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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 THE FORMATION OF A CONSORTIUM FOR THE ACQUISITION OF A MINORITY STAKE IN AN OFFSHORE WINDFARM

The Board is pleased to announce that on 19 December 2017 (after morning trading hours), CRP Overseas (a wholly-owned subsidiary of the Company) entered into the Shareholders' Agreement with CR Strategic, CR & CNIC (which are two fellow subsidiaries of the CR Group and hence, connected persons of the Company) and the Consortium Company, in relation to the formation of a consortium for the Proposed Acquisition and pursuant to which the parties agreed to govern the management of the Consortium Company and the relationship among the Shareholders. The Consortium Company has incorporated the Bid Co, a wholly-owned subsidiary, to act as the acquiring entity in the Proposed Acquisition.

The Shareholders expect to invest up to GBP600 million (equivalent to approximately HK\$6,256 million) to settle the consideration payable in the Proposed Acquisition, which is subject to completion adjustment up to a capped amount. Of the total investment amount of the Shareholders, CRP Overseas will invest up to GBP240 million (equivalent to approximately HK\$2,502 million), in proportion to its 40% shareholding in the Consortium Company, subject to the said completion adjustment. The funding from the Shareholders will be sourced from internal resources and/or bank financing and as an additional option, the Shareholders have also agreed that the Consortium Company or the Bid Co can use bank financing to fully or partially settle the consideration payable in the Proposed Acquisition.

CR Strategic and CR & CNIC are subsidiaries of the CR Group, which is the controlling shareholder (as defined under the Listing Rules) of the Company and accordingly, CR Strategic and CR & CNIC are connected persons of the Company pursuant to the Listing Rules. The Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and since the applicable percentage ratios (as defined under the Listing Rules) calculated with reference to the Transaction (taking into account the completion adjustment up to a capped amount) exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE SHAREHOLDERS' AGREEMENT

The main terms of the Shareholders' Agreement are set out below:

Date

19 December 2017

Parties

1. CRP Overseas;
2. CR Strategic;
3. CR & CNIC; and
4. the Consortium Company.

CR Strategic and CR & CNIC are subsidiaries of the CR Group, which is the controlling shareholder (as defined under the Listing Rules) of the Company and accordingly, CR Strategic and CR & CNIC are connected persons of the Company under the Listing Rules.

Shareholding

CRP Overseas, CR Strategic and CR & CNIC have subscribed for such number of shares in the Consortium Company so that the share capital of the Consortium Company will be held as to 40% by CRP Overseas, with the other 60% being held between CR Strategic and CR & CNIC.

The Shareholders expect to invest up to GBP600 million (equivalent to HK\$6,256 million) into the Consortium Company for the purpose of the Proposed Acquisition, of which CRP Overseas will invest up to GBP240 million (equivalent to approximately HK\$2,502 million), in proportion to its 40% shareholding in the Consortium Company. The investment amount shall be used to settle the consideration payable by the Bid Co in the Proposed Acquisition. The consideration payable by the Bid Co and hence, the investment amount of the Shareholders are subject to completion adjustment up to a capped amount which will not in any event render the applicable percentage ratios (as defined in the Listing Rules) to reach 5%.

The total investment amount and the shareholding structure were determined by arm's length negotiation between the parties taking into account the purchase price which will be payable in the Proposed Acquisition, which was in turn determined via an auction sale process. The Shareholders expect to finance their capital commitment in the Consortium Company from internal resources and/or bank financing. In the event that the Proposed Acquisition does not proceed to completion, the parties may terminate the Shareholders' Agreement and the investment amount paid by the Shareholders shall be repaid to the Shareholders in accordance with the Shareholders' Agreement. The Shareholders have also agreed that, as an additional option, the Consortium Company or the Bid Co can use bank financing to fully or partially settle the consideration payable in the Proposed Acquisition.

In respect of any transfer of shares in the Consortium Company, the Shareholders may not deal with or transfer any of its shares in the Consortium Company without the prior written consent of the other Shareholders, other than certain transfer(s) as permitted under the Shareholders' Agreement, including customary pre-emption rights, tag-along rights and other transfers among the affiliated Shareholders.

Business

The principal business of the Consortium Company is overseas investment which includes, among other things, investment holding of the shares in the Bid Co. The Consortium Company has incorporated the Bid Co, a wholly-owned subsidiary, to act as the acquiring entity in the Proposed Acquisition. As at the date of this announcement, the Consortium Company has not commenced any substantive business.

Voting and dividend rights

The Shareholders will be entitled to voting and dividend rights in proportion to their shareholding in the Consortium Company.

Board composition

Each Shareholder is entitled to appoint one director to the board of directors of the Consortium Company for each 20% of the total number of shares held in the Consortium Company. Accordingly, CRP Overseas is entitled to appoint two directors while CR Strategic and CR & CNIC are together entitled to appoint three directors to the board of directors of the Consortium Company. The quorum of any board meeting is three directors, comprising one director appointed by each of the Shareholders. Customary reserved matters are to be decided by the Shareholders unanimously.

PROPOSED ACQUISITION OF A MINORITY STAKE IN AN OFFSHORE WINDFARM BY BIDCO

On 19 December 2017, the Bid Co as the preferred purchaser and Statkraft UK Ltd as the seller entered into a share purchase agreement relating to the Proposed Acquisition for the sale and purchase of a 30% equity stake and a related shareholder loan in Dudgeon Holdings Limited which, together with its subsidiary, engage in offshore wind-farming business in the United Kingdom. Located off the coast of Norfolk in the United Kingdom, the 402 MW Dudgeon offshore wind farm has officially achieved commercial operation and is owned as to 35%, 35% and 30% by Statoil Wind Limited, Masdar Offshore Wind UK Limited and Statkraft UK Ltd, respectively. The consideration of the Proposed Acquisition will be settled by the investment amount in the Consortium Company as contributed by the Shareholders and/or bank financing to be made available to the Bid Co or the Consortium Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Consortium Company is held by three fellow subsidiaries of the CR Group, each being ultimately owned, controlled and administered by the CR Group. The CR Group is a state-owned enterprise in the PRC, with businesses in power, consumer products (retail, beer, food and beverages), real estate, cement, gas, pharmaceuticals and finance. The Transaction allows the Group to participate in the “Go Global” strategy of the CR Group and take advantage of the attractive geographical

opportunity to raise its international profile. By leveraging on the extensive network and overseas investment experience of CR Group, the Group is able to co-invest with the consortium in an overseas asset which is complementary to its wind farms business in China.

The Directors consider that the transactions contemplated under the Proposed Acquisition will enable the Group to establish a platform for cross-border expansion into European markets and make a debut investment into the European offshore wind energy sector. Investment in the Proposed Acquisition is in line with the Group's principal business and its long-term corporate strategy and it provides a strong strategic fit to the Group's focus in renewable energy. It also offers an opportunity for the Group to forge international strategic partnerships with established renewable energy stakeholders.

The Board (including the independent non-executive Directors) believes that the terms of the Shareholders' Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole. Mr. Chen Ying and Mr. Wang Yan, each a non-executive Director, abstained from voting on the relevant resolution(s) of the Board in view of their senior management roles at the CR Group. Save as disclosed, none of the Directors has a material interest in the Transaction or the Proposed Acquisition nor was required to abstain from voting on the relevant resolution(s) of the Board.

LISTING RULES IMPLICATIONS

CR Strategic and CR & CNIC are subsidiaries of the CR Group, which is the controlling shareholder (as defined under the Listing Rules) of the Company and accordingly, CR Strategic and CR & CNIC are connected persons of the Company pursuant to the Listing Rules. The Transaction therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and since the applicable percentage ratios (as defined under the Listing Rules) calculated with reference to the Transaction (taking into account the completion adjustment up to a capped amount) exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION ON THE PARTIES

The Company

The Company is a company incorporated in Hong Kong with limited liability, and the shares of the Company have been listed on the Main Board of the Stock Exchange (stock code: 836) since 12 November 2003. The Group is principally engaged in the investment, development, operation and management of power plants, clean and renewable energy and coal mines in the PRC.

CR Strategic

CR Strategic is a company incorporated in Hong Kong with limited liability and it is principally engaged in investment holding for CR Group. CR Strategic is a wholly-owned subsidiary of CR (Holdings) Company Limited, which is in turn an indirect wholly-owned subsidiary of the CR Group. CR Strategic is accordingly a connected person of the Company.

CR & CNIC

CR & CNIC is a company incorporated in the British Virgin Islands with limited liability and it is principally engaged in investment holding. CR & CNIC is held as to 60% by CR (Holdings) Company Limited, an indirect wholly-owned subsidiary of the CR Group and 40% indirectly by CNIC Corporation Limited, which is a state-owned investment institution founded under the approval of the State Council of China. CR & CNIC is accordingly a connected person of the Company.

The Proposed Acquisition will be subject to certain conditions precedent which may or may not be satisfied and therefore, the completion of the Proposed Acquisition and the Transaction may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Bid Co”	CRC New Energy (UK) Limited, a company incorporated in the United Kingdom with limited liability and a wholly-owned subsidiary of the Consortium Company
“Board”	the board of Directors
“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 thereto under the Listing Rules
“Consortium Company”	Summit Plus International Limited, a company incorporated in the British Virgin Islands with limited liability
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“CR Group”	China Resources National Corporation* (華潤集團), a state-owned enterprise which indirectly controls 62.94% in the Company and is the controlling shareholder of the Company
“CR (Holdings) Company Limited”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the CR Group and is a connected person of the Company
“CR Strategic”	China Resources Strategic Investment Company Limited (華潤戰略投資有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned indirectly by the CR Group and is a connected person of the Company

“CR & CNIC”	CR & CNIC Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is controlled as to 60% indirectly by the CR Group and is a connected person of the Company
“CRP Overseas”	China Resources Power Overseas Investment Company Limited (華潤電力海外投資有限公司), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Directors”	the director(s) of the Company
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition of a 30% equity stake and a related shareholder loan in Dudgeon Holdings Limited, being the target company which engages in offshore wind-farming business in the United Kingdom
“Shareholders’ Agreement”	the investment and shareholders’ agreement dated 19 December 2017 entered into between CRP Overseas, CR Strategic, CR & CNIC and the Consortium Company in respect of among others, the management of the Consortium Company and the rights and obligations of the Shareholders
“Shareholder(s)”	holder(s) of the share(s) of the Consortium Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction” the transactions contemplated under the Shareholders’ Agreement

“%” per cent

* *The English name is a translation of its Chinese name and is included for identification purposes only.*

For illustrative purpose of this announcement only, conversion of GBP into HK\$ is made at the following exchange rate: GBP1.00 = HK\$10.426899.

For and on behalf of the Board
**CHINA RESOURCES POWER HOLDINGS
COMPANY LIMITED**
Zhou Junqing
Chairman

Hong Kong, 19 December 2017

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.