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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 TRANSACTIONS ESTABLISHMENT OF FUND

The Board announces that (1) on 1 February 2018, CRP Investment (Shenzhen), entered into the Limited Partnership Agreement with Hanwei Runneng, Guoxin Guorun, CRP Project Service, CR Venture Capital and the other limited partners in relation to the establishment of the Fund; (2) on 1 February 2018, CRP Investment (Shenzhen), CRH Capital and the Fund entered into the Industry Consultancy Agreement in relation to the provision of industry consulting service to the Fund by CRP Investment (Shenzhen); and (3) on 1 February 2018, CRP Investment and the Fund entered into the Right of First Refusal Agreement, pursuant to which the Fund agreed to grant a right of first refusal to CRP Investment or any of its affiliates on transfer of any of its interests in a project company invested by the Fund.

The transactions contemplated under each of the Limited Partnership Agreement and Industry Consultancy Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Limited Partnership Agreement exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all applicable percentage ratios for the transactions contemplated under the Industry Consultancy Agreement are less than 0.1%, the transactions are fully exempt under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that (1) on 1 February 2018, CRP Investment (Shenzhen), entered into the Limited Partnership Agreement with, amongst other limited partners, Hanwei Runneng, Guoxin Guorun, CRP Project Service, CR Venture Capital and the other limited partners in relation to the establishment of the Fund; (2) on 1 February 2018, CRP Investment (Shenzhen), CRH Capital and the Fund entered into the Industry Consultancy Agreement in relation to the provision of industry consulting service to the Fund by CRP Investment (Shenzhen); and (3) on 1 February 2018, CRP Investment and the Fund entered into the Right of First Refusal Agreement, pursuant to which the Fund agreed to grant a right of first refusal to CRP Investment or any of its affiliates on transfer of any of its interests in a project company invested by the Fund.

LIMITED PARTNERSHIP AGREEMENT

Date

1 February 2018

Parties

(1) General Partners:

- (i) CRP Investment (Shenzhen);
- (ii) Hanwei Runneng;
- (iii) Guoxin Guorun; and

(2) Limited Partners:

- (i) CRP Project Service;
- (ii) CR Venture Capital; and
- (iii) other limited partners.

Name of the Fund

Guangdong Run Chuang New Energy Shares Investment Fund Partnership (Limited Partnership) (廣東潤創新能源股權投資基金合夥企業(有限合夥)).

Duration of the Fund

The duration of the Fund shall be five (5) years commencing from the date of the incorporation of the Fund, which may be extended pursuant to the terms of the Limited Partnership Agreement, but in any event, the duration of the Fund shall not be more than seven (7) years.

Business scope

The Fund is principally engaged in equity investment and industry investment, approved by the relevant government authorities.

The Fund shall conduct investments in the following categories:

- (1) biological, waste power generation projects and coupled power generation projects;
- (2) wind power projects: the Fund shall not make any investment in wind power generation projects in several areas with severe power curtailment in northern China including Xinjiang, Gansu and Ningxia in northwest China, Inner Mongolia in north China, Heilongjiang and Jilin in northeast China;
- (3) micro grids, multi-energy complementation, energy storage and other projects; and
- (4) any energy-related big data high-tech companies.

The investment amount for categories (1) and (2) above is expected to be no less than 90% of the Fund Size and the investment amount for categories (3) and (4) above is expected to be not more than 10% of the Fund Size. The investment amount to be allocated to each category shall be subject to adjustment pursuant to the terms of the Limited Partnership Agreement.

Capital contributions

Pursuant to the Limited Partnership Agreement, the size of the Fund will be no more than RMB3.0 billion, of which:

General partners

- CRP Investment (Shenzhen) shall contribute RMB4.41 million, representing approximately 0.15% of the Fund Size;
- Hanwei Runneng shall contribute RMB4.59 million, representing approximately 0.15% of the Fund Size; and
- Guoxin Guorun shall contribute RMB1.0 million, representing approximately 0.03% of the Fund Size.

Limited partners

- CRP Project Service shall contribute RMB367.5 million, representing approximately 12.25% of the Fund Size;
- CR Venture Capital shall contribute RMB382.5 million, representing approximately 12.75% of the Fund Size; and
- Other limited partners shall contribute RMB2,240 million in aggregate, representing approximately 74.67% of the Fund Size.

Capital contributions to be made by the Partners are and will be determined by the Partners after arm's length negotiations with reference to the capital needs and requirement of the Fund.

Call on payment of capital contributions

The capital contributions to be made by the Partners will be paid in cash in installments in accordance with the terms of the Limited Partnership Agreement.

Management

Manager

CRH Capital was appointed as the Manager. The Fund may enter into a management agreement with the Manager which shall be terminated automatically if Hanwei Runneng and CRP Investment (Shenzhen) are removed from the Fund or transfer their respective interests in the Fund to any third parties. The Manager is entrusted to provide daily operation and investment management services to the Fund. The

Manager is authorized to represent the Fund to enter into agreements relating to personnel, investment and management of the Fund. Approval from the managing partner and CRP Investment (Shenzhen) is required for matters relating to bank accounts, employing experts, auditing, investment tools and litigation. The General Partners will jointly make decisions on other matters relating to the Fund's operation.

The management fee of the Fund shall be paid to the Manager on an annual basis in the following manners:

- (1) an annual management fee representing 1.0% of the paid-up capital of the Fund during the first three years from the date of incorporation of the Fund (the "**Investment Period**"); and
- (2) an annual management fee representing 0.8% of the paid-up capital of the Fund during the remaining term of the Fund after the Investment Period.

Investment decision

The Manager shall establish an investment decision committee (the "**Committee**"), which shall be responsible for making investment decisions for the Fund. The Committee comprises five (5) members, including one (1) member to be appointed by Hanwei Runneng, two (2) members to be appointed by CRP Investment (Shenzhen), one (1) member to be appointed by Guoxin Guorun, and one (1) member to be appointed by China Merchants Asset Management, one of the Superior Limited Partners, on behalf of China Merchants Bank. The chairman of the Committee shall be any member of the Committee to be appointed by CRP Investment (Shenzhen). Any investment decision shall be approved by at least four members of the Committee.

Investment restriction

Without prior unanimous approval of the Partners, the investment amount into a single investment project shall not be more than 15% of the Fund Size.

Debt and guarantee restrictions

Without prior unanimous approval of the Partners, the Fund shall not act as a borrower of any financing debt nor provide any guarantee to any party other than the investment target.

Liability of the Partners

The General Partners will undertake unlimited liability for the debts of the Fund. The Limited Partners will undertake liability for the debts of the Fund up to their respective capital commitment.

Profit distribution

The distributable income of the Fund refers to the income derived from (1) disposal of project investment; (2) dividends, interests and other cash income generated from investment targets; (3) cash management; (4) unused paid-up capital and (5) other types of cash income. The distributable income shall be distributed to each Partner as soon as practicable, and in any case no later than 90 days from the date of receiving or confirming such amount.

Any profit generated shall be distributed to every Superior Limited Partner on the 21st day of June and December of each calendar year during the term of the Fund. Subject to the aforementioned, the Fund shall distribute any remaining profits in the following order of priority:

- (i) first, to the Superior Limited Partners until each Superior Limited Partner has received a cumulative amount equal to 100% of their respective paid-up contribution to the Fund;
- (ii) second, to the Superior Limited Partners until each Superior Limited Partner has received an expected return of 6.4% per annum (simple interest) on the paid-up contribution of each;
- (iii) third, to the Intermediate Limited Partners until each Intermediate Limited Partner has received a cumulative amount equal to 100% of their respective paid-up contribution to the Fund;
- (iv) fourth, to the Intermediate Limited Partners until each Intermediate Limited Partner has received an expected return of 7.5% per annum (compound interest) on the paid-up contribution of each;
- (v) fifth, to the Inferior Limited Partners and the General Partners until each Inferior Limited Partner and General Partner has received a cumulative amount equal to 100% of their respective paid-up contribution to the Fund;
- (vi) sixth, to the Inferior Limited Partners and the General Partners until each Inferior Limited Partner and General Partner has received an expected return of 8.0% per annum (compound interest) on the paid-up contribution of each; and
- (vii) lastly, 1.4% of the remaining amount is to be paid to Guoxin Guorun; 5.6% is to be paid to CRP Investment (Shenzhen) as bonus for the management team of the Fund; 13.0% is to be paid to Hanwei Runneng and CRP Investment (Shenzhen); 10.0% is to be paid to the Superior Limited Partners in proportion to their paid-up capital contributions until the Superior Limited Partners have received

a ceiling return of 8.0%; 12.0% is to be paid to the Intermediate Limited Partners in proportion to their paid-up capital contributions until the Intermediate Limited Partners have received a ceiling return of 10.0%; and the remaining 58.0% is to be paid to the Inferior Limited Partners in proportion to their paid-up capital contributions.

INDUSTRY CONSULTANCY AGREEMENT

Date

1 February 2018

Parties

- (1) CRP Investment (Shenzhen);
- (2) CRH Capital; and
- (3) the Fund

Work scope

CRH Capital (on behalf of the Fund) shall engage CRP Investment (Shenzhen) as industry consultant of the Fund, which will provide industry consultancy services on industrial background and business development to the Fund.

Duration of the Industry Consultancy Agreement

The duration of the Industry Consultancy Agreement shall be five years, commencing from 1 February 2018, subject to the actual validity period of the Fund.

Consultation fee

CRP Investment (Shenzhen) shall receive a consultation fee equal to 70% of the management fee to be received by CRH Capital. Such consultation fee shall be deducted from CRH Capital's management fee and is paid directly by the Fund to CRP Investment (Shenzhen).

For the avoidance of doubt, the consultation fee shall not include any fee to be borne by the Fund in accordance with the Limited Partnership Agreement.

The consultation fee is payable on a quarterly basis.

RIGHT OF FIRST REFUSAL AGREEMENT

Date

1 February 2018

Parties

- (1) CRP Investment; and
- (2) the Fund.

Pursuant to the Right of First Refusal Agreement, the Fund agreed to grant a right of first refusal to CRP Investment or any of its affiliates on transfer of any of its interests in a project company invested by the Fund (the “**Interests**”). CRP Investment shall have the right, but not an obligation, to acquire the Interests. If CRP Investment decides not to exercise the right of first refusal, the Fund may sell the Interests to any third parties at terms and conditions no less favorable to CRP Investment.

Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The establishment of the Fund will enable the Group to grow and develop its principal business and expand its investment in the new energy sector. The fund will combine industry knowledge and financial institution capabilities and provide synergy support to the Group, assist the Group in managing investment risks, allow a prompt and flexible investment decision-making mechanism, enable the Group to tap into new industry areas and projects, and provide additional means of fundraising. CRP Investment (Shenzhen) acting as an industry consultant will generate additional income for the Group and facilitate the establishment and operation of the Fund.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Limited Partnership Agreement, the Industry Consultancy Agreement and the Right of First Refusal Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole, but were not entered into in the ordinary or usual course of business of the Group due to the nature of such transactions.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRH is interested in 62.94% of the total issued share capital of the Company and is a controlling shareholder. Each of CRH Capital and Hanwei Runneng is a subsidiary of CRH and is an associate of CRH. CRH Capital and Hanwei Runneng is therefore, a connected person of the Company. As such, the transactions contemplated under each of the Limited Partnership Agreement and Industry Consultancy Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Limited Partnership Agreement exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all applicable percentage ratios for the transactions contemplated under the Industry Consultancy Agreement are less than 0.1%, the transactions are fully exempt under Chapter 14A of the Listing Rules.

Given that Mr. CHEN Ying and Mr. WANG Yan, the Directors, are concurrently holding senior management roles in the Company's controlling shareholder group, they have abstained from voting in relation to the relevant Board resolutions approving the Limited Partnership Agreement, the Industry Consultancy Agreement and the Right of First Refusal Agreement. Save as mentioned above, none of the Directors has any material interest in the transactions contemplated under the Limited Partnership Agreement, the Industry Consultancy Agreement and the Right of First Refusal Agreement or is required to abstain from voting from the Board resolutions.

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.

Hanwei Runneng

Hanwei Runneng is a limited liability company established in the PRC. Hanwei Runneng is principally engaged in the equity investment, industrial investment and investment consultancy.

CRP Investment (Shenzhen)

CRP Investment (Shenzhen) is a limited liability company established in the PRC. CRP Investment (Shenzhen) is principally engaged in industrial investment, investment consultancy, investment advisory and enterprise management consultancy.

Guoxin Guorun

Guoxin Guorun is a limited liability company established in the PRC. Guoxin Guorun is principally engaged in asset management, investment management and investment consultancy.

CRP Project Service

CRP Project Service is a limited liability company established in the PRC. CRP Project Service is principally engaged in the investment in sectors accessible to foreign business permitted by the State.

CR Venture Capital

CR Venture Capital is a limited liability company established in the PRC. CR Venture Capital is principally engaged in investment consultancy, economic information consultancy and domestic commerce.

CRH Capital

CRH capital is a limited liability company established in the PRC. CRH Capital is principally engaged in trust management of equity investment fund (prohibited from public fundraising), providing consultancy services for equity investment and stock market listing, as well as equity investment into unlisted enterprises.

CRP Investment

CRP Investment is a limited liability company established in the PRC. CRP Investment is principally engaged in investment holding.

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”	board of directors of the Company;
“CRH”	China Resources (Holdings) Company Limited* (華潤(集團)有限公司), a company established in Hong Kong with limited liability and a controlling shareholder of the Company which indirectly held approximately 62.94% of the issued share capital of the Company as at the date of this announcement;
“CR Capital”	China Resources Capital Management Limited (華潤資本管理有限公司), a company incorporated in Hong Kong with limited liability, and a subsidiary of CRH;
“CR”	China Resources Co., Limited * (華潤股份有限公司), a wholly state-owned company established in the PRC, the sole shareholder of CRH and a controlling shareholder of the Company;
“CR Venture Capital”	China Resources Venture Capital (Shenzhen) Co., Ltd.* (華潤投資創業(深圳)有限公司), an indirect wholly-owned subsidiary of CR established in the PRC;
“CRH Capital”	Shenzhen China Resources Capital Equity Investment Company Limited* (深圳市華潤資本股權投資有限公司), formerly known as Shenzhen Hanwei Huaji Equity Investment Company Limited* (深圳市漢威華基股權投資有限公司), a direct wholly-owned subsidiary of CRH established in the PRC;
“CRP Investment”	China Resources Power Investment Company Limited* (華潤電力投資有限公司), a wholly-owned subsidiary of the Company;
“CRP Investment (Shenzhen)”	Shenzhen China Resources Power Investment Company Limited* (深圳市潤電投資有限公司), a wholly foreign-owned enterprise established in the PRC and a direct wholly-owned subsidiary of the Company;

“CRP Project Service”	China Resources Power Project Service Co., Ltd.* (華潤電力工程服務有限公司), a wholly-owned subsidiary of the Company established in the PRC;
“China Merchants Bank”	China Merchants Bank Co., Ltd.
“China Merchants Asset Management”	China Merchants Securities Asset Management Co., Ltd. (招商證券資產管理有限公司) is a limited liability company established in the PRC. China Merchants Securities Asset Management represents China Merchants Bank as an inferior and superior limited partner;
“Company”	China Resources Power Holdings Company Limited* (華潤電力控股有限公司), a company established 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;
“Directors”	the directors of the Company;
“Fund”	Guangdong Run Chuang New Energy Shares Investment Fund Partnership (Limited Partnership)* (廣東潤創新能源股權投資基金合夥企業(有限合夥)), a limited liability partnership to be established in the PRC pursuant to the Limited Partnership Agreement;
“Fund Size”	the total subscribed capital contribution to the Fund;
“General Partner(s)”	Hanwei Runneng, CRP Investment (Shenzhen) and Guoxin Guorun, or each of them;
“Group”	the Company and its subsidiaries;
“Guoxin Guorun”	Guoxin Guorun (Hangzhou) Investment Management Company Limited* (國新國潤(杭州)投資管理有限公司), an independent third party;

“Hanwei Runneng”	Hanwei Runneng Equity Investment (Shantou) Company Limited* (漢威潤能股權投資(汕頭)有限公司), a direct wholly-owned subsidiary of CR Capital;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Industry Consultancy Agreement”	The Industry Consultancy Agreement dated 1 February 2018 entered into between CRP Investment (Shenzhen), CRH Capital and the Fund;
“Inferior Limited Partner(s)”	limited partners of the Fund which have lower priority than the Intermediate Limited Partners and the Superior Limited Partners on distribution of profits of the Fund;
“Intermediate Limited Partner(s)”	limited partners of the Fund which have lower priority than the Superior Limited Partners on distribution of profits of the Fund;
“Limited Partner(s)”	the Superior Limited Partners, the Intermediate Limited Partners and the Inferior Limited Partners, or each of them;
“Limited Partnership Agreement”	The Limited Partnership Agreement dated 1 February 2018 entered into between CRP Investment (Shenzhen), Hanwei Runneng, Guoxin Guorun, CRP Project Service, CR Venture Capital and the other limited partners;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Manager”	The manager of the Fund as designated by the general partners of the Fund;
“Partner(s)”	General Partners(s) and Limited Partners, or each of them;
“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“Right of First Refusal Agreement”	The Right of First Refusal Agreement dated 1 February 2018 entered into between CRP Investment and the Fund;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Superior Limited Partner(s)”	limited partners of the Fund which have higher priority than the Inferior Limited Partners and the Intermediate Limited Partners on distribution of profits of the Fund;
“%”	per cent.

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

Hong Kong, 1 February 2018

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. LEUNG Oi-sie, Elsie, Dr. CH' IEN Kuo-fung, Raymond and Mr. SO Chak Kwong, Jack.