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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 IN RELATION TO FORMATION OF PARTNERSHIP FUND

FORMATION OF THE PARTNERSHIP FUND

On 25 May 2022, CRP Engineering, Inner Mongolia Lvneng PE, Inner Mongolia Environment, Guonengtou Inner Mongolia Power, State Power Investment Inner Mongolia Energy, Datang Inner Mongolia New Energy, Huadian Inner Mongolia New Energy, Three Gorges Investment, North United Power, CGN Wind Energy and TCL Industries Holdings have entered into the Partnership Agreement in relation to the formation of the Partnership Fund.

The total committed investment amount of the parties into the registered capital of the Partnership Fund is RMB10 billion, among which:

- (i) Inner Mongolia Lvneng PE shall contribute RMB10 million;
- (ii) Inner Mongolia Environment shall contribute RMB990 million;
- (iii) Each of Guonengtou Inner Mongolia Power, State Power Investment Inner Mongolia Energy, Datang Inner Mongolia New Energy, Huadian Inner Mongolia New Energy, Three Gorges Investment, North United Power, CGN Wind Energy, TCL Industries Holdings and CRP Engineering shall contribute RMB1 billion.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Manager, Inner Mongolia Lvneng PE and Inner Mongolia Environment is a connected person of the Company under the Listing Rules as they are subsidiaries of CRH, the controlling Shareholder which indirectly holds 62.94% equity interests of the Company. As such, under Chapter 14A of the Listing Rules, the formation of the Partnership Fund by the entering into the Partnership Agreement constitutes a connected transaction of the Company.

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

As a good corporate governance measure, Mr. Wang Chuandong has abstained from voting on the relevant board resolution in view of his senior management role in CRH. Save as aforementioned disclosure, none of the Directors had a material interest in the Partnership Agreement and the transactions contemplated thereunder.

On 25 May 2022, CRP Engineering, Inner Mongolia Lvneng PE, Inner Mongolia Environment, Guonengtou Inner Mongolia Power, State Power Investment Inner Mongolia Energy, Datang Inner Mongolia New Energy, Huadian Inner Mongolia New Energy, Three Gorges Investment, North United Power, CGN Wind Energy and TCL Industries Holdings entered into the Partnership Agreement in relation to the formation of the Partnership Fund.

PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

- Date** : 25 May 2022
- Parties** :
- (i) Inner Mongolia Lvneng PE, as the general partner;
 - (ii) Inner Mongolia Environment, as a limited partner;
 - (iii) Guonengtou Inner Mongolia Power, as a limited partner;
 - (iv) State Power Investment Inner Mongolia Energy, as a limited partner;
 - (v) Datang Inner Mongolia New Energy, as a limited partner;

- (vi) Huadian Inner Mongolia New Energy, as a limited partner;
- (vii) Three Gorges Investment, as a limited partner;
- (viii) North United Power, as a limited partner;
- (ix) CGN Wind Energy, as a limited partner;
- (x) TCL Industries Holdings, as a limited partner; and
- (xi) CRP Engineering, as a limited partner.

Purposes of the formation of the Partnership Fund : To allocate energy resources reasonably and efficiently, to build the completeness of the energy industry value chain in Inner Mongolia, to promote the transformation of the energy structure to green and low-carbon, to promote the adjustment and optimization of industrial structure and energy structure, to support energy conservation and emission reduction and green development, to help achieve the goal of “carbon peak and carbon neutrality”.

Scope of business of the Partnership Fund : The scope of business of the Partnership Fund is equity investments, investments management and assets management (subject to relevant registrations and filings).

The Partnership Fund will give priority to investments in new energy high-end equipment manufacturing industries such as wind power, photovoltaic power, hydrogen energy and energy storage. It can also invest in business relating to new energy development, energy technology innovation, energy infrastructure construction, energy operation and maintenance services, low-carbon industry and other energy related industries to promote the green and high-quality development of Inner Mongolia.

Term : Ten years from the date of business registration of the Partnership Fund (which is expected to be on or before 31 May 2022) (“**Registration Date**”), among which, first five years from the Registration Date shall be the investment period (the “**Investment Period**”), while the sixth to tenth year shall be the divestment period (the “**Divestment Period**”). Upon expiration, the term of the Partnership Fund may be extended by the resolution of the partners’ meeting.

All the investments by the Partnership Fund shall be completed within the Investment Period. The Partnership Fund shall not make any investment during the Divestment Period.

- Total committed investment amount of the Partnership Fund** : The total committed investment amount of the parties into the registered capital of the Partnership Fund is RMB10 billion, among which:
- (i) Inner Mongolia Lvneng PE shall contribute RMB10 million;
 - (ii) Inner Mongolia Environment shall contribute RMB990 million;
 - (iii) Each of Guonengtou Inner Mongolia Power , State Power Investment Inner Mongolia Energy, Datang Inner Mongolia New Energy, Huadian Inner Mongolia New Energy, Three Gorges Investment, North United Power, CGN Wind Energy, TCL Industries Holdings and CRP Engineering shall contribute RMB1 billion.

The total committed investment amount was determined after arm's length negotiations between the parties. The committed investment amounts of the Group will be financed by the Group's internal financial resources or bank loans.

- Partners' meeting** : A partner's meeting shall be convened to review and determine below events:
- (1) to modify or supplement the terms of the Partnership Agreement;
 - (2) the joining or exiting of the general partner, the increase or decrease of capital contribution by the general partner, the transferring or disposal of the general partner;
 - (3) the general partner is transformed into a limited partner, or vice versa;
 - (4) to transfer or dispose the real estate, intellectual property and other property rights obtained or held by the Partnership Fund due to non-investment activities;
 - (5) to extend the term, dissolve or liquidate the Partnership Fund; and
 - (6) to adjust the remuneration of the Manager (unless otherwise regulated by laws and regulations and the CSRC).

Resolutions in relation to above events are subject to the approval by the partners attending the meeting or casting valid votes and holding more than three-fifths (including three-fifths) of the paid-in capital interests in the Partnership Fund.

Other matters that all partners consider to be resolved by the partners' meeting, or matters to be considered by partners' meeting in accordance with law, regulations and Partnership Agreement are subject to the approval by half (including half) of the paid-in capital interests in the Partnership Fund held by the partners attending the meeting or casting valid votes.

Management of the Partnership Fund

: Inner Mongolia Lvneng PE, as a general partner, will also act as the executive partner of the Partnership Fund. Inner Mongolia Lvneng PE is entitled to appoint and change the fund manager.

The Manager will be appointed as the fund manager to manage the investment and operation of the Partnership Fund.

An investment decision committee will be formed pursuant to the Partnership Agreement as the final decision-making body as to the investment and divestment decisions of the Partnership Fund. It will comprise five members, of which one member shall be appointed by the Manager, one member shall be appointed by the executive partner, one member shall be jointly recommended by Inner Mongolia Environment and CRP Engineering and subject to approval of the general partner, two members shall be recommended by the rest of parties through negotiation and subject to approval of the general partner. When the number of investment decision committee members is less than five, other parties shall negotiate and recommend the candidate for the general partner's approval.

The investment decision committee is responsible for making decisions on the investment and divestment exceeding RMB200 million each (not including RMB200 million). For those not exceeding RMB200 million (including RMB200 million), the Manager will make the decision.

The investment decision committee shall exercise the following functions and powers:

- (1) to make decisions on major investment related matters such as the project investment plan and investment exit plan submitted by the fund manager;
- (2) to review and approve the specific system and process of investment decision-making;
- (3) to examine and approve other major matters affecting the investment income of the Partnership Fund;
- (4) to authorize the fund manager to implement various programs and plans.

Resolutions of the investment decision committee are subject to the approval by more than three-fifths (including three-fifths) of the committee members.

The Partnership Fund will not, for accounting purposes, be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the financial accounts of the Company.

Management fees payable to the Manager

: During the term of the Partnership Fund, the management fee is 2% of the paid-in capital of the Partnership Fund. If the Partnership Fund invests in a sub fund, the distribution proportion shall be determined upon negotiation. The calculation formula of management fee is as follows:

$$H = E \times M \times N \div 365$$

H: Amount of the management fee payable to the fund manager within one billing year;

M: 2%;

N: Days in the relevant year (operation year) (every 12 months is a billing year, i.e. 365 days in the whole year, and the last year is calculated according to the actual days in the billing year);

E: the paid-in capital size of the Partnership Fund of the relevant year.

Distribution

: the distributable cash of the Partnership Fund will be distributed in the following sequence:

First, to return all the paid-in capital – to all partners in proportion to their paid-in capital contribution in the Partnership Fund, until each partner recovers its paid-in capital contribution in the partnership.

Then, to distribute the investment income –

When the return rate on investment is less than or equal to 6% (simple interest calculation), the distribution shall be given priority to all the limited partners and the general partner shall not participate in the distribution;

When the return rate on investment is higher than 6% (simple interest calculation), all investment returns shall be distributed according to the following rules: 80% of the returns shall be distributed to all limited partners in proportion to their paid-in capital contribution; the remaining 20% shall be distributed to the general partner as a performance commission.

The return rate on investment shall be calculated based on the term commencing from the date when a paid-in capital contribution of the limited partners is made and ending on the date when the paid-in capital contribution is returned to the partners.

REASONS FOR AND BENEFITS OF THE PARTNERSHIP AGREEMENT AND THE FORMATION OF THE PARTNERSHIP FUND

Inner Mongolia, with its vast territory and abundant new energy resources, is an important region for the PRC to achieve the goal of “carbon peak and carbon neutrality”, and has huge development potential during the 14th Five-Year Plan and even the 15th Five-Year Plan period, and a key strategic region of the Group. In order to further deepen the cooperative relationship with Inner Mongolia government, strive for greater development in the new energy sector of Inner Mongolia in the future, the Company decided to participate in the formation of the Partnership Fund.

By entering into the Partnership Agreement, the Group can leverage on the resources from the parties and the experience of the Manager to accelerate its penetration into the new energy industry. The Company considers that the formation of the Partnership Fund will enable the Group to further expand its footprint in the new energy industry and achieve further optimization of the Group’s business structure.

Having considered the above factors, the Board (including the independent non-executive Directors) considers that the Partnership Agreement and the transactions contemplated thereunder are negotiated on an arm’s length basis and are on normal commercial terms or better, in the interests of the Company and the Shareholders as a whole, fair and reasonable and in the ordinary and usual course of business of the Group.

INFORMATION OF PARTIES

Inner Mongolia Lvneng PE

Inner Mongolia Lvneng PE is a wholly owned subsidiary of Inner Mongolia Environment and is principally engage in equity investment, investment management, asset management and other activities with private funds.

Inner Mongolia Environment

Inner Mongolia Environment is an indirect non-wholly owned subsidiary of CRH with 51% equity interests and is principally engaged in environmental protection fund management, investment and asset management, environmental protection technical services, regional environmental comprehensive treatment and ecological restoration, environmental engineering design and construction, emission rights trading and environmental and ecological monitoring.

The Manager is owned by Inner Mongolia Environment with 51% equity interests and is principally engaged in fund management (non-public offering), investment management, asset management, equity investment and venture capital investment.

Guonengtou Inner Mongolia Power

Guonengtou Inner Mongolia Power is a wholly owned subsidiary of National Energy Investment Group Co., Ltd. (國家能源投資集團有限責任公司) and is ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in investment in power-related coal resources; investment and management of power supply, heat supply, power facilities, new energy, chemical industry, transportation, high-tech and environmental protection industries; real estate, property management and corporate investment business; power-related technical services and information consultation services; import and export business and property lease business.

State Power Investment Inner Mongolia Energy

State Power Investment Inner Mongolia Energy is a wholly owned subsidiary of State Power Investment Co., Ltd. (國家電力投資集團有限公司) and is ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in coal mining, power generation, transmission and supply (distribution) business.

Datang Inner Mongolia New Energy

Datang Inner Mongolia New Energy is an indirect non-wholly owned subsidiary of China Datang Corporation which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in investment and management of wind power generation, technical consulting services of wind power generation, overhaul, installation, commissioning and maintenance of wind power generation equipment, and development and utilization of new energy resources.

Huadian Inner Mongolia New Energy

Huadian Inner Mongolia New Energy is an indirect non-wholly owned subsidiary of China Huadian Group Corporation (中國華電集團有限公司) which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in installation, maintenance and test of power transmission, supply and receiving facilities, power generation, transmission and power supply (distribution) business.

Three Gorges Investment

Three Gorges Investment is a wholly owned subsidiary of China Three Gorges Corporation and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in planning, designing, investment, operation, technology research and development, products and services which are related to ecological environmental protection, clean energy, urban water and water conservancy projects.

North United Power

North United Power is owned by China Huaneng Group (中國華能集團有限公司) with approximately 74.8% equity interests and is ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. North United Power is principally engaged in developing, investing, construction and operating power, heat, coal resources, railways and supporting infrastructure projects, power and heat generation and supply, coal business and import and export trading.

CGN Wind Energy

CGN Wind Energy is a wholly owned subsidiary of China General Nuclear Power Corporation (中國廣核集團有限公司) which is owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It is principally engaged in investment, construction and management of wind power generation projects, sales of wind power products, equipment and components, providing consulting services for wind power projects; technical consultation, services and transfer and solar power generation.

TCL Industries Holdings

TCL Industries Holdings is owned by Huizhou Lida Tiancheng Investment Co., Ltd.*(惠州礪達天成股權投資有限公司) with 99.99% equity interests, and ultimately owned by Mr. Li Dongsheng (Mr. Li Dongsheng owns 51% equity interests in Huizhou Lida Tiancheng Investment Co., Ltd.). TCL Industries Holdings is principally engaged in equity investment, real estate leasing, conference services, software development, researching and developing, manufacturing and selling communication devices, audio/video products, electronic products and home appliances, marketing services, goods and technology import and export, computer information technology services, corporate management consultation and business information consultation, internet information services, internet access and related services, internet cultural activities services, value-added telecom services.

The Company and CRP Engineering

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 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. CRP Engineering is a wholly owned subsidiary of the Company and is principally engaged in power engineering consultation, technical consultation, technical services, project enterprise management consultation and services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of Guonengtou Inner Mongolia Power, State Power Investment Inner Mongolia Energy, Datang Inner Mongolia New Energy, Huadian Inner Mongolia New Energy, Three Gorges Investment, North United Power, CGN Wind Energy and TCL Industries Holdings and their ultimate beneficial owner(s) is an independent third party.

LISTING RULES IMPLICATIONS

Each of the Manager, Inner Mongolia Lvneng PE and Inner Mongolia Environment is a connected person of the Company under the Listing Rules as they are subsidiaries of CRH, the controlling Shareholder which indirectly holds 62.94% equity interests of the Company. As such, under Chapter 14A of the Listing Rules, the formation of the Partnership Fund by the entering into the Partnership Agreement constitutes a connected transaction of the Company.

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

As a good corporate governance measure, Mr. Wang Chuandong has abstained from voting on the relevant board resolution in view of his senior management role in CRH. Save as aforementioned disclosure, none of the Directors had a material interest in the Partnership Agreement and the transactions contemplated thereunder.

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);
“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;
“CGN Wind Energy”	CGN Wind Energy Ltd (中廣核風電有限公司), a limited liability company incorporated in the PRC, an independent third party;
“CRE”	China Resources Environmental Protection Technology and Innovation Holding Company Limited (華潤環保科創控股有限公司), a company incorporated in Hong Kong and is a wholly owned subsidiary of CRH;
“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;
“CRP Engineering”	China Resources Power Engineering Services Co., Ltd.* (華潤電力工程服務有限公司), a limited liability company incorporated in the PRC and is wholly owned by the Company;

“CSRC”	China Securities Regulatory Commission;
“Datang Inner Mongolia New Energy”	Inner Mongolia Datang International New Energy Co., Ltd. * (內蒙古大唐國際新能源有限公司), a limited liability company incorporated in the PRC, an independent third party;
“Directors”	the directors of the Company;
“Guonengtou Inner Mongolia Power”	Guonengtou Inner Mongolia Power Co., Ltd. (國家能源集團內蒙古電力有限公司), a limited liability company incorporated in the PRC, an independent third party;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Huadian Inner Mongolia New Energy”	Huadian (Inner Mongolia) New Energy Co., Ltd.* (華電(內蒙古)新能源有限公司), a limited liability company incorporated in the PRC, an independent third party;
“Inner Mongolia Environment”	Inner Mongolia Environmental Protection Investment Group Co., Ltd.* (內蒙古環保投資集團有限公司), a limited liability company incorporated in the PRC and is a non-wholly owned subsidiary of CRE with 51% equity interests;
“Inner Mongolia Lvneng PE”	Inner Mongolia Lvneng Private Equity Fund Management Co., Ltd.* (內蒙古綠能私募基金管理有限公司), a limited liability company incorporated in the PRC and is a wholly owned subsidiary of Inner Mongolia Environment;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Manager”	Inner Mongolia Mengtai Huansheng Fund Management Co., Ltd.* (內蒙古蒙泰環晟基金管理有限公司), a limited liability company incorporated in the PRC and is a non-wholly owned subsidiary of Inner Mongolia Environment with 51% equity interests;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“North United Power”	North United Power Corporation (北方聯合電力有限責任公司), a limited liability company incorporated in the PRC, an independent third party;

“Partnership Agreement”	the partnership agreement relating to the Partnership Fund and entered into by CRP Engineering with Inner Mongolia Lvneng PE, Inner Mongolia Environment, Guonengtou Inner Mongolia Power, State Power Investment Inner Mongolia Energy, Datang Inner Mongolia New Energy, Huadian Inner Mongolia New Energy, Three Gorges Investment, North United Power, CGN Wind Energy and TCL Industries Holdings on 25 May 2022;
“Partnership Fund”	Inner Mongolia Environmental Investment New Kinetic Energy Fund Management Center (Limited Partnership)* (內蒙古環投新動能基金管理中心(有限合夥)), a limited partnership established in the PRC under the Partnership Agreement;
“Shares”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“State Power Investment Inner Mongolia Energy”	State Power Investment Group Inner Mongolia Energy Co., Ltd. (國家電投集團內蒙古能源有限公司) a limited liability company incorporated in the PRC, an independent third party;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TCL Industries Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), a limited liability company incorporated in the PRC, an independent third party;
“Three Gorges Investment”	Yangtze Three Gorges Investment Management Co., Ltd.* (長江三峽投資管理有限公司), a limited liability company incorporated in the PRC, an independent third party;
“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, 25 May 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.