
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, company secretary, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China Resources Power Holdings Company Limited** (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS

PROPOSALS TO PROVIDE GREATER FLEXIBILITY IN INTRA-GROUP LENDING BETWEEN MEMBERS OF THE CHINA RESOURCES GROUP

Financial Adviser

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

**Independent financial adviser to the independent shareholders
and the independent board committee**



KBC Bank N.V. Hong Kong Branch

A notice convening the extraordinary general meeting of the Company to be held at 4/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 23rd December, 2010 at 9:00 a.m. is set out on page 34 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

6th December, 2010

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Board”	the board of directors of the Company
“China Resources Group”	CRC, CRH and their respective subsidiary companies
“China Resources Group listed company (or companies)”	any company (or companies) in the China Resources Group, which is (or are) listed on the Main Board of the Stock Exchange, other than 鄭州燃氣股份有限公司 (Zhengzhou Gas Company Limited*)
“China Resources Group unlisted companies”	CR Gas Holdings, CR Medications, CR Textile, CR Chemical and Fab2
“Company”	China Resources Power Holdings Company Limited, an indirect subsidiary of CRH, incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CRC”	China Resources Co., Limited, a joint stock limited liability company incorporated in the PRC, which is the holding company of CRH and the banking and trust activities in which the China Resources Group has an interest
“CRE”	China Resources Enterprise, Limited, an indirect subsidiary of CRH, incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the holding company of the China Resources Group in Hong Kong, holding all the China Resources Group’s material interests apart from its banking and trust activities
“CR Cement”	China Resources Cement Holdings Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Chemical”	China Resources Chemicals Holdings Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in manufacturing and trading of chemical products in the PRC, as well as investment, development and management of chemical packaging material plants

DEFINITIONS

“CR Gas”	China Resources Gas Group Limited, an indirect subsidiary of CRH, incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Gas Holdings”	China Resources Gas (Holdings) Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in investment, distribution and operation of city gas and related services in the PRC with focuses on piped natural and petroleum gas distribution, as well as compressed natural gas filling stations
“CR Land”	China Resources Land Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Medications”	China Resources Medications Group Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in medication research, production and distribution in the PRC with a wide range of products including Chinese medicine and herbs, synthetic medicine, biological medicine, natural and organic medicine, health products, pharmaceutical intermediates, medical equipment and pharmaceutical equipment
“CR Micro”	China Resources Microelectronics Limited, an indirect subsidiary of CRH, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CR Textile”	China Resources Textiles (Holdings) Company Limited, an unlisted company wholly owned by CRH that together with its subsidiaries are primarily engaged in spinning and weaving, garment manufacturing and nylon production in the PRC with major business segments namely MAKO yarns, other yarns and fabrics, garments, nylon and dyeing
“CR Trust”	華潤深國投信託有限公司 (China Resources SZITIC Trust Co., Ltd.*), in which CRC controls 51% of its registered capital
“EGM”	an extraordinary general meeting of the Company to be held for the purpose of approving the Master Lending Agreements and the corresponding annual caps

DEFINITIONS

“Fab2”	CSMC Asia Limited, an unlisted joint venture owned as to 81% and 19% by CRH and CR Micro respectively, that together with its subsidiaries are primarily engaged in 8-inch wafer fabrication
“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Inter-Bank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong and United States Dollar Master Loan Agreement”	the Master Loan Agreement and Guarantee for advances in Hong Kong Dollar and United States Dollar entered into by CRH, the China Resources Group listed and unlisted companies on 22nd November, 2010
“independent shareholders”	shareholders of the Company other than CRH and its associates, as defined in the Listing Rules
“Latest Practicable Date”	2nd December, 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LIBOR”	the London Inter-Bank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Master Lending Agreements”	the Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement
“PBOC”	People’s Bank of China
“PRC”	The People’s Republic of China and for the purpose of this circular excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Master Loan Agreement”	the Master Loan Agreement and Guarantee for advances in RMB entered into by CRC and the China Resources Group listed companies on 22nd November, 2010

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhuhai Commercial Bank”	珠海市商業銀行股份有限公司 (Zhuhai City Commercial Bank Co., Ltd.*), a municipal bank headquartered in Zhuhai, in which CRC has a 75.33% interest

Note: The figures in RMB are converted into HK\$ at the rate of RMB0.86:HK\$1 throughout this circular for illustration purpose only.

** Name translated for identification only in this circular.*

LETTER FROM THE BOARD



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)

Executive directors:

Mr. Wang Shuai Ting (*Chairman*)
Mr. Wang Yu Jun (*Chief Executive Officer*)
Ms. Wang Xiao Bin (*Chief Financial Officer and
Company Secretary*)
Mr. Zhang Shen Wen
Mr. Li She Tang

Registered office:

Rooms 2001-2002,
China Resources Building,
26 Harbour Road,
Wanchai,
Hong Kong

Non-executive directors:

Mr. Du Wenmin
Mr. Shi Shanbo
Mr. Wei Bin
Dr. Zhang Haipeng

Independent non-executive directors:

Mr. Anthony H. Adams
Mr. Chen Ji Min
Mr. Ma Chiu-Cheung, Andrew
Ms. Elsie Leung Oi-sie
Dr. Raymond K. F. Ch'len

6th December, 2010

To the shareholders of the Company

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the joint announcement of the China Resources Group listed companies dated 22nd November, 2010 in relation to, among other things, a proposal, if fully implemented, will give the Company greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries on a short-term basis to other China Resources Group companies through the operation of the Master Lending Agreements. The transactions contemplated under the Master Lending Agreements constitute non-exempted continuing connected transactions under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information regarding the continuing connected transactions and to set out the advice from KBC Bank N.V. Hong Kong Branch to the independent board committee and the independent shareholders of the Company in respect of the Master Lending Agreements and the relevant annual caps thereto, the recommendation from the independent board committee of the Company and to give the notice of EGM.

THE MASTER LENDING AGREEMENTS

The Hong Kong and United States Dollar Master Loan Agreement

Parties:	CRH, the China Resources Group listed and unlisted companies.
Date of agreement:	22nd November, 2010.
Date of commencement of agreement:	1st January, 2011.
Term of the agreement:	Three years ending 31st December, 2013, unless extended for a further period.
Lenders:	The China Resources Group listed companies and any subsidiary of any of such companies which has become a party to the Hong Kong and United States Dollar Master Loan Agreement by acceding to its terms, but excluding any entity which is incorporated in the PRC.
Borrowers:	CRH and the China Resources Group listed and unlisted companies and any subsidiary of any of them, permitted to borrow in either Hong Kong dollar or United States dollar, which has become a party to the Hong Kong and United States Dollar Master Loan Agreement by acceding to its terms, but excluding any entity which is incorporated in the PRC.
Guarantor(s):	CRH and, in the case of an advance to a subsidiary of a China Resources Group listed company, that company's listed holding company.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by a China Resources Group listed company and its subsidiaries under the Master Lending Agreements is not permitted to exceed the amounts set out under the section below headed "Annual caps under the Master Lending Agreements".
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.

LETTER FROM THE BOARD

Interest rate in respect of Hong Kong dollar advances:	The rate per annum as determined by the lender being the aggregate of (i) the relevant HIBOR for such a Hong Kong dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in such currency and such amount from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Interest rate in respect of United States dollar advances:	The rate per annum as determined by the lender being the aggregate of (i) the relevant LIBOR for such a United States dollar advance; and (ii) a margin (which must not be a negative number). The interest rate shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow in such currency and such amount from a bank or a financial institution for the relevant period and (ii) the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.
Guarantee:	All advances will be unconditionally and irrevocably guaranteed by the guarantor(s).
Early repayment:	Both the lender and the borrower may by giving ten business days' written notice require the repayment or prepayment of the advance, as the case may be, together with accrued interest.
Basis of lending:	All advances under this agreement will be made at the sole discretion of the lender. No security over the assets of the borrower will be provided. All advances will become immediately repayable on demand upon the occurrence of an acceleration event which includes non-payment by the borrower; breaches of the agreement by the borrower which have not been rectified in the specified period; cross-default in a material amount; the enforcement of security; insolvency; dissolution; repudiation; CRH ceasing directly or indirectly to be the single largest shareholder of the relevant borrower; or on the occurrence of a material adverse change as stated in the Hong Kong and United States Dollar Master Loan Agreement in respect of the relevant borrower.

LETTER FROM THE BOARD

RMB Master Loan Agreement

Parties:	CRC and the China Resources Group listed companies.
Date of agreement:	22nd November, 2010.
Date of commencement of agreement:	1st January, 2011.
Term of agreement:	Three years ending 31st December, 2013, unless extended for a further period.
Entrustment agents:	A commercial bank or financial institution in the PRC permitted to enter into entrusted loan agreements, including Zhuhai Commercial Bank and CR Trust.
Lenders:	Any PRC incorporated subsidiary of a China Resources Group listed company, which has become a party to the RMB Master Loan Agreement by acceding to its terms.
Borrowers:	CRC and any PRC incorporated subsidiary of a China Resources Group listed or unlisted company which has become a party to the RMB Master Loan Agreement by acceding to its terms, but excluding Zhuhai Commercial Bank and CR Trust.
Guarantor:	CRC.
Aggregate amounts to be advanced:	The maximum aggregate amount outstanding lent by a China Resources Group listed company and its subsidiaries under the Master Lending Agreements is not permitted to exceed the amounts set out under the section below headed "Annual caps under the Master Lending Agreements".
Repayment date:	The repayment date for an advance made under this agreement shall be no later than six months after the date of advance.
Interest rate:	The rate per annum as determined by the lender being the relevant lending rate as permitted by the PBOC from time to time. The interest rate shall be no less than 95% of the rate at which CRC or a corporate borrower of similar standing is able to borrow in RMB such amount from a bank or a financial institution for the relevant period and shall not be less than the deposit rate which the lender could have obtained from a bank or a financial institution for such relevant amount and period.

LETTER FROM THE BOARD

- Entrustment agent fees: All fees charged by the entrustment agent to the lender will be reimbursed by the relevant borrower.
- Guarantee: All advances will be unconditionally and irrevocably guaranteed by the guarantor.
- Best endeavours: If CRC makes a payment to a lender or an entrustment agent in connection with the RMB Master Loan Agreement due to a breach by a borrower, which is a subsidiary of a China Resources Group listed company, such China Resources Group listed company will use its best endeavours to procure that the borrower shall have sufficient funds to, and does, promptly reimburse CRC. This may include such listed company making payments by way of gift or capital contribution or shareholder loan to the borrower (to the extent permitted by PRC law).
- Basis of lending: Advances will take the form of an entrusted loan. Under an entrusted loan arrangement, the lender deposits the amount to be advanced to the entrustment agent which in turn pays the amount to be advanced to the borrower, for which the entrustment agent charges a facilitation commission. The lending risk is assumed by the lender which receives the interest paid by the borrower, less the deduction of agency fee. Subject to the entrusted loan agreement to be entered into between the lender, borrower and entrustment agent, all advances will become immediately repayable on demand with terms similar to those as stated in the Hong Kong and United States Dollar Master Loan Agreement and so as the early repayment by giving ten business days' written notice stated therein.

Annual caps under the Master Lending Agreements

The annual caps for the maximum aggregate amount which can be lent at any time from the Group have been determined by the Company after assessing the maximum amount of exposure at any time which it is prepared to assume under the Master Lending Agreements in the context of the Company's estimated temporarily surplus cash resources.

LETTER FROM THE BOARD

The annual caps for the second and third financial years have been increased by approximately 10% from the previous year to reflect the underlying growth in the Group in the subsequent two years. The annual caps for the Group for the initial term of the Master Lending Agreements and a comparison of the cap with its gross cash and bank balances and with its size using the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are as follows:

Annual cap for the year ending 31st December,				Consolidated	Highest
2011	2012	2013	30th June, 2010	cash and bank	percentage ratio,
<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	balances as at	excluding the
				30th June, 2010	profit ratio
				<i>HK\$ million</i>	<i>%</i>
1,700.0	1,900.0	2,100.0		6,640.0	6.3%

Financial condition of the guarantors

All advances to China Resources Group listed and unlisted companies will be guaranteed by either CRC or CRH, depending on the currency of the advance. Both guarantors are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. The summary of consolidated financial positions of CRC and CRH are as follows:

	CRH		CRC	
	2009	2008	2009	2008
	Audited	Audited	Audited	Audited
	<i>HK\$ billion</i>	<i>HK\$ billion</i>	<i>RMB billion</i>	<i>RMB billion</i>
Total assets	396.1	296.4	362.2	274.8
Cash and bank balances	54.9	27.0	52.2	26.2
Net asset value	167.1	136.9	135.3	111.1
Net attributable profit	9.8	6.7	6.3	4.8
Cash flow from operation	30.0	4.3	27.9	6.3

Listing Rules implications of the Master Lending Agreements

For the Company, the Master Lending Agreements constitute non-exempt continuing connected transactions of a scale which requires the prior approval of independent shareholders voting by poll at the EGM. No directors of the Company have a material interest in the subject proposals that will be required to abstain from voting at the Board's meeting. The implementation of the Master Lending Agreements is conditional upon such approval but not inter-conditional on the approval of other China Resources Group listed companies. The Listing Rules also require that the arrangements under the Master Lending Agreements be subject to annual review by the independent non-executive directors of the Company and the Company's auditors.

LETTER FROM THE BOARD

REASONS FOR, AND BENEFITS OF THE PROPOSALS

The Company has its own treasury operation responsible for arranging for the financing of its businesses and deploying its liquid resources. This basis of operation is intended to continue. The proposals, if they are implemented in full, will give the Group greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources and those of its subsidiaries to other China Resources Group companies, including CRC and CRH, through the operation of the Master Lending Agreements. Any advance will only be used by the borrower as short-term working capital, which is not a substitution for fulfilling the capital expenditure or long term financing.

The guiding principles behind the proposals are to:

- enable the Company to achieve a return on the Groups' temporarily surplus cash resources of no less than the cost of borrowing of CRH or a corporate borrower of similar standing in respect of Hong Kong and United States dollar advances and, in the case of RMB advances, a return which is no less than a rate marginally lower than the cost of borrowing of CRC or a corporate borrower of similar standing from a bank or financial institution. Generally these rates are substantially higher than the deposit rates available to the Company;
- permit the Group to borrow at a rate lower than it is likely to be able to obtain itself from banks and financial institutions;
- give priority to the operational needs of the Group under these proposals. The initiative to lend to another China Resources Group company will be entirely at the discretion of the Company and there will be no obligation to lend under these arrangements;
- limit the amounts that can be lent under these arrangements so that they are well within the capacity of the Company and the guarantor, and reflect the scale of the temporarily surplus liquidity that is expected to be available from time to time to be lent under these arrangements;
- ensure that the assets of the Group are not placed at any significant risk as to the repayment of principal and the payment of interest. In addition to the guarantee of the China Resources Group listed company in respect of Hong Kong and United States dollars advances to any of its subsidiaries, all advances, other than advances made directly to CRC or CRH, will be guaranteed irrevocably and unconditionally by either CRC or CRH, depending on the currency of the advance. Both CRC and CRH are regarded as borrowers of undoubted standing in their own markets. CRC is a bond issuer in the PRC and its principal long term credit rating is AAA according to an independent rating agency, China Lianhe Rating Co., Ltd.. In the event that the latest rating of CRC is reduced or placed on watch with negative implications, further advances under the Master Lending Agreements will be suspended;
- continue to manage the Company's treasury operation on a prudent basis as it has in the past. These treasury operations do not invest in the bonds or shares of independent third party issuers and, apart from conventional hedging and swaps, do not invest or trade in derivatives;

LETTER FROM THE BOARD

- ensure that it is a transparent process. Full information on all advances made during the period concerned, including the borrower, its immediate holding company, guarantor, amount, duration and interest rate, will be disclosed in the Company's interim and final reports;
- apply only to temporarily surplus cash resources. It is designed to enhance returns on temporarily surplus liquidity and is not a new usage for the cash resources of the Group. Dividend policy, dividend distributions and the deployment of liquidity for long-term investment and the expansion of the business will not be affected by these arrangements;
- confine advances for only short-term working capital purposes only so they will not be used as a substitute for long-term or permanent financing. The maximum duration of any advance will be six months, and no security over the assets of the borrower will be provided. All advances will be made on the basis that they are repayable on either the lender or borrower giving ten business day's notice; and
- avoid any foreign exchange risk.

CHARACTERISTIC OF THE PROPOSALS

The Master Lending Agreements are designed to give the China Resources Group listed companies a greater flexibility in the management of their respective short term surplus cash resources. Unlike the centralised treasury arrangement commonly adopted by many Chinese conglomerates where the surplus cash resources of listed subsidiaries are deposited with a finance company owned by the holding company, which earns the margin between the prescribed deposit and lending rates in the PRC, the proposed arrangement under the Master Lending Agreements will allow the China Resources Group listed companies continue to operate their own treasury departments and will be able to lend a portion of their idle cash resources directly to fellow subsidiaries and thereby retaining the margin for themselves without bearing any significant credit risk.

Save for the enhancement of returns on temporarily surplus liquidity, there is no change to the manner in which the existing treasury operation will operate or the usage of cash resources of the China Resources Group listed companies. In the case of a centralised treasury function commonly adopted by other Chinese conglomerates, the finance company owned by the holding company controls the surplus cash resources of the listed subsidiaries, whereas under the Master Lending Agreements, each China Resources Group listed company can decide whether to lend to its fellow subsidiaries and if such advances are made, they will be disclosed on a semi-annual basis in order to enhance the transparency of this intra-group lending.

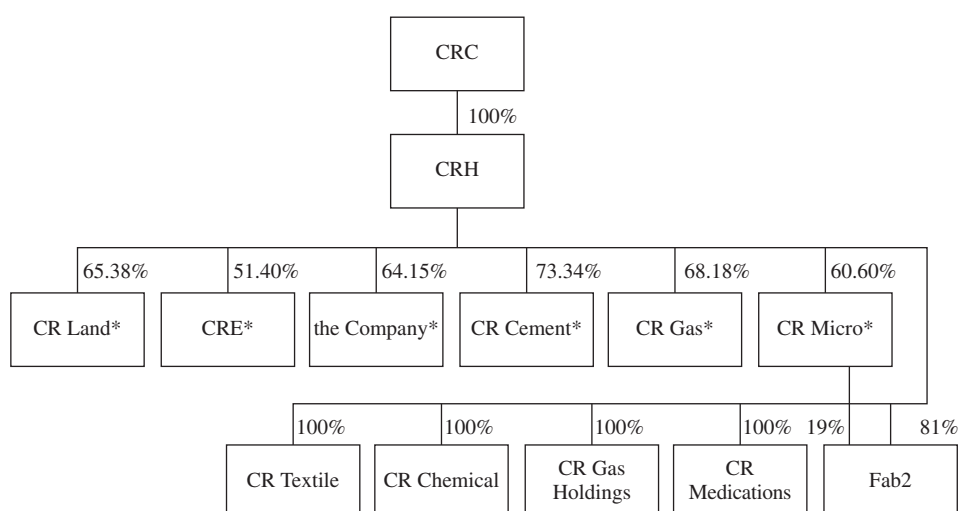
LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

Simplified group structure

By virtue of CRC being the controlling shareholder of the China Resources Group listed and unlisted companies, they are connected persons to each of the China Resources Group listed companies as defined under the Listing Rules.

The following is a simplified chart showing the existing ownership and structure of CRC, CRH, the China Resources Group listed and unlisted companies as at the Latest Practicable Date:



* company listed on the Stock Exchange

The Company

The Company, through its subsidiaries, is principally engaged in the investment, development, operation and management of power plants and investment and operation of coal mines in the PRC.

CRC

CRC, a borrower and guarantor under the RMB Master Loan Agreement, is the holding company of CRH. Its audited consolidated net asset value as at 31st December, 2009 amounted to some RMB 135 billion with total assets over RMB 362 billion. CRC is a bond issuer in the PRC with a principal long term credit rating of AAA according to China Lianhe Rating Co., Ltd.. Other than its interest in CRH, Zhuhai Commercial Bank and CR Trust, CRC also holds approximately 14.73% equity interest in China Vanke, being one of the largest property developers in the PRC, the shares of which are listed in Shenzhen Stock Exchange with a market capitalisation of some RMB91 billion as at the Latest Practicable Date.

LETTER FROM THE BOARD

CRH

CRH, a borrower and guarantor under the Hong Kong and United States Dollar Master Loan Agreement, is a conglomerate in Hong Kong and the PRC that is principally engaged in seven core businesses, namely consumer products, power, real estate, pharmaceuticals, cement, gas and financial services, as well as other operations including microelectronics, textiles, chemical products and compressors. Its audited consolidated total equity including non-controlling interests as at 31st December, 2009 amounted to some HK\$167 billion with total assets over HK\$396 billion.

CRE

CRE is a company with business emphasis on consumer businesses in China and Hong Kong. The core businesses of CRE are, namely retail, beer, beverage and food processing and distribution.

CR Land

The principal business activity of CR Land is property investment, development and management in the PRC.

CR Cement

CR Cement and its subsidiaries are engaged in the production, distribution and sale of cement, clinker and concrete in Hong Kong and the PRC.

CR Gas

CR Gas is an investment holding company which through its subsidiaries in the PRC, operates city gas distribution projects in China including natural or petroleum gas pipelines, CNG filling stations and bottled LPG distribution.

CR Micro

CR Micro, through its subsidiaries, is principally engaged in integrated circuit (“IC”) open foundry operations as well as IC design, discrete devices and IC testing and packaging. Its operations are located primarily in Wuxi, Shenzhen, Shanghai, Beijing and Hong Kong.

EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The EGM will be convened at 4/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 23rd December, 2010 at 9:00 a.m.. A notice convening the EGM at which resolution will be proposed to the independent shareholders to consider, and if thought fit, to approve the Master Lending Agreements and proposed annual caps is set out on page 34 of this circular. In accordance with the requirements of the Listing Rules, the votes to be taken at the EGM shall be conducted by poll. CRH, holding approximately 64.15% of the Company’s issued share capital as at the Latest Practicable Date, and its associates are required to abstain from voting at the meeting.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy to the registered office of the Company at Rooms 2001-2002, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The directors of the Company, including the independent non-executive directors, consider that the continuing connected transactions under the Master Lending Agreements and the proposed annual caps are fair and reasonable, on normal commercial term and in the interests of the Company and its shareholders as a whole.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully

By the order of the board of
China Resources Power Holdings Company Limited
Wang Shuai Ting
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

6th December, 2010

To the independent shareholders of the Company

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 6th December, 2010 (“the Circular”) to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the independent shareholders of the Company in relation to the Master Lending Agreements and the proposed annual caps. In this connection, KBC Bank N.V. Hong Kong Branch has been appointed as the independent financial adviser to advise on this matters.

Your attention is drawn to the “Letter from the Board” set out on pages 5 to 15 of the Circular which contains, inter alia, information about the terms of the Master Lending Agreements and the proposed annual caps, and the “Letter from the independent financial adviser” set out on pages 17 to 25 of the Circular which contains the advice from KBC Bank N.V. Hong Kong Branch in respect of the Master Lending Agreements and the proposed annual caps together with the principal factors taken into consideration in arriving at such.

Having considered the terms of the Master Lending Agreements and having taken into account the principal factors and reasons considered by the independent financial adviser as stated in its letter of advice, we consider that the terms of the Master Lending Agreements and the proposed annual caps are on normal commercial terms, are fair and reasonable so far as the independent shareholders are concerned and are in the interest of the Company and its shareholders as a whole. We therefore recommend the independent shareholders to vote in favour of the resolution in relation to the Master Lending Agreements and the proposed annual caps.

Yours faithfully,
For and on behalf of
the independent board committee

Mr. Anthony H. Adams

Mr. Chen Ji Min

Mr. Ma Chiu-Cheung, Andrew

Ms. Elsie Leung Oi-sie

Dr. Raymond K. F. Ch'ien

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter received from KBC Bank N.V. Hong Kong Branch setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



39/F Central Plaza
18 Harbour Road
Hong Kong

6 December 2010

To the independent board committee and the independent shareholders of the Company

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS — PROPOSALS TO PROVIDE GREATER FLEXIBILITY IN INTRA-GROUP LENDING BETWEEN MEMBERS OF THE CHINA RESOURCES GROUP

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee (the “Independent Board Committee”) and the independent shareholders (the “Independent Shareholders”) of the Company in connection with the Master Lending Agreements, details of which are set out in the section headed “Letter from the Board” of the circular dated 6 December 2010 (the “Circular”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 22 November 2010, the Company entered into the Master Lending Agreements with China Resources Group listed and unlisted companies (as the case may be) to give the Group greater flexibility in the management of its surplus cash resources by enabling it to lend a portion of its surplus cash resources on a short term basis to other listed and unlisted members of the China Resources Group (as the case may be) during a 3-year period commencing from 1 January 2011. By virtue of CRH and CRC, being the controlling shareholders of the Company (the “Shareholders”), each of the China Resources Group listed and unlisted companies is a connected person of the Company and the transactions contemplated under the Master Lending Agreements will constitute continuing connected transactions of the Company under The Listing Rules. Since the maximum aggregate amounts (the “Annual Caps”) which can be lent by the Group exceeds HK\$10 million and the relevant ratios (as defined under the Listing Rules) in respect of the Annual Caps exceed 5%, the entering into of the Master Lending Agreements is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. CRH and its associates are required to abstain from voting at the EGM in this regard.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Anthony H. Adams, Mr. Chen Ji Min, Mr. Ma Chiu-Cheung, Andrew, Ms. Elsie Leung Oi-sie and Dr. Raymond K. F. Ch’ien, has been established to advise the Independent Shareholders in respect of the Master Lending Agreements (including the Annual Caps). We, KBC N. V. Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board

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Committee and the Independent Shareholders as to whether (i) the transactions contemplated under the Master Lending Agreements are conducted in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) the terms of the Master Lending Agreements (including the Annual Caps) are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the entering into of the Master Lending Agreements is in the interests of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; (ii) the Master Lending Agreements and (iii) the annual reports for the two years ended 31 December 2009 and the interim report for the six months ended 30 June 2010 of the Company (collectively, the “Financial Reports”). We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the management of the Company that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statements contained in the Circular, including this letter, misleading. In addition, we have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Master Lending Agreements to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company, nor have we conducted any independent in-depth investigation into the business and affairs of the Company and its respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the entering into of the Master Lending Agreements and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Group

The Group, one of the leading power producers in the PRC, is principally engaged in the investment, development, operation and management of power plants and coal mine projects in the selected regions in the PRC (particularly those more affluent regions and regions with abundant coal resources). The Group has been expanding through acquisition of power plants in various regions of the PRC and organic growth. According to the Financial Reports, the number of commercial power plants invested in and operated by the Group (comprising coal-fired power plants and other clean energy projects involving hydro-electric and wind power) increased from 41 to 46 with

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total attributable operational generation capacity increased from 17,753 megawatts to 18,894 megawatts from 31 December 2009 to 30 June 2010, respectively. Set out below is a summary of the Group's financial performance for the three years ended 31 December 2009 and the six months ended 30 June 2010:

<i>(HK\$' Million)</i>	For the year ended 31 December			For the six months ended 30 June	
	2007	2008	2009	2009	2010
Turnover					
- Sale of electricity	16,830	25,426	31,850	13,558	19,186
- Sale of coal	—	1,346	1,363	434	1,976
	<u>16,830</u>	<u>26,772</u>	<u>33,213</u>	<u>13,992</u>	<u>21,162</u>
Segment Profit					
- Sale of electricity	4,383	2,958	7,172	3,097	3,215
- Sale of coal	—	629	436	84	846

The capital intensive nature of the power industry has required the Group to incur substantial capital expenditure (such as acquisition of plants and machineries) from time to time. We understand from the management of the Company that the Group has adopted a prudent treasury policy, whereby its surplus cash will be mainly deposited in banks/financial institutions for interest income, and apart from those conventional hedging and interest swaps for purposes of minimising the Group's exposure in interest expenses, the Group has policies in place which require prior management approval for investment/trading in financial products (including bonds, securities and derivatives). Although the arrangements under the Master Lending Agreements are intended to provide greater flexibility in the Group's cash management to enhance the return on its temporarily surplus cash available without significantly increasing its liquidity risk (as detailed below), they do not form part of the Group's business activities in the investment, development and operations of power plants in the PRC and, therefore, we are of the view that the entering into of the Master Lending Agreements (and the transactions contemplated thereunder) is not conducted in the ordinary and usual course of the Group's business.

2. Major terms of the Master Lending Agreements

The Master Lending Agreements, comprising the Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement, which were entered into amongst the Company, CRH, CRC and the China Resources Group listed and unlisted companies (as the case may be), (i) have a term of three years commencing from 1 January 2011; (ii) are subject to the approval of the Independent Shareholders; but (iii) are not inter-conditional on the approvals of the respective independent shareholders of the China Resources Group listed companies. However, there are no obligations/restrictions under the Master Lending Agreements which require the Group to lend or to borrow from any members of the China Resources Group, and all advances to be made under the

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Master Lending Agreements are of a short term basis with tenure of no longer than six months and are unconditionally and irrevocably guaranteed by either CRH or CRC (depending on the currency of the advance). Set out below are the key features of each of the Hong Kong and United States Dollar Master Loan Agreement and the RMB Master Loan Agreement:

The Hong Kong and United States Dollar Master Loan Agreement

The principal terms of the advances to be made in Hong Kong dollars or United States dollars are governed by the Hong Kong and United States Dollar Master Loan Agreement, whereby the interest rates per annum are determined by the lender based on the relevant HIBOR and LIBOR for such Hong Kong dollar and United States dollar advances, respectively, plus a margin (which must not be a negative number), and shall not be less than the higher of (i) the rate at which CRH or a corporate borrower of similar standing is able to borrow such amount in such currency from a bank or financial institution for the relevant period and (ii) the deposit rate at which the lender could have obtained from a bank or financial institution for such amount and period. All advances to be made under the Hong Kong and United States Dollar Master Loan Agreement are unsecured and repayable on demand upon the occurrence of certain acceleration events, such as the non-payment of the borrower, breaches of the agreement by the borrowers which have not been rectified within the specified period, cross-default in a material amount, enforcement of security, insolvency, dissolution, repudiation, CRH ceasing to be the single largest shareholder of the relevant borrowers or the occurrence of a material adverse change of the borrowers.

The RMB Master Loan Agreement

The principal terms for the advances to be made in RMB are governed by the RMB Master Loan Agreement and the interest rates per annum are determined by the lenders based on the relevant lending rate as permitted by the PBOC from time to time and shall be no less than (i) 95% of the rate at which CRC or a corporate borrower of similar standing is able to borrow such amount in RMB from a bank or financial institution for the relevant period and (ii) the deposit rate at which the lender could have obtained from a bank or financial institution for such relevant amount and period. The advances under the RMB Master Loan Agreement will take the form of entrusted loans, whereby the lender will deposit the advances to an entrustment agent who will in turn pay such amount to the borrower. The entrustment agent will charge the borrower a facilitation commission and the lending risk will be assumed by the lender who receives the interest paid by the borrower, less the agency fee charged by the entrustment agent. Furthermore, subject to the entrusted loan agreement to be entered into amongst the lender, borrower and entrustment agent, all advances will become immediately repayable on demand upon the occurrence of certain events similar to those under the Hong Kong and United States Dollar Master Loan Agreement.

Since the Group's lending rates offered to relevant members of the China Resources Group under the Master Lending Agreements are (i) primarily based on the interest rates offered to CRH and/or CRC (or a corporate borrower of similar standing) by commercial banks and financial institutions which are determined by a number of measures commonly adopted in the banking and finance industry (such as

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the gearing ratio, credit history, profitability and financial position of CRH and/or CRC); and (ii) generally higher than the deposit rates available to the Group, we are of the view that the transactions contemplated under the Master Lending Agreements are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

3. Reasons for and benefits of entering into the Master Lending Agreements

A secured alternative to the Group's cash management

Unlike the centralised treasury arrangements commonly adopted by many PRC conglomerates where the surplus cash resources of their listed companies are deposited with a financial institution owned by the holding company, which earns the margin between the prescribed deposit and lending rates (resulting in the relevant listed companies forego the control over the interest income derived from the surplus cash), the arrangement under the Master Lending Agreements will allow the Group to continue to carry out its own treasury operations and lend a portion of its idle cash resources directly to the relevant members of the China Resources Group and retain the interest income for itself. Given that (i) the arrangements under the Master Lending Agreements will enable the Group to achieve a return on its temporarily surplus cash which is no less than the cost of borrowing of CRH (or a corporate borrower of similar standing) in respect of Hong Kong dollar and United States dollar advances and, in the case of RMB advances, a return which is no less than a rate marginally lower than the cost of borrowing of CRC (or a corporate borrower of similar standing), all of which being higher than the deposit rates available to the Group; and (ii) all of the advances under the Master Lending Agreements will be guaranteed by either CRH or CRC which are both regarded as borrowers of undoubted standing in their own markets given their strong balance sheets and substantial cash resources (CRC is a bond issuer in the PRC and its principal long term credit rating is "AAA" according to China Lianhe Rating Co., Ltd., an independent rating agency), we consider that the Master Lending Agreements will provide the Group with a secured alternative for its cash management to improve the return on its temporarily surplus cash resources. Furthermore, since the advances made under the Master Lending Agreements can only be used as for short-term working capital only and are repayable within six months after the date of the advances, we concur with the management of the Company that the arrangements under the Master Lending Agreements are not expected to result in any material adverse impact on the Group's liquidity position.

The Group's stringent internal policies on cash management

We understand from the management of the Company that the Group has developed its own cash management policies in place to which provide guidelines relating to the financing of its business operations and the deployment of its cash resources, including monthly/weekly review of its cashflow position by the Group's finance department to decide whether external borrowings are required and/or the amount of surplus cash resources that can be deposited. The management of the Company has also confirmed that such cash management policies will continue to be in effect after the Company's entering into of the Master Lending Agreements. In considering whether it is appropriate to lend out the Group's surplus cash to members of the China Resources Group, the Company will take into account, among other things, (i) the latest cash position and capital requirement of the Group to ensure that priority of the Group's surplus cash will be given to its operational needs; (ii) the cost of borrowing of CRH and/or CRC (or corporate borrowers with similar standing); (iii) the deposit rates

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at which the Group can obtain from banks or financial institutions; and (iv) the financial position of the borrower. Furthermore, prior to advancing the Group's surplus cash to members of the China Resources Group, the Company will negotiate with the borrower to determine an interest rate that is acceptable to both parties and in compliance with the Master Lending Agreements. Having considered that (i) the arrangements under the Master Lending Agreements will only apply to temporarily surplus cash resources and are intended to enhance returns on the Group's short term surplus liquidity rather than being a new usage for the Group's cash resources; (ii) the dividend policy, dividend distribution and deployment of liquidity for long-term investment and business expansion of the Group will not be affected by the arrangements under the Master Lending Agreements; (iii) the aforesaid internal review and management approval process will also be applicable for advancing the Group's surplus cash to the relevant members of China Resources Group under the Master Lending Agreements; and (iv) the maximum aggregate amounts which can be lent by the Group of at HK\$1.7 billion, HK\$1.9 billion and HK\$2.1 billion for each of the three years ending 31 December 2013 accounted for only approximately 26%, 29% and 32% of the Group's consolidated cash and bank balances as at 30 June 2010, we concur with the management of the Company that the Group's business operations and continuous development plans are not expected to be adversely impacted by the arrangement under the Master Lending Agreements and the temporary decrease in the Group's available surplus cash resources in return for a higher interest income is acceptable.

The PRC's tightening credit policies

The PRC has recently experienced an intensifying inflationary pressure with its consumer price index having increased by 4.4% in October 2010 when compared with the same period last year, which was considered partly attributable to the quantitative easing measures implemented by foreign governments (particularly the United States of America) since the occurrence of the financial turmoil in late 2008 that boosted the global monetary liquidity. With a view to curb the rapid economic growth and price rises, the PRC government has tightened its monetary policy by, among other things, raising the reserve-requirement ratio of the commercial banks in the PRC and capping new loan in 2010 at RMB7.5 trillion. According to the China Economic Information Network, new loans extended by the banks in the PRC already exceeded RMB6.3 trillion in October 2010 (representing approximately 84% of the credit limit imposed by the PRC's government for 2010). Under these circumstances, it will become increasingly difficult for enterprises in the PRC (including the Company) to obtain additional bank loans in the PRC.

As disclosed in the Circular, CRH and CRC (i) had cash and bank balances of approximately HK\$54.9 billion and RMB52.2 billion as at 31 December 2009, respectively (representing 8.7 and 9.5 times the Group's cash and bank balances as at 31 December 2009 respectively); (ii) had net asset values of approximately HK\$167.1 billion and RMB135.3 billion as at 31 December 2009, respectively (representing 3.7 and 3.4 times the Group's net asset value as at 31 December 2009, respectively); (iii) recorded net attributable profit of HK\$9.8 billion and RMB6.3 billion for the year ended 31 December 2009, respectively (representing 1.6 and 1.2 times the Group's attributable profit to Shareholders during the same period, respectively); and (iv) recorded cash inflow from operations of HK\$30 billion and RMB27.9 billion for the year ended 31 December 2009, respectively (representing 3.1 and 2.9 times the Group's cash inflow from operation during the same period, respectively). Given the strong financial performances and positions of CRH and CRC, it is considered that both CRH and CRC will be in a stronger negotiating position to obtain bank loans at terms that are more favourable than those

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available to the Group. Therefore, we concur with the management of the Company that the arrangements under the Master Lending Agreements will provide the Group with an additional funding source which will facilitate the Group in obtaining short term working capital at a lower borrowing cost to meet its operational needs, particularly given the PRC's tightening credit policies. In addition, the interest rates for advances in RMB are set at 95% of the CRC's cost of borrowing such that the relevant cost charged by the entrustment agent and other costs relating to the advances in RMB incurred by the Group can be covered.

Having considered the above, we are of the view that the terms of the Master Lending Agreements are fair and reasonable and the entering into of the Master Lending Agreements is in the interests of the Company and the Shareholders as a whole.

4. The Annual Caps

The Annual Caps, representing the maximum aggregate amounts which can be lent at any time from the Group for each of the three years ending 31 December 2013, amounted to HK\$1,700 million, HK\$1,900 million and HK\$2,100 million, respectively. As confirmed by the management of the Company, the Annual Caps are determined after having assessed the maximum amount of exposure of the Group which it is prepared to assume under the Master Lending Agreements and the scale of the temporarily surplus liquidity that the Group is expected to be available to be lent under the Master Lending Agreements from time to time. The Annual Caps for the years ending 31 December 2012 and 2013 have been increased by approximately 10% from the previous year to reflect the underlying growth in the cash and bank balances of the Group in the subsequent two years.

Having considered (i) the Annual Cap of HK\$1,700 million for the year ending 31 December 2011 is determined based on the existing free cash flow and the expected cashflow position of the Group which represents approximately 26% of the Group's consolidated cash and bank balances as at 30 June 2010 of approximately HK\$6,640 million; and (ii) the growth rates of the Annual Caps for the two years ending 31 December 2012 and 2013 are in line with the compound annual growth rate of the Group's consolidated cash and bank balances from 2005 to 2009 of approximately 9.2%, we are of the view that the basis of determining the Annual Caps is fair and reasonable in so far as the Independent Shareholders are concerned.

Continuous monitoring process after the approval of the Master Lending Agreements

After the approval of the Master Lending Agreements by the Independent Shareholders at the EGM, the transactions contemplated thereunder will be subject to, among other things, certain annual review requirements, including the review by the independent non-executive Directors and the Company's auditors pursuant to Rules 14A.37 to 14A.40 of the Listing Rules which include the following:

- (i) for each of the three years ending 31 December 2013, the relevant amounts of the continuing connected transactions under the Master Lending Agreements will not exceed the Annual Caps;

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- (ii) the continuing connected transactions will be entered into:
 - (a) in the ordinary and usual course of the business of the Group;
 - (b) either on normal commercial terms, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those available from independent third parties;
 - (c) in accordance with the Master Lending Agreements on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (iii) brief details of the continuing connected transactions under the Master Lending Agreements will be disclosed in the Company's next and each successive annual report, each accompanying with a statement of the opinion of the independent non-executive Directors on the matters referred to in paragraph (iv) below;
- (iv) the independent non-executive Directors will review annually the continuing connected transactions under the Master Lending Agreements and confirm in the Company's annual report for the year in question that such continuing connected transactions under their review are and have been conducted in the manners as stated in the paragraph (ii) (a) to (c) above;
- (v) the Company's auditor will review annually the continuing connected transactions under the Master Lending Agreements and confirm in a letter to the Directors in accordance with Rule 14A.38 of the Listing Rules;
- (vi) during the term of the Master Lending Agreements, the Company will allow and will procure that each member of the Group and the relevant counterparties to the continuing connected transactions under the Master Lending Agreements to allow the auditors of the Company sufficient access to the relevant records of the continuing connected transactions for the purpose of the Company's auditors' review of the continuing connected transactions as referred to in paragraph (v) above. The Board will state in the annual report whether the auditors have confirmed the matters stated in Rule 14A.38 of the Listing Rules; and
- (vii) the Company will comply with the applicable provisions of the Listing Rules governing continuing connected transactions in the event that the total amount of the Group's transactions under the Master Lending Agreements exceeds the Annual Caps, if there is any material amendment to the terms of the Master Lending Agreements.

In addition to the aforesaid disclosure and review requirements under the Listing Rules, for purposes of improving the transparency of the transactions contemplated under the Master Lending Agreements, the Company will also voluntarily disclose information in the advances made during the period concerned, including the borrower, its immediate holding company, the guarantor, the amount of the advances and the corresponding interest rates in its forthcoming interim and annual reports.

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CONCLUSION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the Master Lending Agreements will not only provide the Group with greater flexibility in the management of its surplus cash resources to enable it to achieve a better return on its temporarily surplus cash available, but will also allow it to borrow at rates that are lower than those that the Group is likely to obtain from banks or financial institutions itself, which is in the interests of the Company and the Shareholders despite the entering into of which is not in the ordinary and usual course of business of the Group; (ii) the transactions contemplated under the Master Lending Agreements are on normal commercial terms; (iii) the terms of the Master Lending Agreements (including the Annual Caps) are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned; and (iv) the entering into of the Master Lending Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) in respect of the entering into of the Master Lending Agreements (including the Annual Caps) at the EGM.

Yours faithfully,

For and on behalf of

KBC Bank N.V. Hong Kong Branch

Kenneth Chan

Head of Corporate Finance,

Greater China

Gaston Lam

Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and the short positions (within the meaning of the SFO) of the directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Interests in issued ordinary shares and underlying shares of the Company

Name of director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of the Company (%)
Wang Shuai Ting	Beneficial owner	5,260,920	Long	0.112
Wang Yu Jun	Beneficial owner	280,070	Long	0.006
Zhang Shen Wen	Beneficial owner	2,426,800	Long	0.051
Wang Xiao Bin	Beneficial owner	3,498,080	Long	0.074
Li She Tang	Beneficial owner	660,000	Long	0.014
Du Wenmin	Beneficial owner	297,000	Long	0.006
Shi Shanbo	Beneficial owner	500,000	Long	0.011
Anthony H. Adams	Beneficial owner	18,000	Long	0.0004
Raymond K.F. Ch'ien	Beneficial owner	30,000	Long	0.0006
	Interest of spouse	4,000	Long	0.0001

Name of director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares as at the Latest Practicable Date	Percentage of the issued share capital of the Company (%)
Wang Yu Jun	Beneficial owner	18 Mar 2005	17 Mar 2015	3.919	101,800	0.002
Zhang Shen Wen	Beneficial owner	18 Mar 2005	17 Mar 2015	3.919	244,320	0.005
Wang Xiao Bin	Beneficial owner	18 Mar 2005	17 Mar 2015	3.919	166,480	0.004
Li She Tang	Beneficial owner	6 Oct 2003	5 Oct 2013	2.750	570,080	0.012
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.919	366,480	0.008
Du Wenmin	Beneficial owner	6 Oct 2003	5 Oct 2013	2.750	183,240	0.004
Anthony H. Adams	Beneficial owner	18 Nov 2005	17 Nov 2015	4.641	203,600	0.004
Chen Ji Min	Beneficial owner	30 Mar 2007	29 Mar 2017	12.210	203,600	0.004
Ma Chiu-Cheung, Andrew	Beneficial owner	30 Mar 2007	29 Mar 2017	12.210	203,600	0.004

(b) Interests in issued ordinary shares and underlying shares of associated corporations

As at the Latest Practicable Date, certain directors of the Company had interests in the issued ordinary shares and underlying shares covered by options granted under the share option schemes of associated corporations (within the meaning of the SFO) of the Company, such options being unlisted physically settled equity derivatives:

(i) Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CRE:

Name of director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRE (%)
Du Wenmin	Beneficial owner	100,000	Long	0.004

Name of director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares as at the Latest Practicable Date	Percentage of the issued share capital of CRE (%)
Zhang Shen Wen	Beneficial owner	5 Mar 2002	4 Mar 2012	7.35	20,000	0.001

(ii) Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CR Gas:

Name of director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Gas (%)
Zhang Shen Wen	Beneficial owner	6,000	Long	0.0003
Du Wenmin	Beneficial owner	54,000	Long	0.003
Shi Shanbo	Beneficial owner	50,000	Long	0.003

(iii) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CR Land:*

Name of director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Land (%)
Du Wenmin	Beneficial owner	790,000	Long	0.015
Shi Shanbo	Beneficial owner	140,000	Long	0.003

Name of director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares as at the Latest Practicable Date	Percentage of the issued share capital of CR Land (%)
Du Wenmin	Beneficial owner	1 Jun 2005	31 May 2015	1.23	250,000	0.005

(iv) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CR Micro:*

Name of director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Micro (%)
Wang Yu Jun	Beneficial owner	195,000	Long	0.002
Zhang Shen Wen	Beneficial owner	108,000	Long	0.001
Du Wenmin	Beneficial owner	1,458,000	Long	0.017

(v) *Interests in issued ordinary shares and options outstanding under the share option schemes of an associated corporation, CR Cement:*

Name of director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Cement (%)
Wang Shuai Ting	Beneficial owner	600,000	Long	0.009
Li She Tang	Beneficial owner	300,000	Long	0.005
Shi Shanbo	Beneficial owner	280,000	Long	0.004

Save as disclosed above, as at Latest Practicable Date, none of the directors or chief executives of the Company had any beneficial interest (including interests or short positions) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the directors or the chief executives were taken or deemed to have taken under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

So far as was known to any director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Capacity	No. of Shares held	Long/short position	Approximate % of shareholding
Finetex International Limited ('Finetex')	Beneficial owner	3,024,999,999	Long	64.15
CRH	Interest in a controlled corporation	3,024,999,999	Long	64.15
CRC Bluesky Limited	Interest in a controlled corporation	3,024,999,999	Long	64.15
CRC	Interest in a controlled corporation	3,024,999,999	Long	64.15
China Resources National Corporation ('CRNC')	Interest in a controlled corporation	3,024,999,999	Long	64.15

Note: Finetex is a 100% subsidiary of CRH, which is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRC, which is in turn held as to 100% by CRNC. Each of CRH, CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the share capital of the Company as those of Finetex.

4. DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has any service contracts with the Company or any of its subsidiaries which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the directors of the Company had any interest, direct or indirect, in any assets which have been, since 31st December, 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

None of the directors of the Company was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole.

6. COMPETING INTERESTS

As at the Latest Practicable Date, the directors of the Company were not aware that any of the directors or their respective associates has interest in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31st December, 2009, being the date to which the latest published audited consolidated accounts of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualifications
KBC Bank N.V. Hong Kong Branch	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for type 6 (advising on corporate finance) regulated activities under the SFO.

KBC Bank N.V. Hong Kong Branch has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, KBC Bank N.V. Hong Kong Branch did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The letter of advice given by KBC Bank N.V. Hong Kong Branch is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, KBC Bank N.V. Hong Kong Branch did not have any direct or indirect interests in any assets which had been since 31st December, 2009, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any members of the Group.

9. MISCELLANEOUS

The English texts of this circular shall prevail over their respective Chinese texts in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Rooms 2001-2002, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of EGM:

- (a) the Hong Kong and United States Dollar Master Loan Agreement;
- (b) the RMB Master Loan Agreement;
- (c) the letter from the independent board committee, the text of which is set out on page 16 in this circular;
- (d) the letter of advice from KBC Bank N.V. Hong Kong Branch to the independent board committee and the independent shareholders of the Company, the text of which is set out on pages 17 to 25 in this circular; and
- (e) the written consent referred to in the section headed “Expert and consent” of this appendix.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of China Resources Power Holdings Company Limited (the “**Company**”) will be held at 4/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 23rd December, 2010 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Master Lending Agreements (as defined in the circular of the Company dated 6th December, 2010 of which this notice forms part (the “**Circular**”)) and the annual caps for the maximum aggregate amount which can be lent at any time from the Company together with its subsidiaries under the Master Lending Agreements be and are hereby approved.”

Yours faithfully

By the order of the board of
China Resources Power Holdings Company Limited
Wang Shuai Ting
Chairman

Hong Kong, 6th December, 2010

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the registered office of the Company at Rooms 2001-2002, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), any vote taken at a general meeting shall be taken by poll. The Company shall announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.