



Board Charter

China Resources Power Holdings Company Limited

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Hong Kong

SYNOPSIS

This Charter has been adopted by the Board and outlines:

- the manner in which its constitutional powers and responsibilities will be exercised and discharged; and
- the core principles of corporate governance to which CR Power ascribes.

The Board places great importance on the governance of CR Power and this Charter reflects the Board's position. The Board intends that CR Power should adopt and comply with best practice principles and all applicable laws, including the requirements of the Hong Kong Companies Ordinance, the Securities and Futures Ordinance and The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), to address corporate governance issues. The Board is of the opinion that the development and implementation of best practice corporate governance is a performance enhancement opportunity, rather than just a compliance issue.

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1. THE BOARD OF DIRECTORS

The Board of China Resources Power Holdings Company Limited (“CR Power” or the “Company”, and together with its subsidiaries, the “Group”) is ultimately responsible for the oversight and review of management, administration and the overall governance of CR Power and its strategic direction. The Board plays a central supporting and supervisory role in CR Power’s corporate governance structure, provides leadership and guidance to the Group’s activities, and oversees the execution of the Group’s business strategies.

This includes:

- the protection of shareholders’ interests by seeking to ensure that CR Power’ strategic direction provides and creates value for its shareholders;
- establishing goals for management and monitoring the achievement of those goals;
- authorising policies and overseeing the strategic implementation of these policies;
- seeking to ensure that CR Power’ internal control and reporting procedures are adequate; and
- The Board is responsible for ensuring that management can effectively perform its duties. The Board's policy is to regularly monitor the effectiveness of management policies and decisions, including the implementation of strategies.

The Board oversees the implementation and operation of a risk management system. In addition to fulfilling its obligations to generate rewards for shareholders who invest their capital in CR Power, the Board recognises that CR Power has responsibilities to its customers, employees and suppliers and to the welfare of the communities in which CR Power operates.

In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times recognise its ultimate responsibility to:

- maintain good corporate governance standards;
- act honestly, fairly and diligently;
- supervise safety, health and environmental issues associated with the Company's operations;
- establish a "zero-tolerance" culture in relation to corruption;
- act in accordance with laws and regulations;

- avoid conflicts of interest;
- promote CR Power as a good corporate citizen; and
- achieve and maintain community respect.

Non-executive directors should use all reasonable endeavours to ensure that CR Power's business, operations and transactions are conducted in accordance with the law and the highest standards of propriety.

2. BOARD COMPOSITION

It is intended that the composition of the Board of CR Power be determined using the following principles:

- the Board shall comprise not less than two directors;
- the Board should comprise a majority of independent and/or non-executive directors;
- recognising that the composition of the Board is subject to shareholder approval, the Board considers that it should comprise directors with an appropriate range and mix of skills, experience, expertise and diversity that will enable the Board to effectively function. The Board will refer to the criteria for appointment of new directors reviewed and recommended by the Nominations Committee;
- the positions of Chairman and Chief Executive Officer are required to be held by separate persons; and
- the Chairman is the official spokesperson for the Board, unless the Board determines otherwise.

It is the Board's intention that there are a sufficient number of independent non-executive directors to:

- bring an "independent" view to the Board's deliberations;
- help the Board (and the Chairman) to provide CR Power with effective leadership and to seek to ensure that CR Power is competently run in its own best interests and consequently in the best interests of all stakeholders; and
- foster the continuing effectiveness of the Chief Executive Officer and management.

The Nominations Committee reviews and recommends the criteria for appointment of new directors. In addition, the Board periodically conducts a formal review of its own performance as described in section 6. These mechanisms act as a regular check on the composition of the Board and the appropriateness of the mix of skills, experience, expertise and diversity of the Board members for CR Power.

3. BOARD INDEPENDENCE

At all times more than one third of the directors of the Board shall be independent. All independent non-executive directors are expressly identified as such in all CR Power's corporate communications that disclose the directors' names. The Board recognises that various principles and factors are relevant in determining independence, and considers true independence is a matter of judgement in the particular circumstances but will be determined by the Board with due recognition of the criteria set out in Rule 3.13 of the Listing Rules.

A non-executive director will be considered to be independent where the director:

- does not hold more than 1% of the total issued share capital of the Company;
- is not an officer of or otherwise associated directly or indirectly with the controlling and/or substantial shareholder of CR Power;
- has not within the last 3 years been employed in an executive capacity by CR Power or any of its subsidiary companies or been a director after ceasing to hold such employment;
- is a major supplier or customer that is not connected to CR Power or its subsidiaries;
- has not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to CR Power or any of its subsidiary companies;
- has no material contractual relationship with CR Power or any of its subsidiary companies other than as a director of CR Power; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of CR Power.

A director who is also an executive of CR Power or its parent company China Resources (Holdings) Company Limited ("CRH") or any of CRH's parent or subsidiary companies will not be considered to be independent.

In determining independence, the Board will consider “materiality” on an on-going basis, having regard to the need to continually re-assess corporate governance practices in the light of the changing circumstances facing the Company.

The Board reviews the independence of each director on an on-going basis, in light of interests disclosed to the Board.

Every independent non-executive director is required to submit a written confirmation to the Company stating his/her independence upon his/her appointment as director and on an annual basis with reference to such criteria.

4. ROLE OF THE BOARD

The Board has ultimate responsibility to set strategic direction and policy regarding the business and affairs of CR Power and its controlled entities for the benefit of the shareholders and other stakeholders of CR Power. The Board is accountable to shareholders for the performance of the Group.

The Board does not manage the day-to-day operations of CR Power. This is delegated to management through the Chief Executive Officer.

4.1 Key responsibilities

In particular, the following are regarded as specific matters reserved for the Board’s consideration and decisions:

4.1.1 Business Strategy

- to approve budgets and the strategic plan;
- to evaluate the performance of the Company against strategies and business plans in order to monitor the performance of functions delegated to management and assess the suitability of the Company’s overall strategies, business plans and resource allocation;
- to approve new construction, expansion, significant mergers, acquisitions, sale of assets, equity transfers, sale of members of the Group etc. for transactions greater than RMB 50 million;
- to monitor and control the Group’s operations and financial performance through the determination of the annual budget in particular the capital expenditure budget and annual operation plan; and

- to approve capital expenditure or other commitments of the Company and individual projects that goes beyond the annual budget.

4.1.2 Board and senior management

- to ratify evaluation and reward of senior management (including ratification of remuneration and incentive policies);
- to oversee the effectiveness of the compensation structure of the Company and to align interests of the employees with that of the Company;
- to ensure effective executive and Board succession planning;
- to assess the organisation's and Board's performance; and
- to ensure there is continuing education and information provided to directors regarding the Company's various businesses and the role of the Board and its functions and obligations.

4.1.3 Financial matters

- to ensure the integrity of the Group's accounting and financial reporting system and compliance with the relevant laws and standards, and that appropriate internal control systems are in place, including systems for risk management, as well as financial and operational control;
- to set appropriate policies to manage risks in pursuit of the Group's strategic objectives;
- to approve annual and interim accounts and directors' reports;
- to approve the internal and external audit plan;
- to approve all major financing projects of the Company or guaranteed by the Company with amount greater than RMB 300 million;
- to approve all collateral of assets with amount greater than RMB 300 million;
- to approve all financing arrangements where the Company's stake is greater than the Company's shareholding of the borrowing company;
- to ensure the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting function;

- to accept audit reports including management letters; and
- to review reports of the Company's operation and financial conditions on a monthly basis.

4.1.4 Social responsibilities

- to monitor the effectiveness of the Group's practices in corporate governance and corporate social responsibility ("CSR"), and to approve corporate governance and CSR policies and practices; and
- to approve charity donations or sponsorships of more than RMB 10 million.

4.1.5 Risk Management

- The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems.
- The management, under the oversight of the board, is responsible for designing, implementing and monitoring the risk management and internal control systems, and should provide a confirmation to the board on the effectiveness of such systems.

5. NEW APPOINTMENTS, ELECTION AND REMOVAL OF DIRECTORS

There are formal, considered and transparent procedures for nominating candidates to stand for election as directors. The process of evaluating the skills and composition of the Board is ongoing and is kept under regular review in order to ensure that appropriate plans for succession to the Board are in place for smooth Board refreshment, and that the Board retains its effectiveness at all times.

Directors are subject to re-election/re-appointment at regular intervals. Directors will be provided with an appointment letter which sets out the terms and conditions of their appointment, upon their appointment. The Company will explain the reasons for the resignation or removal of any director.

5.1 Appointment and election of Directors

Election of Directors – Shareholders may by ordinary resolution elect any person to be a director. According to Article 97 of the Articles of Association, shareholders may from time to time by ordinary resolution increase or reduce the number of directors but the number of

directors shall never be less than 2. There is no maximum number of directors unless otherwise determined from time to time by the shareholders in general meeting. Candidates for election are proposed by separate resolutions put forward for shareholders' consideration at general meetings.

- According to Article 121 of the Articles of Association, no person (other than a director retiring in accordance with the Articles of Association) shall be appointed or re-appointed as a director at any general meeting unless the candidate (a) is recommended by the directors; or (b) is nominated by notice in writing by a shareholder not less than 7 clear days (the "Minimum 7-day Period") but not more than 14 clear days before the date appointed for the general meeting. The Minimum 7-day Period shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 clear days before the date of such meeting. The notice of nominations shall be accompanied by a notice signed by the candidate indicating his/her willingness to be elected.
- The Nominations Committee is mandated to review the structure, size and composition necessary (including the skills, knowledge, experience and length of service) to the Board annually, and to identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.
- As a good corporate governance practice, every director/Nominations Committee member abstains from voting on the proposition of himself/herself for election by shareholders.
- To enable shareholders to make an informed decision on their election at a general meeting, the names of all candidates submitted for election or re-election as a director together with his/her biographical details as set out in Rule 13.51(2) of the Listing Rules (including other directorships held in listed public companies in the past 3 years and other major appointments) are set out in a circular to be sent to shareholders prior to the meeting.

Directors appointed to fill casual vacancy – If a casual vacancy arises in the office of a director, the Board may make an appointment to the office according to Article 98 of the Articles of Association.

A director appointed by the Board to fill casual vacancy should be subject to election by shareholders at the first general meeting of shareholders after such director's appointment.

5.2 Board Renewal

It is the Board's responsibility to ensure a transparent Board nominations and election process. All directors are required to submit themselves for re-election at regular intervals

and at least every three years.

Board renewal is important and is promoted to enhance the overall performance of the Board and the Company. When recommending a director for re-election, the Board will balance its composition, skills and competences with the tenure, performance, skills and competence of the incumbent director.

The Nominations Committee will assist the Board by reviewing the Board's succession plans and making recommendations to the Board for all nominations.

5.3 Removal of Directors

Shareholders may by ordinary resolution remove any director before his/her term of office expires. The notice of any meeting convened for the purposes of removing a director shall contain a statement of the intention so to do and be served on such director forthwith or 14 days before the meeting (whichever is earlier) and at such meeting such director shall be entitled to be heard on the motion for his/her removal.

6. REVIEW OF BOARD PERFORMANCE

Continuous improvement and development of the Board and its committee processes and procedures is important to ensuring that the Company's governance structure remains in line with best practices. This is achieved through Board evaluation which provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths and highlighting areas for further development.

The Board recognises the value of a formal, structured and rigorous process whereby there is a comprehensive, objective and open assessment of their procedures and effectiveness in providing leadership to the Company. The evaluation process also clarifies what actions need to be taken to maintain and improve the Board performance.

Every 12 months, the Board conducts a formal review of its performance, policies and practices.

The review includes:

- examination of the effectiveness and composition of the Board, including the required mix of skills, experience, expertise and diversity which the non-executive directors should bring to the Board for it to function competently and efficiently;
- review of CR Power' strategic direction and objectives;

- assessment of whether corporate governance practices are appropriate; and
- assessment of whether the expectations of differing stakeholders have been met. As part of this process, the Chairman:
 - meets at least annually with the senior executive team to discuss with them their views of the Board's performance and level of involvement;
 - meets at least annually with the non-executive directors without executive directors or senior management present; and
 - provides feedback to each individual director in relation to his or her contributions and performance, as appropriate.

Informal reviews of the Board's performance are conducted as necessary. In addition, any director may suggest that the Board conduct a formal review earlier than the 12-month timeframe which generally applies.

7. CONFLICTS OF INTEREST

Each director has a duty to avoid conflicts of interest, and, must notify the Board of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director. Disclosure of such information by the director should only be made after consultation with the Chairman or the Board.

8. DELEGATION TO MANAGEMENT

The Board has retained ultimate responsibility for the strategic direction and control of the Group.

The Board delegates management of CR Power's resources to the senior management team under the leadership of the Chief Executive Officer, to deliver the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of senior management in this function.

The Chief Executive Officer conducts a formal review each year assessing the performance of senior management and reports back to the Board.

9. DELEGATION TO COMMITTEES

The Board from time-to-time establishes committees to streamline the discharge of its responsibilities. For each standing committee, the Board adopts a set of terms of reference setting out the matters relevant to the composition, role, function, responsibilities and administration of such committees.

The Board has, at the date of this Charter, established the:

- (a) Audit and Risk Committee;
- (b) Remuneration Committee;
- (c) Nominations Committee; and
- (d) Sustainability Committee.

Committee terms of reference are reviewed annually. It is intended that the Audit and Risk Committee, the Remuneration Committee and Sustainability Committee should have an independent non-executive director as Chairman of the committee, and that only non-executive directors can be members of the Audit and Risk Committee and the Remuneration Committee.

As a matter of principle, committee members have access to the appropriate external and professional advice needed to assist the committee in fulfilling its role.

The Board also delegates specific functions to ad hoc committees on an “as needs” basis. The terms of reference and powers delegated to any such committee will be agreed by the Board at the time the committee is established as set out in Board resolutions.

10. BOARD OPERATIONAL STANDARDS & POLICIES

CR Power currently has a number of Board operational standards and policies including the following:

- the Board ensures that directors, especially non-executive directors, are provided with sufficient resources in the furtherance of their duties as Board/committee members, including access to independent professional advice, if necessary, at Company’s expense;
- ensure that all directors have access to the Company Secretary;

- maintain an appropriate level of insurance cover for CR Power’s directors and senior managers;
- provide informal induction and training for new directors, continuing education and training for existing directors relevant to CR Power and its operations (including site visits);
- set Continuous Disclosure Policy which details the procedures for assessing whether information must be disclosed to the Hong Kong Exchanges and Clearing Limited (“HKSE”) under the Listing Rules and who is authorised to make announcements to the HKSE; and
- adopt Model Code for Securities Transactions by Directors of Listed Issuers as the Company’s Securities Dealing Policy which:
 - outlines the prohibition against insider trading;
 - specifies the “Blackout Period” during which directors, executives and employees in certain functions are prohibited to deal in CR Power’ securities; and
 - details the requirements and obligations of directors to notify the HKSE of their holdings of CR Power’ securities (as required by the Listing Rules).
- regular Board/committee meeting schedules of each year are made available to all directors/committee members before the start of the year. Unscheduled supplementary meetings may also take place as and when necessary at reasonable notice.

11. ETHICAL STANDARDS

As a matter of Board policy, directors and management are expected to conduct themselves with the highest ethical standards. All directors, executives and staff are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

All directors, executives and staff are expected to:

- act honestly and fairly in all their business dealings;
- prevent bribery by persons associated with the Company, to foster a culture in which bribery, is never acceptable and commit to zero tolerance towards bribery;
- comply with the law and respect the local communities wherever the Company

operates;

- be accurate, diligent and professional in all activities and in preparing all documents;
and
- work together to promote a safe, ethical and professional workplace.

12. SHAREHOLDER COMMUNICATIONS

CR Power aims to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented the following procedures:

- Shareholders can gain access to information about the Company, including press releases, key policies and the terms of reference of the Company's Board Committees, through the Company's website www.cr-power.com. The Annual Report and financial accounts are also available on the Company's website following the end of the Company's financial year;
- All relevant announcements made to the market and any related information are posted on the Company's website as soon as they have been released to the HKSE; and
- CR Power encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

13. ADMINISTRATIVE MATTERS

The Board determines a schedule of meetings at the beginning of each year.

Additional meetings are held as required to address specific issues.

The Company Secretary attends meetings of the Board as minute secretary.

All minutes of the Board are signed by the Chairman as a true and correct record and are then to be entered into the minute book and will be available for inspection by any director.

All attendees at Board meetings are, as officers and/or fiduciaries, required to keep all information presented to (whether written or oral) or discussed at Board meetings

confidential.

The Board papers will be collated and circulated to directors by the Company Secretary and the Company Secretary will supervise the filing and storage of all board papers.

This Charter will be reviewed annually.