joint Venture.

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiation 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 additional capital in excess of its registered capital to fund its development, the Joint Venture shall obtain financing from banks, and if such financing is insufficient for the Joint Venture's capital requirements, the Parties shall provide guarantees or shareholders' loan to the Joint Venture in proportion to their capital contribution up to such amount not exceeding the total investment amount of the Joint Venture multiplied by its shareholding percentage in the Joint Venture, less its capital contribution paid for the registered capital of the Joint Venture.

Board Composition
and Management
Structure:

The Joint Venture's board of directors will comprise of 7 directors, of which CRP Investment is entitled to appoint 4 directors and CR Gas Investment is entitled to appoint 3 directors.

CRP Investment will appoint the chairman of the board, who will also act as the legal representative of the Joint Venture, and CR Gas Investment will appoint the vice chairman of the board.

The Joint Venture shall have two supervisors, with each of CRP Investment and CR Gas Investment entitled to appoint one supervisor. The Joint Venture shall have one general manager who is to be appointed by the board of directors according to the nomination of CR Gas Investment.

Scope of business:	<p>It is intended that the Joint Venture will principally engage in the following businesses:</p> <ul style="list-style-type: none"> (i) sale and distribution of electricity and design and implementation of electrical engineering projects; (ii) research and development, technical consulting, technology transfer and technical services for new energy technology; (iii) energy management contract, energy-saving consulting and electricity usage consulting services; (iv) production, sales and research of environmental friendly electrical products; and (v) electricity business agency service and other electricity-related business approved by the government.
Restrictions on equity transfers and encumbrances:	<p>A Party may not transfer, pledge, charge or otherwise deal with its equity interest in the Joint Venture to a third party without the prior written consent of the other Party.</p> <p>In the event that a Party proposes to transfer its equity interest in the Joint Venture, the other Party shall have a right of first refusal to such equity interest.</p>
Distribution of profit:	<p>Save as agreed otherwise by the Parties, profit after taxation available for distribution will be distributed to the Parties pro rata to their respective paid up capital contribution in the Joint Venture.</p>

Upon its establishment, the Joint Venture shall be accounted for as a subsidiary of the Company.

REASONS FOR AND BENEFITS OF ESTABLISHING THE JOINT VENTURE

The Group is principally engaged in the investment, development, operation and management of power plants and coal mines in the PRC, while CR Gas Group is principally engaged in downstream gas distribution in the PRC.

The Directors consider the establishment of the Joint Venture would enable the Parties to team up for the purpose of providing sales and marketing services for electricity in Fujian Province. As both the Group and CR Gas Group currently maintain various power generation and gas distribution operations in Fujian Province, the Directors believe that the Parties could utilize their regional expertise and resources jointly to expand their presence and coverage in the electricity retail and distribution market in Fujian Province, which in turn could improve the economic benefit of the Company.

The Joint Venture will be accounted for as a subsidiary of the Company upon its establishment and its financial results will be consolidated in the financial statements of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement and the transactions contemplated therein are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors is considered to have material interest in the Joint Venture Agreement. As good corporate governance measure, Ms. Zhou Junqing, Mr. Chen Ying and Mr. Wang Yan abstained from voting on the relevant board resolutions for considering and approving the Joint Venture Agreement in view of their senior management roles at CRH.

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.

CR Gas Investment

CR Gas Investment is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of CR Gas. It is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRH, which is interested in 62.98% of the total issued share capital of the Company and is the controlling shareholder of the Company, is also the controlling shareholder of CR Gas by virtue of being interested in approximately 63.95% of the issued share capital of CR Gas. Accordingly, CR Gas and its wholly-owned subsidiary, CR Gas Investment, are associates of CRH and therefore connected persons of the Company.

As certain of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the establishment of the Joint Venture exceed 0.1% but are all less than 5%, the establishment of the Joint Venture constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“CR Gas”	China Resources Gas Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1193);
“CR Gas Group”	CR Gas and its subsidiaries;
“CR Gas Investment”	華潤燃氣投資(中國)有限公司 (China Resources Gas Investment (China) Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of CR Gas;

“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company which indirectly held approximately 62.98% of the issued share capital of the Company as at the date of this announcement;
“CRP Investment”	華潤電力投資有限公司 (China Resources Power Investment Co., Ltd*), a wholly foreign owned enterprise established in the PRC and a direct wholly-owned subsidiary of the Company;
“Company”	China Resources Power Holdings Company Limited (華潤電力控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed 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”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Joint Venture”	華潤電力(福建)銷售有限公司 (China Resources Power (Fujian) Marketing Co., Ltd*), the joint venture enterprise proposed to be established in Fujian Province of the PRC pursuant to the terms of the Joint Venture Agreement;
“Joint Venture Agreement”	the joint venture agreement (合資經營合同) dated 16 November 2016 between CRP Investment and CR Gas Investment in relation to the establishment of the Joint Venture;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Parties”	parties to the Joint Venture Agreement, being CRP Investment and CR Gas Investment, and “Party” shall mean any of them;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.16. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

The English translations of the Chinese name(s) in this announcement, where indicated with “”, are provided for information only, and should not be regarded as the official English name(s) of such Chinese names.*

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

Hong Kong, 16 November 2016

As at the date of this announcement, the executive directors are Ms. ZHOU Junqing, 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.