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CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED

華潤電力控股有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 836)

Discloseable and Connected Transaction Acquisitions of Entire Equity Interest in Jiangsu Investment

CR Power Project Service, a wholly-owned subsidiary of the Company, has entered into an agreement with each of CRL and Jiangsu Kunlun respectively to acquire their respective 60% and 40% equity interest in Jiangsu Investment for a total consideration of RMB 2,513 million. Jiangsu Investment has a total attributable operational capacity of 1,965MW, with 840MW of attributable capacity under construction.

CR Power Project Service, a wholly-owned subsidiary of the Company, has entered into an agreement with each of CRL and Jiangsu Kunlun respectively to acquire their respective 60% and 40% equity interest in Jiangsu Investment for a total consideration of RMB 2,513 million.

A. THE BACKGROUND INFORMATION OF JIANGSU INVESTMENT

Jiangsu Investment was incorporated in Nanjing City, Jiangsu Province, the PRC as a limited liability company on 24 August 2005. It has a registered capital of RMB1,500 million. As at the date of the announcement, Jiangsu Investment is owned as to 60% by CRL and 40% by Jiangsu Kunlun Investments Co., Ltd.* (江蘇昆侖投資有限公司).

CR Power Project Service is a wholly-owned subsidiary of the Company and CRL is a connected person of the Company. As such, the CRL Acquisition constitutes a connected transaction of the Company. Jiangsu Kunlun and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected person.

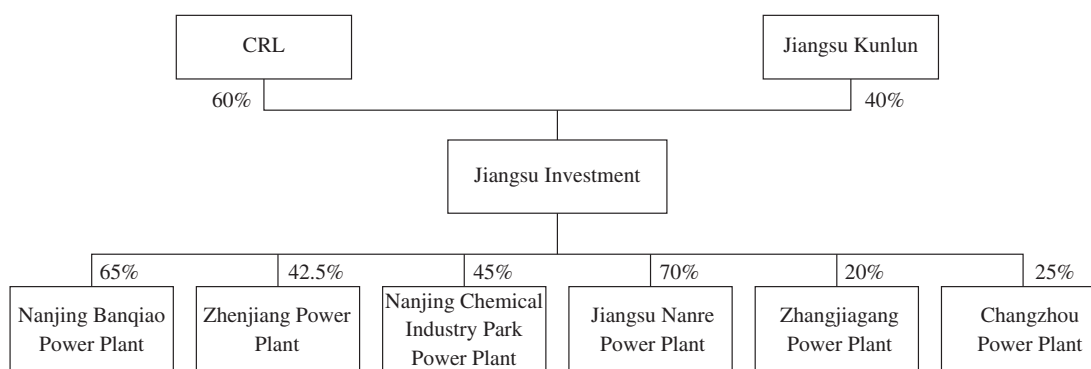
Jiangsu Investment is principally an investment holding company which holds equity interests in various coal-fired power plants in Jiangsu Province, the PRC.

As at the date of this announcement, Jiangsu Investment holds:

- (i) 65% equity interest in Nanjing China Resources Thermal Power Company Limited (南京華潤熱電有限公司) (“Nanjing Banqiao Power Plant”). Nanjing Banqiao Power Plant comprises two 330MW and two 135MW coal-fired heat and power co-generation units. The two 135MW generation units were commissioned in June and December 2004, respectively, and the two 330MW generation units were commissioned in July and December 2005, respectively. The total installed capacity attributable to Jiangsu Investment is 604.5MW. Nanjing Banqiao Power Plant sells its electricity to Jiangsu Provincial Power Grid under Eastern China Power Grid Company of the PRC. The approved tariff of Nanjing Banqiao Power Plant is RMB0.39/kWh (inclusive of value-added tax);
- (ii) 42.5% equity interest in Jiangsu Zhenjiang Generator Company Limited (江蘇鎮江發電有限公司) (“Zhenjiang Power Plant”). Zhenjiang Power Plant comprises two 137.5MW, two 140MW and two 630MW coal-fired generation units. The two 137.5MW generation units were commissioned in July and December 2000, respectively. The two 140MW generation units were commissioned in March and May 2003, respectively. The two 630MW generation units were commissioned in July and November 2005, respectively. The total installed capacity attributable to Jiangsu Investment is 771.375MW. Zhenjiang Power Plant sells its electricity to Jiangsu Provincial Power Grid under Eastern China Power Grid Company of the PRC. The approved tariff of Zhenjiang Power Plant is RMB0.3883/kWh (inclusive of value-added tax);
- (iii) 45% equity interest in Nanjing Chemical Industry Park Thermoelectricity Company Limited (南京化學工業園熱電有限公司) (“Nanjing Chemical Industry Park Power Plant”). Nanjing Chemical Industry Park Power Plant comprises two 55MW heat and power co-generation units which were commissioned in May and June 2005, respectively. The total operational installed capacity attributable to Jiangsu Investment is 49.5MW. Nanjing Chemical Industry Park Power Plant sells its electricity to Jiangsu Provincial Power Grid under Eastern China Power Grid Company of the PRC. The approved tariff of Nanjing Chemical Industry Park Power Plant is RMB0.4691/kWh (inclusive of value-added tax). The Company indirectly holds 25% equity interest in Nanjing Chemical Industry Park Power Plant;

- (iv) 70% equity interest in Jiangsu Nanre Power Generation Company Limited (江蘇南熱發電有限責任公司) (“Jiangsu Nanre Power Plant”) which plans to construct two 600MW heat and power co-generation units subject to the approvals by the relevant PRC authorities. The Company holds the remaining 30% equity interest in Jiangsu Nanre Power Plant. The two generation units are expected to be commissioned in 2009. The capacity under construction attributable to Jiangsu Investment is 840MW;
- (v) 20% equity interest in Zhangjiagang Shazhou Power Corporation (張家港沙州電力有限公司) (“Zhangjiagang Power Plant”) which comprises two 600MW coal-fired generation units. The two generation units were commissioned in April and August 2006, respectively. The installed capacity attributable to Jiangsu Investment is 240MW. Zhangjiagang Power Plant sells its electricity to Jiangsu Provincial Power Grid under Eastern China Power Grid Company of the PRC. The approved tariff of Zhangjiagang Power Plant is RMB0.39/kWh (inclusive of value-added tax); and
- (vi) 25% equity interest in Guodian Changzhou Power Corporation (國電常州發電有限公司) (“Changzhou Power Plant”) which comprises two 600MW coal-fired generation units. The two generation units were commissioned in May and November 2006, respectively. Changzhou Power Plant sells its electricity to Jiangsu Provincial Power Grid under Eastern China Power Grid Company of the PRC. The total installed capacity attributable to Jiangsu Investment is 300MW. The approved tariff of Changzhou Power Plant is RMB0.39/kWh (inclusive of value-added tax).

The group structure chart of Jiangsu Investment as at the date of this announcement is set out as below:



As at 31 December 2007, the audited net asset value of Jiangsu Investment (prepared in accordance with the PRC accounting rules and regulations) amounted to approximately RMB1,713.01 million (equivalent to approximately HK\$1,903.34 million).

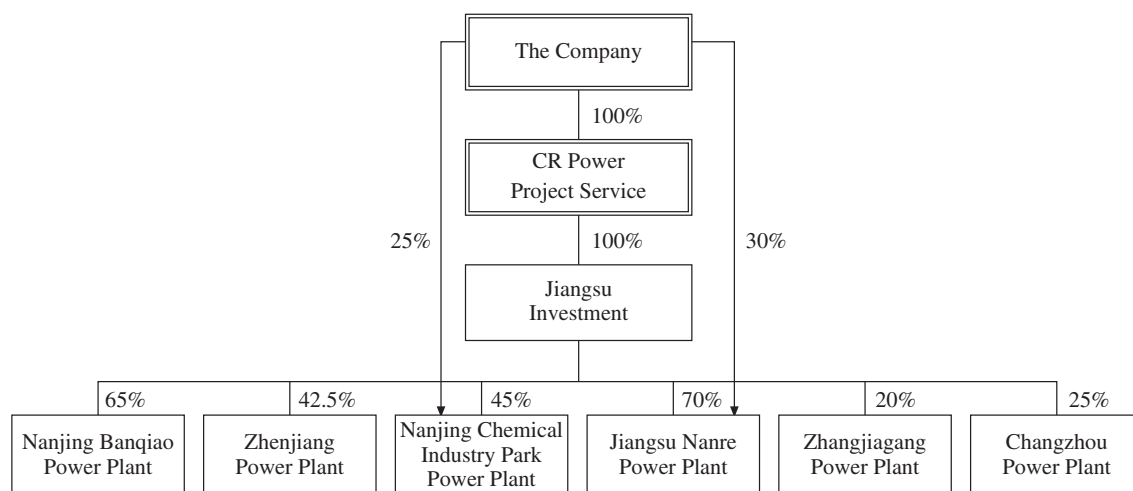
The audited net profits before and after taxation and extraordinary items of Jiangsu Investment (prepared in accordance with the PRC accounting rules and regulations) for each of the two years ended 31 December 2006 and 2007 are set out below:

	Year ended 31 December 2006	2007
Profit before tax, extraordinary items and minority interests	RMB597.78 million (equivalent to approximately HK\$664.20 million)	RMB301.02 million (equivalent to approximately HK\$334.47 million)
Profit after tax, extraordinary items and minority interests	RMB151.07 million (equivalent to approximately HK\$167.86 million)	RMB181.16 million (equivalent to approximately HK\$201.29 million)

Note:

- (1) In the financial statements prepared in accordance with the PRC accounting rules and regulations, Zhenjiang Power Plant was treated as a subsidiary of Jiangsu Investment for the year ended 31 December 2006 and an associated company of Jiangsu Investment for the year ended 31 December 2007.
- (2) The above financial information represented the consolidated figures of Jiangsu Investment group.

Upon completion of the CRL Acquisition and the Jiangsu Kunlun Acquisition, the diagram below sets out the structure of the Jiangsu Investment:



B. THE ACQUISITION AGREEMENTS

1. CRL Acquisition Agreement

Parties

- (a) CR Power Project Service (as purchaser); and
- (b) CRL (as vendor)

Date

20 May 2008

Interests to be acquired

CR Power Project Service has entered into the CRL Acquisition Agreement with CRL whereby CR Power Project Service has conditionally agreed to acquire, and CRL has conditionally agreed to dispose of the CRL Interest, i.e., the 60% equity interest held by CRL in Jiangsu Investment.

Consideration

The total consideration for the CRL Acquisition is RMB1,433 million (equivalent to approximately HK\$1,592 million).

The consideration was determined by reference to various factors including the total net assets and the historical net profit of Jiangsu Investment, location, quality and operating conditions of existing operational power plants held by Jiangsu Investment, location and scale and type of generation units which Jiangsu Investment plans to construct, growth of local economy and the demand for electricity in Jiangsu Province. The consideration was agreed by commercial negotiation between CRL and the Company on arm's length basis.

The consideration shall be paid out of the internal resources of the Group.

Conditions

Completion of the CRL Acquisition is conditional upon, among other things, the following conditions being fulfilled:

1. unless waived, any or all consents necessary or otherwise appropriate from the relevant third party in relation to the transfer of the CRL Interest contemplated under the CRL Acquisition Agreement having been obtained;
2. any or all approvals, consents and waivers necessary or otherwise appropriate under the Listing Rules for the transfer of the CRL Interest contemplated under the CRL Acquisition Agreement having been obtained by the Company, including but not limited to the obtaining of the approval from the shareholders of the Company as required by the Listing Rules.
3. any or all approvals, consents and waivers from the State-owned Assets Supervision and Administration Commission of the State Council*, PRC (中國國務院國有資產監督管理委員會) have been obtained; and
4. unless waived, at completion, and at all times between the date of the CRL Acquisition Agreement and CRL Completion Date, all the warranties in the CRL Acquisition Agreement are and have been true, accurate and not misleading in any respect.

In the event that the conditions to the completion of the CRL Acquisition as specified in the CRL Acquisition Agreement are not fulfilled or waived (as the case may be) on the CRL Long Stop Date, the CRL Acquisition Agreement shall lapse unless CR Power Project Service and CRL agree otherwise.

Completion

Completion of the CRL Acquisition shall take place on the CRL Completion Date.

2. Jiangsu Kunlun Acquisition Agreement

Parties

- (a) CR Power Project Service (as purchaser); and
- (b) Jiangsu Kunlun (as vendor)

Date

20 May 2008

Interests to be acquired

CR Power Project Service has entered into the Jiangsu Kunlun Acquisition Agreement with Jiangsu Kunlun whereby CR Power Project Service has conditionally agreed to acquire, and Jiangsu Kunlun has conditionally agreed to dispose of the Jiangsu Kunlun Interest, i.e., the 40% equity interest held by Jiangsu Kunlun in Jiangsu Investment.

Consideration

The total consideration for the Jiangsu Kunlun Acquisition is RMB1,080 million (equivalent to approximately HK\$1,200 million).

The consideration was determined by reference to various factors including the total net assets and the historical net profit of Jiangsu Investment, location, quality and operating conditions of existing operational power plants held by Jiangsu Investment, location and scale and type of generation units which Jiangsu Investment plans to construct, growth of local economy and the demand for electricity in Jiangsu Province. The consideration was agreed by commercial negotiation between Jiangsu Kunlun and the Company on arm's length basis.

The consideration shall be paid out of the internal resources of the Group.

Conditions

Completion of the Jiangsu Kunlun Acquisition is conditional upon, among other things, the following conditions being fulfilled:

1. unless waived, any or all written consents necessary or otherwise appropriate from the relevant third party in relation to the transfer of the Jiangsu Kunlun Interest contemplated under the Jiangsu Kunlun Acquisition Agreement have been obtained; and

2. unless waived, at completion, and at all times between the date of the Jiangsu Kunlun Acquisition Agreement and the Jiangsu Kunlun Completion Date, all the warranties in the Jiangsu Kunlun Acquisition Agreement are and have been true, accurate and not misleading in any respect.

In the event that the conditions to the completion of the Jiangsu Kunlun Acquisition as specified in the Jiangsu Kunlun Acquisition Agreement are not fulfilled or waived (as the case may be) on the Jiangsu Kunlun Long Stop Date, the Jiangsu Kunlun Acquisition Agreement shall lapse unless CR Power Project Service and Jiangsu Kunlun agree otherwise.

The CRL Acquisition Agreement and Jiangsu Kunlun Acquisition Agreement are not inter-conditional with each other.

Completion

Completion of the Jiangsu Kunlun Acquisition shall take place on the Jiangsu Kunlun Completion Date.

C. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that:

1. The power plants in operation and under construction are located in Jiangsu Province, a target market in the PRC which has high GDP growth rate and power consumption growth rate. The operational generation units and generation units under construction mainly comprise 600MW and 300MW heat and power co-generation units, which are the main types of generation units held by the Company.
2. The acquisition of Jiangsu Investment is in line with the Company's business strategy to operate large coal-fired generation units in its target markets.
3. The power plants held by Jiangsu Investment are similar to the existing assets of the Company in terms of the location and operational conditions.

The Directors (excluding the independent non-executive directors who will provide their views based on the advice of the independent financial adviser) believe that the CRL Acquisition pursuant to the terms of the CRL Acquisition Agreement represents a commitment on normal commercial terms to be fulfilled in the ordinary and usual course of business of the Company and is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

The Directors believe that the Jiangsu Kunlun Acquisition pursuant to the terms of the Jiangsu Kunlun Acquisition Agreement represents a commitment on normal commercial terms to be fulfilled in the ordinary and usual course of business of the Company and is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

D. FINANCIAL IMPACT OF THE ACQUISITIONS

Upon completion of the CRL Acquisition and Jiangsu Kunlun Acquisition, Jiangsu Investment will become a wholly-owned subsidiary of the Company and its results and assets will be consolidated into the financial statements of the Company accordingly. Nanjing Banqiao Power Plant, Nanjing Chemical Industry Park Power Plant and Jiangsu Nanre Power Plant will be accounted as subsidiaries, and Zhenjiang Power Plant, Zhangjiagang Power Plant and Changzhou Power Plant will be accounted as associates in the Group's financial statements upon completion of the CRL Acquisition and Jiangsu Kunlun Acquisition.

E. LISTING RULES IMPLICATIONS AND EGM

(1) CRL Acquisition

CR Power Project Service is a wholly-owned subsidiary of the Company.

CRNC, being the ultimate holding company, owns 99.98% of the issued share capital of CRL, and CRL indirectly owns the entire issued share capital of CRH, which in turn owns 66.2% of the issued share capital of the Company. Each of CRNC, CRL and CRH is therefore an associate of each other and a connected person of the Company.

Pursuant to Rule 14.22 and Rule 14A.25 of the Listing Rules, the CRL Acquisition is to be aggregated with (a) the Xuzhou Acquisition, whereby the Group has acquired from CRL a 67% equity interest in Xuzhou Huaxin; and (2) the Shenhai Acquisition, whereby the Company has conditionally agreed to acquire from CRH a total of 51.5% equity interest in Shenhai Thermal Power.

As the CRL Acquisition, Shenhai Acquisition and the Xuzhou Acquisition are entered into by the Group with counterparties which are connected with each other, the CRL Acquisition is to be aggregated with the Shenhai Acquisition and the Xuzhou Acquisition under the Listing Rules.

Details of the Xuzhou Acquisition were set out in the Xuzhou Announcement and Xuzhou Circular and details of the Shenhai Acquisition were set out in the Shenhai Announcement and the Shenhai Circular. The independent shareholders (as defined in the Xuzhou Circular and Shenhai Circular respectively) of the Company have approved (1) the Xuzhou Acquisition at the extraordinary general meeting of the Company held on 21 December 2007; and (2) the Shenhai Acquisition at the extraordinary general meeting on 23 April 2008. As at the date of this announcement, both the Xuzhou Acquisition and Shenhai Acquisition have been completed.

Based on the aggregate percentage ratios applicable to Group's commitment under the CRL Acquisition, the Shenhai Acquisition and the Xuzhou Acquisition, the CRL Acquisition constitutes (i) a discloseable transaction of the Company subject to announcement and circular requirements under the Listing Rules; and (ii) a connected transaction subject to disclosure, reporting, and the Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the CRL Acquisition. Commerzbank AG Hong Kong Branch has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the CRL Acquisition.

(2) Jiangsu Kunlun Acquisition

To the best knowledge of the Directors and having made necessary and reasonable enquiry, Jiangsu Kunlun and its beneficial owners are an independent third party of the Group. Based on the foregoing aggregate percentage ratios applicable to Group's commitment, the Jiangsu Kunlun Acquisition constitutes a discloseable transaction of the Company subject to the announcement and circular requirements under the Listing Rules.

The Company acquired 30% equity interest in Jiangsu Nanre Power Plant from the ultimate beneficial owner of Jiangsu Kunlun. Such acquisition was completed in October 2007 and is required to be aggregated with Jiangsu Kunlun Acquisition under Rule 14A.25 of the Listing Rules.

Save as disclosed, to the best knowledge of the Directors and having made necessary and reasonable enquiry, the Group had no prior relationship or transactions with Jiangsu Kunlun and its ultimate beneficial owners that require additional aggregation other than the foregoing under Rule 14.22 and Rule 14A.25 of the Listing Rules.

(3) Circular and EGM

A circular containing details of both the CRL Acquisition and Jiangsu Kunlun Acquisition, the recommendation of the Independent Board Committee in respect of the CRL Acquisition, a letter of advice from Commerzbank AG Hong Kong Branch, the independent financial adviser appointed by the Company (such appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in respect of the CRL Acquisition and a notice convening the EGM will be sent to the shareholders of the Company as soon as practicable. CRH will abstain from voting at the EGM.

F. FURTHER INFORMATION ON THE PARTIES

The Company is principally engaged in the investment, development, operation and management of power plants in the PRC.

CRL is principally engaged in investment holding.

Jiangsu Kunlun is principally engaged in the investment, development, manufacturing and sales of power and thermal products, as well as electrical engineering, design, installation, testing and repairing of power products.

G. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, a Sunday or a day on which typhoon signal no. 8 or a “black” rainstorm warning is hoisted in Hong Kong) on which banks are generally open for business in Hong Kong;
“Company”	China Resources Power Holdings Company Limited (華潤電力控股有限公司), a company incorporated in Hong Kong, the shares of which are listed and traded on the main board of the Stock Exchange;

“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated under the laws of Hong Kong and a controlling shareholder which owns 66.2% of the issued share capital of the Company as at the date of this announcement;
“CRL”	China Resources Co., Ltd. (華潤股份有限公司), a company incorporated under the laws of the PRC and is a subsidiary of CRNC;
“CRL Acquisition”	the acquisition of the 60% equity interest in Jiangsu Investment by CR Power Project Service from CRL;
“CRL Acquisition Agreement”	the conditional sale and purchase agreement dated 20 May 2008 entered into between CR Power Project Service and CRL in relation to the CRL Acquisition;
“CRL Completion Date”	the second Business Day immediately after the conditions precedent to the CRL Acquisition specified in the CRL Acquisition Agreement are fulfilled or waived (as the case may be) or such other date as the parties thereto may agree, but such day shall not be later than the CRL Long Stop Date;
“CRL Interest”	the 60% equity interest in Jiangsu Investment held by CRL and all rights, benefits and interests arising from and in relation to such interest;
“CRL Long Stop Date”	31 August 2008, or such later date as CR Power Project Service and CRL may agree;
“CRNC”	China Resources National Corporation (中國華潤總公司), a company incorporated in the PRC which holds approximately 99.98% interest in the registered capital of CRL and which is the ultimate holding company of the Company which indirectly holds approximately 66.2% interest in the entire issued share capital of the Company as at the date of this announcement;
“CR Power Project Service”	China Resources Power Project Service Company Limited (華潤電力工程服務有限公司), a company incorporated in the PRC which is wholly-owned by the Company;

“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the CRL Acquisition;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive directors;
“Independent Shareholders”	the shareholders other than CRL and CRNC and any of their associates and any shareholders who are interested or involved in the CRL Acquisition other than as shareholders of the Company;
“Jiangsu Investment”	China Resources Power (Jiangsu) Investment Company Limited* (華潤電力(江蘇)投資有限公司), a limited liability company incorporated in the PRC which is owned as to 60% by CRL and 40% by Jiangsu Kunlun at the date of the announcement.
“Jiangsu Kunlun”	Jiangsu Kunlun Investments Co., Ltd.* (江蘇昆侖投資有限公司), a limited liability company incorporated in the PRC;
“Jiangsu Kunlun Acquisition”	the acquisition of the 40% equity interest in Jiangsu Investment by CR Power Project Service from Jiangsu Kunlun;
“Jiangsu Kunlun Acquisition Agreement”	the conditional sale and purchase agreement dated 20 May 2008 entered into between CR Power Project Service and Jiangsu Kunlun in relation to the Jiangsu Kunlun Acquisition;

“Jiangsu Kunlun Completion Date”	the second Business Day immediately after the conditions precedent to the Jiangsu Kunlun Acquisition specified in the Jiangsu Kunlun Acquisition Agreement are fulfilled or waived (as the case may be) or such other date as the parties thereto may agree, but such day shall not be later than the Jiangsu Kunlun Long Stop Date;
“Jiangsu Kunlun Interest”	the 40% equity interest in Jiangsu Investment held by Jiangsu Kunlun and all rights, benefits and interests arising from and in relation to such interest;
“Jiangsu Kunlun Long Stop Date”	30 June 2008, or such later date as CR Power Project Service and Jiangsu Kunlun may agree;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“MW”	megawatt, or one million watts. The installed capacity of power plants is generally expressed in MW;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“RMB”	renminbi, the lawful currency of the PRC;
“Shenhai Acquisition”	the acquisition of 51.5% equity interest indirectly held by CRH in Shenhai Thermal Power;
“Shenhai Announcement”	the announcement dated 18 March 2008 issued by the Company in relation to Shenhai Acquisition;
“Shenhai Circular”	the circular dated 8 April 2008 issued by the Company in relation to Shenhai Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xuzhou Acquisition”	the acquisition of the 67% equity interest in Xuzhou Huaxin held by CRL and the Shareholders’ Loan and all rights, benefits and interests arising from and in relation to such interest by the Company from CRL;
“Xuzhou Announcement”	The announcement dated 23 November 2007 in relation to the Xuzhou Acquisition;

“Xuzhou Circular”	the circular dated 6 December 2007 issued by the Company in relation to the Xuzhou Acquisition; and
“Xuzhou Huaxin”	Xuzhou Huaxin Power Generation Co., Ltd.* (徐州華鑫發電有限公司), a limited liability company incorporated in the PRC which is owned as to 67% by CR Power Project Service and 33% by two other PRC domestic companies as at the date of this announcement.

For the purpose of this announcement, translations of RMB into Hong Kong dollars are made for illustration purposes only at the exchange rate of HK\$1.0 to RMB0.9.

By Order of the Board
**CHINA RESOURCES POWER HOLDINGS
COMPANY LIMITED**
Song Lin
Chairman

Hong Kong, 20 May 2008

** For identification purposes only*

As at the date of this announcement, the executive Directors are Mr. SONG Lin, Mr. WANG Shuai Ting, Mr. TANG Cheng, Mr. ZHANG Shen Wen and Ms. WANG Xiao Bin; the non-executive Directors are Mr. JIANG Wei and Ms. Chen Xiao Ying; and the independent non-executive Directors are Mr. Anthony H. ADAMS, Mr. WU Jing Ru, Mr. CHEN Ji Min and Mr. MA Chiu-Cheung, Andrew.