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CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

中國電力國際發展有限公司

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

(Stock Code: 2380)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

AND

RESUMPTION OF TRADING

Placing Agent



CREDIT SUISSE (HONG KONG) LIMITED

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 9 November 2006, the Vendor entered into the Placing and Subscription Agreement with the Placing Agent and the Company pursuant to which the Vendor agreed to place through the Placing Agent the 470,000,000 Placing Shares to the independent places at the Placing Price of HK\$3.70 per Placing Share.

Following completion of the Placing, the Vendor will subscribe for 470,000,000 Subscription Shares at the Subscription Price of HK\$3.70 per Subscription Share. Upon completion of the Subscription, the Company will pay to the Vendor the expenses incurred by the Vendor in connection with the Placing.

The net proceeds to be received by the Company from the Subscription will amount to approximately HK\$1.7 billion. The Company intends to apply all the net proceeds for acquisition and development of new power plant projects.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares of the Company was suspended at the request of the Company from 9:36 a.m. on 9 November 2006 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares of the Company with effect from 9:30 a.m. on 10 November 2006.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 9 November 2006

Parties: The Vendor, the Company and the Placing Agent

THE PLACING

Placing Agent: Credit Suisse (Hong Kong) Limited

The Placing Agent and its beneficial owners are independent of and not connected with the directors, chief executive or substantial shareholders of the Company, the Vendor, each member of the Group or any of their respective associates.

Placees: The Placing Shares will be placed with not less than six placees, who are all professional institutional and other investors. Each of the placees will be independent of and not connected with the directors, chief executive or substantial shareholders of the Company, the Vendor, each member of the Group or any of their respective associates. Each of the placees will be independent of and not acting in concert (as defined in the Takeovers Code) with the Vendor. It is expected that no placee will become a substantial shareholder of the Company as a result of the Placing.

Number of Placing Shares: 470,000,000 Shares to be placed, representing approximately 14.99% of the existing issued share capital of the Company of 3,135,103,850 Shares, and approximately 13.04% of the issued share capital of the Company as enlarged by the issue of 470,000,000 new Shares under the Subscription. The Placing is fully underwritten by the Placing Agent.

Placing Price: HK\$3.70 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levies). This price was agreed after arm's length negotiations and represents:

(i) a discount of approximately 3.90% to the closing price of HK\$3.85 per Share as quoted on the Stock Exchange on 8 November 2006, being the last trading day of the Shares immediately before the date of this announcement;

(ii) a discount of approximately 6.52% to the average closing price of approximately HK\$3.96 per Share as quoted on the Stock Exchange for the last five trading days of the Shares up to and including 8 November 2006, being the last trading day before the date of this announcement; and

(iii) a discount of approximately 3.57% to the average closing price of approximately HK\$3.84 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares up to and including 8 November 2006, being the last trading day before the date of this announcement.

The Placing Price, net of placing commission and other costs and expenses, is approximately HK\$3.63 per Placing Share.

Rights: The Placing Shares will be transferred free from all liens, charges and encumbrances and will carry the rights attaching to them as at the Transaction Date, including the right to receive all dividends declared, made or paid on or after the date of the Transaction Date.

Completion: The Placing is unconditional. Completion of the Placing will take place on the Business Day after the Transaction Date or such other date as the Vendor and the Placing Agent may agree in writing. It is expected that the completion of the Placing will take place on or before 13 November 2006.

Lock-up Undertaking: Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement and as may be required by the PRC National Council for Social Security Fund under relevant PRC law or regulation) for a period of 90 days from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agent on behalf of the Placing Agent.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Placing Agent, and the Vendor has undertaken to the Placing Agent to procure, that for a period of 90 days from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any outstanding subscription warrants or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (4) conversion of outstanding convertible bonds or notes, or any convertible bonds or notes to be issued in connection with any transaction, which bonds or notes have been announced prior to the date of the Placing and Subscription Agreement or (5) any agreement to issue shares entered into in connection with any transaction, which agreement has been announced prior to the date of the Placing and Subscription Agreement, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent.

Termination:

The Placing and Subscription Agreement contains provisions granting the Placing Agent the right to terminate the Placing and Subscription Agreement if certain events have developed, occurred or come into force at any time prior to 10:00 a.m. (Hong Kong time) on the Closing Date. These events include but not limited to (i) any breach of the representations, warranties and undertakings by the Company and/or the Vendor set out in the Placing and Subscription Agreement that comes to the knowledge of the Placing Agent or any event occurs or any matters on or after the date of the Placing and Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect; (ii) any adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the

Group as a whole which in the sole judgment of the Placing Agent is materially adverse to the success of the Placing; (iii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the sole judgement of the Placing Agent is or might be materially adverse to the success of the Placing; or (iv) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agent is or might be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith.

THE SUBSCRIPTION

Number of Subscription Shares: The Company will issue 470,000,000 new Shares to the Vendor representing approximately 14.99% of the existing issued share capital of the Company and approximately 13.04% of the issued share capital of the company as enlarged by the issue of 470,000,000 new Shares under the Subscription.

Subscription Price: HK\$3.70 per Subscription Share which is the same as the Placing Price.

The net subscription money payable by the Vendor to the Company will be approximately HK\$3.63 per Subscription Share.

The Subscription Price was determined after arm's length negotiation between the parties.

Ranking of Subscription Share: The Subscription Shares, when fully paid, will rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions, made or paid at any time after the date of allotment.

Conditions: The Subscription is conditional upon:

(a) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and

(b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

If the conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse the Vendor any reasonable legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Placing.

Application will be made by the Company to the Stock Exchange to grant the listing of, and permission to deal in, the Subscription Shares.

Completion: Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the conditions to be satisfied shall have been so satisfied (provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement) or such other time and/or date as the Vendor and the Company may agree in writing.

Mandate to issue new Shares

The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of its shareholders passed at the Company's general meeting held on 28 April 2006, which authorized the Directors to allot and issue a maximum of 627,000,000 Shares.

The general mandate has not been utilized prior to entering into of the Placing and Subscription Agreement and the Company has not undertaken any equity fund raising activities in the 12 months immediately before the date of this announcement.

Reason for the Placing and Subscription and Use of Proceeds

In view of the favourable current market conditions, the Board considers that the Placing and Subscription represent good opportunities to raise further funds for the Company, while at the same time broadening its shareholder and capital base. The net proceeds to be received by the Company from the Subscription will amount to approximately HK\$1.7 billion. The Company intends to apply all the net proceeds for acquisition and development of new power plant projects. Therefore, the Board (including independent non-executive Directors) considers the terms of the Placing and Subscription Agreement and the Subscription Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the shareholding structure of the Company immediately upon completion of the Placing and the Subscription are set out below:

	Existing Shares	Approximate %	Immediately after completion of the Placing	Approximate %	Immediately after completion of the Placing and the Subscription	Approximate %
Vendor	1,996,500,000	63.68%	1,526,500,000	48.69	1,996,500,000	55.38
Public Shareholders						
Places of the Placing Shares	—	—	470,000,000	14.99	470,000,000	13.04
Other public shareholders of the Company	1,138,603,850	36.32	1,138,603,850	36.32	1,138,603,850	31.58
Aggregate interest of all the public shareholders of the Company	<u>1,138,603,850</u>	<u>36.32</u>	<u>1,608,603,850</u>	<u>51.31</u>	<u>1,608,603,850</u>	<u>44.62</u>
Total	<u>3,135,103,850</u>	<u>100</u>	<u>3,135,103,850</u>	<u>100</u>	<u>3,605,103,850</u>	<u>100</u>

Note: The above figures assume that other than the Subscription Shares, no further Shares are issued or repurchased by the Company and no Share Options are exercised, and other than the Placing Shares, no Shares are sold or purchased by the Vendor, in each case on or after the date of this announcement and up to the date of the completion of the Placing and Subscription.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares of the Company was suspended at the request of the Company from 9:36 a.m. on 9 November 2006 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares of the Company with effect from 9:30 a.m. on 10 November 2006.

DEFINITIONS

The following defined terms are used in this announcement:

“associate”	has the meaning as described in the Listing Rules
“Board”	board of directors of the Company
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong

“Closing Date”	the Business Day immediately following the Transaction Date or such other date as the Vendor and the Placing Agent may agree in writing
“Company”	China Power International Development Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Credit Suisse (Hong Kong) Limited
“Placing and Subscription Agreement”	Placing, Underwriting and Subscription Agreement between the Vendor, the Company and the Placing Agent dated 9 November 2006
“Placing Price”	HK\$3.70 per Placing Share
“Placing Shares”	a total of 470,000,000 Shares offered by the Vendor for sale on its own behalf which are to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement at the Placing Price
“PRC”	The People’s Republic of China
“Share Options”	share options granted under the current and previous share option schemes of the Company, both of which were adopted on 24 August 2004
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$3.70 per Subscription Share
“Subscription Shares”	470,000,000 Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription”	the subscription for the Subscription Shares pursuant to the Placing and Subscription Agreement

“substantial shareholder”	has the meaning as described in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Transaction Date”	the date when the sale of the Placing Shares shall be reported as a cross-trade to the Stock Exchange which shall be (i) 10 November 2006 or, (ii) if dealings in the Shares on the Stock Exchange is suspended at all times on 10 November 2006, the first day on which dealings resume and the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agent may agree in writing
“Vendor”	China Power Development Limited, a limited liability company incorporated in British Virgin Islands, being the controlling shareholder of the Company

By Order of the Board

Li Xiaolin

Vice-Chairman and Chief Executive Officer

Hong Kong, 9 November 2006

As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Hu Jiandong, non-executive directors Wang Binghua and Gao Guangfu, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.