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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)

DISCLOSURE UNDER RULE 13.09(1) OF THE LISTING RULES DISCLOSEABLE AND CONNECTED TRANSACTIONS ACQUISITIONS OF ASSETS AND LIABILITIES

The Acquisition

The Board announces that on 16 November 2007, the Company has entered into the Asset Acquisition Agreement with Qinghe Company, a wholly owned subsidiary of CPI Holding, pursuant to which the Company agrees to purchase the Assets and to assume all rights, debts and liabilities (including rights and liabilities under the Project Agreements) in relation to the Assets subject to the satisfaction (or waiver) of certain conditions. The Company will incorporate China Power Qinghe Company as a vehicle to hold and operate the Assets. After China Power Qinghe Company is incorporated, it will hold the Assets and assume all rights, debts and liabilities under the Project Agreements.

Consideration for the Acquisition

The total consideration for the Acquisition amounts to RMB944,628,262.68 (equivalent to approximately HK\$972,967,111). The consideration is subject to adjustments in certain specified circumstances as set out in this announcement on the completion of the Acquisition.

The Directors (excluding independent non-executive Directors whose view will be expressed in the circular) of the Company are of the view that the Asset Acquisition Agreement, Amendment Agreements and Land Use Right Transfer Agreement are entered into on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable so far as the Group is concerned and are in the interests of the Company and its shareholders as a whole.

Disclosure and Connected Transaction

As at the date of this announcement, CPDL owns approximately 55.37% of the issued share capital of the Company. CPDL is a wholly-owned subsidiary of CPI Holding, which is in turn wholly-owned by CPI Group. As CPI Holding is a substantial shareholder of the Company, Qinghe Company is a connected person of the Company within the meaning of the Listing Rules. Thus, the Acquisition constitutes a connected transaction for the Company. As each of the applicable percentage ratios for the Acquisition under Rule 14.07 of the Listing Rules exceeds 5% but is below 25%, the Acquisition also constitutes a discloseable transaction for the Company. Accordingly, the Acquisition is subject to the approval of the Independent Shareholders.

Other Connected Transactions

Pursuant to the Asset Acquisition Agreement, all rights, debts and liabilities (including rights and liabilities under the Project Agreement) in relation to the Assets will be assumed by China Power Qinghe Company. To this end, the Company will on behalf of China Power Qinghe Company enter into the Amendment Agreements mentioned in the section headed “Amendment Agreements” so that China Power Qinghe Company will replace Qinghe Company as the contracting party to the Project Agreements. Pursuant to the Listing Rules, some of these Amendment Agreements are subject to reporting and announcement requirements.

Continuing Connected Transaction

On 16 November 2007, the Company has also entered into the Land Lease Agreement with CPI Group. The maximum annual rent payable by the Company to CPI Group for the first three years will be RMB2,982,400 (equivalent to approximately HK\$3,071,872). As each of the

applicable ratios for this continuing connected transaction, when aggregated together with the Pingwei Land Lease Amendment Agreement (the annual rental under which is RMB6,845,839.32 (equivalent to approximately HK\$7,051,215)), Yaomeng Land Lease Amendment Agreement (the annual rental under which is RMB5,275,364.70 (equivalent to approximately HK\$5,433,626)) and Shentou Land Lease Agreement (the annual rental under which is RMB4,940,000 (equivalent to approximately HK\$5,088,200)), falls below 2.5% as set out in Rule 14A.34 of the Listing Rules, the Land Lease Agreement is subject to reporting and announcement requirements but exempt from the requirement of Independent Shareholders' approval. Details of the Land Lease Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and Rule 14A.46 of the Listing Rules.

The Asset Acquisition Agreement, Amendment Agreements and Land Lease Agreement were all entered into after trading hours of the Stock Exchange.

Independent Board Committee

The Company has established an Independent Board Committee to advise the Independent Shareholders on the terms of the Acquisition. CLSA has been retained as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

EGM and dispatch of shareholders' circular

A circular, containing, amongst other things, details of the terms of the Acquisition, letters from the Independent Board Committee and from the Independent Financial Advisor, and a notice to shareholders of the Company convening an EGM to approve the terms of the Acquisition will be dispatched to the shareholders of the Company as soon as practicable. CPI Group and its Associates (including CPI Holding and CPDL) will abstain from voting in respect of the Acquisition and the amendment agreements at the EGM.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

1. ASSET ACQUISITION AGREEMENT:

(A) Introduction

On 16 November 2007, the Company entered into the Asset Acquisition Agreement with Qinghe Company, a wholly owned subsidiary of CPI Holding, pursuant to which the Company agrees to purchase the Assets and to assume all rights, debts and liabilities (including rights and liabilities under the Project Agreements) in relation to the Assets subject to the satisfaction (or waiver) of certain conditions. The Company will incorporate China Power Qinghe Company as a vehicle to hold and operate the Assets. After China Power Qinghe Company is incorporated, it will hold the Assets and assume all rights, debts and liabilities under the Project Agreements.

(B) Information about the Assets

The Assets to be acquired mainly comprise of a power plant under construction, which are situated in Qinghe District, Tieling City, Liaoning Province, PRC. The construction of the power plant has been approved by the National Development and Reform Commission. According to the latest schedule, the construction of the power plant is expected to be completed by the end of 2008 and the power plant will by then be equipped with a 600MW super-critical coal-fired generation unit.

The Assets also include the other related equipment, facilities and the land over which the power plant is located. The power plant is located on two pieces of land, one of which is owned by Qinghe Company and will be transferred to the Company pursuant to the Land Use Right Transfer Agreement. As CPI Group only have the right to use and does not have the ownership of the other piece of land, CPI Group will lease the land to the Company in accordance with the Land Lease Agreement. Details of the Land Use Right Transfer Agreement and Land Lease Agreement are set out in sections 1(G) and 3 respectively of this announcement.

As at 30 June 2007, the book value of the Assets as disclosed in the financial statement of Qinghe Company was RMB826,146,600 (equivalent to approximately HK\$850,930,998). Save as disclosed in this announcement and the funding required for completing the Project, all the land premium in respect of the land mentioned in section 1(G) of this announcement had been paid and the Company does not have any further commitment in respect of the Project.

(C) Consideration

Subject to the Adjustments, the total consideration for the Acquisition is RMB944,628,262.68 (equivalent to approximately HK\$972,967,111). The consideration is divided into the following components:

(a) Cash component:

Subject to the Adjustments mentioned in (c) below, the Company will pay a sum of RMB180,320,362.47 (equivalent to approximately HK\$185,729,973) in cash within 30 business days after completion to Qinghe Company out of the internal resources of the Company. The amount of the cash component was determined based on various factors, including the expenses and loss suffered by Qinghe Company in obtaining the development rights for the Project.

(b) Liabilities component:

Subject to the Adjustments mentioned in (c) below, the Company, on behalf of China Power Qinghe Company, will assume liabilities amounting to RMB764,307,900.21 (equivalent to approximately HK\$787,237,137). The said sum of RMB764,307,900.21 are total debts and liabilities incurred (as at 30 June 2007) by Qinghe Company in connection with the acquisition and construction of the Assets.

The parties also agree that all debts and liabilities in relation to the Assets incurred on 30 June 2007 but are still outstanding on the Incorporation Date (including any refinancing of bank loans during the period from 30 June 2007 to the Incorporation Date) shall also be assumed by China Power Qinghe Company. In order to assume the debts and liabilities of the Assets, the Company will enter into amendment agreements or other appropriate arrangements with the relevant contractors, banks, suppliers and third parties in its own name and on behalf of China Power Qinghe Company so that China Power Qinghe Company will replace Qinghe Company as the contracting party to the Project Agreements. Details of the Amendment Agreements are set out in section 2 of this announcement.

(c) Adjustments:

Pursuant to the Asset Acquisition Agreement, the parties will appoint the auditors of Qinghe Company to perform an audit on the completion accounts so as to determine the total consideration payable. In the completion accounts, the auditors will determine the value of the Assets and debts and

liabilities in relation to the Assets as at the Incorporation Date (the “Audited Value”). The parties will then compare the Audited Value with the appraised value of the Assets and debts and liabilities in relation to the Assets as at 30 June 2007. If there is any difference between the two, the parties agree to adjust the total consideration payable by reference to the Audited Value.

The Company believes that it is in the best interest of the Company to appoint the auditors of Qinghe Company to perform the audit on the completion accounts as they have special strengths that other auditors generally do not possess, such as having the experience in auditing the accounts of Qinghe Company and understanding of its operations.

The Asset Acquisition Agreement was negotiated and entered into on an arm’s length basis and on normal commercial terms. The consideration was determined based on various factors, including the valuation report prepared by China Enterprise Appraisals Company, an asset appraiser independent from CPI Group and its Associates, the market environment, the technical and operating conditions of the Assets. According to the valuer’s report issued on 31 August 2007, the total appraised value of the Assets (based on the cost method) is RMB844,628,300 (equivalent to approximately HK\$869,967,149) as at 30 June 2007. Such valuation report is valid until 31 March 2008 (i.e. nine months after 30 June 2007) for the purpose of obtaining the relevant government approval for the Acquisition in the PRC.

(D) Assumption of liabilities under employment contracts

China Power Qinghe Company will replace Qinghe Company as the employer and assume all liabilities under employment contracts in respect of the existing employees whose job duties are related to the Assets.

(E) Conditions to completion of the Acquisition

Completion of the Acquisition is conditional upon satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by Independent Shareholders approving the terms of the Acquisition;
- (b) the obtaining of all necessary internal approvals of the Company and Qinghe Company for the Acquisition and the Acquisition; and
- (c) the obtaining of all necessary approvals from the PRC and other relevant governmental and regulatory authorities for the Acquisition; and

- (d) the respective representations and warranties of the Company and Qinghe Company remaining true, accurate and not misleading in any material respect as at the completion of the Assets; and
- (e) Qinghe Company has complied with all the legal procedures and requirements in respect of the disposal of the Assets, including the compliance of the procedures of making creditors announcement and notification; and
- (f) there having been no material adverse change to the Assets during the period from 30 June 2007 to the completion of the Acquisition; and
- (g) the Company in its own name and on behalf of China Power Qinghe Company has reached agreements with the relevant parties in respect of assumption of liabilities in relation to the Assets; and
- (h) all legal documentations in respect of the Acquisition are satisfactory to both parties.

Completion of the Acquisition will take place following the satisfaction (or waiver of conditions (d) to (h) by either party) of the above-mentioned conditions.

As it is time consuming to obtain the government approval in the PRC for the Acquisition, the parties agree that the long stop date is 31 December 2008. If the completion shall not take place on 31 December 2008 or such later date as the Company and Qinghe Company agree in writing, the Asset Acquisition Agreement will cease to have effect, save and except liabilities in respect of antecedent breaches. The Company will issue an announcement upon completion of the Acquisition.

(F) Subsequent Arrangements

In addition to the development and construction of the Assets, Qinghe Company intends to obtain approval from the relevant government authorities of the PRC for the further construction of two 600 MW power generators (“Future Units”) situated in Qinghe District, Tieling City, Liaoning Province. The construction scope and the construction plan of the Future Units will depend on the approval document of the relevant government authorities. Both parties agree that subject to the approval by the relevant government authorities of the PRC, Qinghe Company agrees to transfer the right of development of the Future Units

to the Company under appropriate way and consideration. In return, if the development of such Future Units causes a part or all of the existing units of Qinghe Company to be shut down or otherwise, the Company will compensate Qinghe Company in the following manners:

- (a) it shall compensate Qinghe Company for any damages or losses arising from the shut down of part of or all of the existing units; and
- (b) all employees of Qinghe Company relating with part of or all of the old units that are being shut down will be employed by China Power Qinghe Company.

The parties will enter into negotiations in due course so as to reach an agreement or arrangements pursuant to the above principles, which shall subject to

- (a) all approvals of internal procedures by both parties (including approval by independent shareholders of the Company where applicable);
- (b) approval by the relevant government authorities of the PRC; and
- (c) other conditions as may be required under the applicable laws and/or agreed between the parties.

The above agreement or arrangements may constitute connected transactions for the Company, and the Company will comply with the applicable Listing Rules as and when such agreement or arrangements are entered into.

(G) Land Use Right Transfer Agreement

- (a) Introduction

As mentioned above, the power plant under construction is situated on two pieces of land, one of which is owned by Qinghe Company. Pursuant to the Asset Acquisition Agreement, the land owned by Qinghe Company (details of which are set out in this section) will be transferred to the Company in the terms set out below. In order to comply with the relevant legal requirements in the PRC, the parties will enter into the Land Use Right Transfer Agreement for the purpose of transferring the legal title of the land to the Company. The consideration mentioned in the Land Use Right Transfer Agreement has already been included in the consideration to be payable under the Asset Acquisition Agreement.

(b) Information about the Land Use Right Transfer Agreement

Date

16 November 2007

Parties

- (1) Transferor: Qinghe Company; and
- (2) Transferee: the Company

Assets to be acquired

Qinghe Company agrees to transfer a piece of industrial land with a total area of 75,333.10 square meters situated in Houma Village, Hongqi Street, Qinghe District, Tieling, Liaoning Province to China Power Qinghe Company within six months after the completion of the Acquisition. If Qinghe Company fails to do so, Qinghe Company shall indemnify for any direct loss or damage suffered by the Company and/or China Power Qinghe Company as a result of any delay caused by Qinghe Company.

Reason for such transaction

Part of the land where the Assets are situated on is owned by Qinghe Company. Entering into the land use right transfer agreement is necessary to ensure that, following the Acquisition, the Assets can continue to operate on the land.

The Consideration

The consideration is RMB13,077,826.16 (equivalent to approximately HK\$13,470,161). This consideration has already been included in the consideration to be payable under the Asset Acquisition Agreement.

Warranties

Qinghe Company warrants, amongst other things, that

- (1) the land is free from encumbrances and third party's rights; and
- (2) it has good legal title and its land use rights will expire on 12 July 2054 according to the land use rights certificate; and
- (3) it has paid all premium and tax relating to the land.

Termination

This Land Use Right Transfer Agreement will terminate when the Asset Acquisition Agreement is terminated.

(H) Other Matters

The Asset Acquisition Agreement is not inter-conditional with the Land Use Right Transfer Agreement, Amendment Agreements and Land Lease Agreement. If the Asset Acquisition Agreement is terminated for whatever reasons, the Land Use Right Transfer Agreement, Amendment Agreements and Land Lease Agreement will either be terminated or become unenforceable. However, if any one of the Land Use Right Transfer Agreement, Amendment Agreements and Land Lease Agreement is terminated, the termination of such agreements will not affect the validity of the Asset Acquisition Agreement and the parties will enter into other appropriate arrangements to resolve the problems.

2. AMENDMENT AGREEMENTS

(A) Introduction

Before the Acquisition, Qinghe Company entered into certain Project Agreements in respect of financing and construction of the Assets. Pursuant to the Asset Acquisition Agreement, all rights, debts and liabilities in respect of the Assets (including rights and liabilities under the Project Agreements) will be assumed by China Power Qinghe Company. To this end, the Company will, on behalf of China Power Qinghe Company, enter into the Amendment Agreements (details of which are set out in this section) or other appropriate arrangements so that China Power Qinghe Company will replace Qinghe Company as the contracting party to such Project Agreements.

(a) Nature of the Project Agreements

The nature of the Project Agreements can broadly be divided into three categories. The first category is the loan related documents. This type of agreements mainly consists of loan agreements whereby Qinghe Company obtained funding from banks to finance the construction of the power plant and acquisition of the generation unit, equipment and related machineries. Besides the loan agreements, Qinghe Company also entered into certain security agreements pursuant to which all its interests in insurance policy, future revenue generated by the power plant, major construction and installation contracts, major supplies contracts and procurement contracts are pledged to the banks as security for the loans.

The second category of the Project Agreements is construction related contracts whereby Qinghe Company appointed project manager, construction supervision company and main contractors to manage and supervise the construction of the power plant and installation of the generation unit. This type of contracts mainly consists of construction contracts, construction supervision agreement, project management agreement and insurance policies. Pursuant to some construction contracts, some contractors agreed to procure its banks to issue performance guarantees in favour of Qinghe Company and its project manager.

The last category is the supply contracts and equipment procurement agreements whereby Qinghe Company acquires the relevant generator, transformers, tubing and other equipment and machineries from the suppliers.

Save as disclosed in section 2(B) below, the Directors (including the independent non-executive Directors) confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry that all the parties (other than Qinghe Company) to the Project Agreements and their respective ultimate beneficial owners are third parties independent of and not connected with any Director, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

(b) Principal Terms for the amendment agreements

Depending on the nature of the Project Agreements, the principal terms of the Amendment Agreements are set out below:

- (1) The principal terms of the amendment agreements for the loan agreements of the Project are as follows (“Principal Terms for Loan Amendment Agreement”):
 - (i) The bank confirms that all the conditions for drawing down the loan in the original loan agreement has either been satisfied by Qinghe Company or waived by the bank. Qinghe Company is entitled to draw down the full amount of loan under the original loan agreement.
 - (ii) Qinghe Company agrees that during the period commencing from the date of signing of the original loan agreement until the date of the incorporation of China Power Qinghe Company, all rights and obligations of Qinghe Company under the original loan agreement

shall be vested in and assumed by Qinghe Company. Any liabilities (if any) incurred or arising from any breach of the original loan agreement by Qinghe Company during this period shall be assumed by Qinghe Company.

(iii) However, after the incorporation of China Power Qinghe Company and subject to paragraphs (i) and (ii) above, if the original loan agreement has not been performed completely, all rights and obligations of Qinghe Company under the original loan agreement shall be transferred to and be assumed by China Power Qinghe Company.

(2) With respect to other Project Agreements, the principal terms of the Amendment Agreements are as follows (“Principal Terms for Amendment Agreement”):

(i) Qinghe Company agrees that during the period commencing from the date of signing of the original agreement until the date of the incorporation of China Power Qinghe Company, all rights and obligations of Qinghe Company under the original agreement shall be vested in and assumed by Qinghe Company. Any liabilities (if any) incurred or arising from any breach of the original agreement by Qinghe Company during this period shall be assumed by Qinghe Company.

(ii) However, after the incorporation of China Power Qinghe Company and subject to paragraph (i) above, if the original agreement has not been performed completely, all rights and obligations of Qinghe Company under the original agreement shall be transferred to and be assumed by China Power Qinghe Company.

(B) Other Connected Transactions

(a) Introduction

As some of the service providers in the Project Agreements are connected persons of the Company, the entering into the Amendment Agreements sets out in section 2(B) constitute connected transactions of the Company.

The entering into Amendment Agreements mentioned in sections (b) and (c) is subject to the announcement, reporting but is exempt from the Independent Shareholders’ approval requirements as the applicable ratios, fall below 2.5% under Rule 14A.32 of the Listing Rules.

- (b) 2x600MW Super-critical Generation Unit Construction Project Management Agreement (“Construction Project Management Agreement”) Amendment Agreement

Date

16 November 2007

Parties

- (1) CPI Engineering Company, a subsidiary of CPI Group; and
- (2) Qinghe Company; and
- (3) The Company (who signs the agreement on behalf of China Power Qinghe Company).

Background

In April 2006, Qinghe Company entered into the Construction Project Management Agreement with CPI Engineering Company. Under the terms of the agreement, Qinghe Company engaged CPI Engineering Company as project manager to manage phase I and phase II of the project which involves the construction of a 600MW super-critical coal fired power generation unit during each phase in Qinghe, Liaoning Province, the PRC.

Pursuant to the Construction Project Management Agreement, the management fees payable to CPI Engineering Company for phase I comprise two parts, the first part being a management fee of RMB31,500,000 (equivalent to approximately HK\$32,445,000) and the second part being the information system charges of RMB5,000,000 (equivalent to approximately HK\$5,150,000) for installing, developing, purchasing and maintaining the equipment and software for the information technology system at the power plant.

The basic management fee for phase I is payable by six instalments, the first instalment of 20% is payable within one month after the signing of the agreement and the second instalment of 15% is payable upon the commencement of the excavation for the construction of the main building of the power plant for phase I. The rest of the instalments become payable as and when specific progresses have been made. The information system charges are payable as to 50% after the signing of the Construction Project Management Agreement, as to 40% after the completion of the information system and as to 10% after the completion of the “168 hours trial runs period” for phase I.

The basic management fee for phase II payable to CPI Engineering Company is RMB13,500,000 (equivalent to approximately HK\$13,905,000). The payment schedule for phase II is similar to the one for phase I. However, if the construction works for phase II do not commence within the “168 hours trial runs period” for the phase I, CPI Engineering Company will incur extra costs for the delay and the parties agree that the basic management fees will be increased to RMB22,500,000 (equivalent to approximately HK\$23,175,000).

CPI Engineering Company will also be entitled to bonus management fees if it can successfully control the construction costs to certain level below the budgeted sums and such bonus management fees will be calculated with reference to the level of cost reduction but it is estimated that such bonus management fees will not exceed the amount of RMB15,000,000 (equivalent to approximately HK\$15,450,000) for both phases of the project.

Principal Terms of the Amendment Agreement

The rights and liabilities under the Construction Project Management Agreement will be transferred to China Power Qinghe Company in accordance with the Principal Terms for Amendment Agreement.

- (c) 600MW Super-critical Generation Unit Expansion Project Equipment Integration, Equipment Manufacture Supervision and Imported Equipment Procurement Agency Services Agreement (CPCECHT/03-CTA-04-2003) (“Equipment Agreement”) Amendment Agreement

Date

16 November 2007

Parties

- (1) CPCE, a subsidiary of the CPI Group; and
- (2) Qinghe Company; and
- (3) The Company (who signs the agreement on behalf of China Power Qinghe Company).

Background

In April 2004, Qinghe Company entered into the Equipment Agreement with CPCE. Under the terms of the agreement, Qinghe Company engaged CPCE to provide technical assistance and consultancy services relating to the purchase of

the equipment and machinery required for the Project, including assistance in calling of tenders, supervision of manufacture of the equipment and machinery and acting as agent for purchasing imported equipment and parts. The total service fee payable under the Equipment Agreement is RMB6,000,000 (equivalent to approximately HK\$6,180,000) which is payable by six instalments after specific progresses have been made.

Principal Terms of the Amendment Agreement

The rights and liabilities under the Equipment Agreement will be transferred to China Power Qinghe Company in accordance with the Principal Terms for Amendment Agreement.

3. CONTINUING CONNECTED TRANSACTION EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

(A) Introduction

As mentioned in section 1(B) above, the power plant under construction is situated on two pieces of land, one of which is owned by Qinghe Company. With respect to the other piece of land, CPI Group does not own the land and is only authorised by the PRC government to use, manage and operate the land. In accordance with the relevant regulations and the government permission, CPI Group is entitled to lease the land (details of which are set out below) to the Company.

(B) Information about the Land Lease Agreement

Date

16 November 2007

Parties

- (1) CPI Group; and
- (2) The Company (who signs the agreements on behalf of China Power Qinghe Company).

Background

On 16 November 2007, the Company, on behalf of China Power Qinghe Company, entered into the Land Lease Agreement with CPI Group to lease approximately 140,020 square meters of land from CPI Group, for a term commencing from the first day of the month immediately following the month in which China Power Qinghe Company is incorporated until the occurrence of the following events (whichever is the earliest):

- (1) the expiry of CPI Group's rights to lease the land;
- (2) China Power Qinghe Company ceases to be a member of CPI Group;
- (3) the expiry of China Power Qinghe Company's business licence.

The annual rent for the first three years is fixed at RMB2,982,400 (equivalent to approximately HK\$3,071,872). The parties agree that the rental is payable quarterly in arrears by four equal instalments. The rental is subject to review by the parties on the expiration of the period of three years and independent valuation based on the prevailing market rent. The rental will also be reduced if the total areas leased is reduced.

The annual rental payable is determined by reference to market rates. CLSA, the Independent Financial Adviser will review the Land Lease Agreement and its lease term to confirm it is normal business practice for contracts of this type to be of such duration.

Reason for such transaction

As the Assets are situated on the land, entering into the Land Lease Agreement is necessary to ensure that, following the Acquisition, the Assets can continue to operate on the land.

China Power Qinghe Company will settle the rental payments payable by way of cash payments.

For the reasons set out in the foregoing, the Directors of the Company, are of the view that the Land Lease Agreement are on normal commercial terms that are no less favourable than independent third parties, are fair and reasonable so far as China Power Qinghe Company is concerned and are in the interests of the Company and its shareholders as a whole.

4. COMPLIANCE WITH THE LISTING RULES

(A) The Asset Acquisition Agreement

As at the date of this announcement, CPDL owned approximately 55.37% of the issued share capital of the Company. CPDL is a wholly-owned subsidiary of CPI Holding, which is in turn wholly-owned by CPI Group. As CPI Holding is a substantial shareholder of the Company, Qinghe Company is a connected person of the Company within the meaning of the Listing Rules. Thus, the Acquisition constitutes connected transaction for the Company. As each of the applicable percentage ratios for the Acquisition under Rule 14.07 of the Listing Rules exceeds 5% but is below 25%, the Acquisition also constitutes a discloseable transaction for the Company. Accordingly, the Acquisition is subject to the approval of the Independent Shareholders.

(B) Amendment Agreements for Construction Project Management Agreement and Equipment Agreement

As CPI Engineering Company and CPCE are subsidiaries of CPI Group, CPI Engineering Company and CPCE are connected persons of the Company. Thus, the entering into the amendment agreements for Construction Project Management Agreement and Equipment Agreement constitute connected transactions for the Company. As the applicable percentage ratios for these transactions, fall below 2.5% under Rule 14A.32 of the Listing Rules, the Amendment Agreements for Construction Project Management Agreement and Equipment Agreement are subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval. Details of the Construction Project Management Agreement and Equipment Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and Rule 14A.46 of the Listing Rules.

(C) Continuing Connected Transaction

Further, the maximum annual rent payable by China Power Qinghe Company to CPI Group in accordance with the Land Lease Agreement for the first three years will be RMB2,982,400 (equivalent to approximately HK\$3,071,872). As each of the applicable ratios for the Continuing Connected Transaction mentioned in section 3 above, when aggregated together with the Pingwei Land Lease Amendment Agreement (the annual rental under which is RMB6,845,839.32 (equivalent to approximately HK\$7,051,214)), Yaomeng Land Lease Amendment Agreement (the annual rental under which is RMB5,275,364.70 (equivalent to approximately HK\$5,433,626)) and Shentou Land Lease Agreement (the annual rental under which is RMB4,940,000 (equivalent to approximately HK\$5,088,200)) falls below 2.5% as set out in Rule 14A.34 of the Listing Rules, the Land Lease Agreement is subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval. Details of the Land Lease Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and Rule 14A.46 of the Listing Rules.

The Directors (excluding independent non-executive Directors whose view will be expressed in the circular) of the Company are of the view that the Asset Acquisition Agreement, Amendment Agreements and Land Use Right Transfer Agreement are entered into on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable so far as the Group is concerned and are in the interests of the Company and its shareholders as a whole.

The Directors of the Company are also of the view that the Amendment Agreements for Construction Project Management Agreement and the Land Lease Agreement are entered into on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable so far as the Group is concerned and are in the interests of the Company and its shareholders as a whole.

Save as disclosed in this announcement, the Group does not have any prior transactions or relationship with Qinghe Company, CPI Holding and its Associates which require aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

Active and steady expansion of asset scale through acquisition of appropriate assets from the Parent Group has been the Company's development strategy since its listing. The Acquisition will enable the Company to:

- (A) expand its operational capacity. As at 30 June 2007, the Company has installed capacity of 6,615 MW. After completion of the Acquisition, China Power Qinghe Company will have one 600 MW unit under construction, and will commence the initial preparation work for the development of another 600 MW generation unit. The third 600 MW unit under "Replacement of small units with larger" is also under planning. The Acquisition will not only enable the Company to increase its capacity under construction by 600 MW, but will also be beneficial for the Company in obtaining space for future development. In the long run, China Power Qinghe Company will become a large power generation company with installed capacity of at least 1,800 MW, which has significant supporting effect on the scale growth of the Company after 2009.
- (B) expand the operation region of the Company. Acquisition of the Assets will cause the operation of the Company to expand from central and eastern China to the northeast. Liaoning province (where the Assets are situated) has now entered into a period of active economic development. Liaoning province is a base for heavy industry, and is a region of economically most active region in the northeast part of China. Under the national policy of developing the northeast region, demands for electric power has been growing rapidly, and during the Eleventh Five Year Plan period, GDP grew by 11%. The Acquisition will enable the Company to share the results of the rapid economic development in the Liaoning Province.
- (C) obtain a stable source of profit growth. After completion of construction, the Assets will be a large capacity, high parameter power generation unit, with high efficiency and low operation costs. As a result of the adoption of coal from Huolinhe as its designed coal specie, its fuel cost will be reduced, and supplies and transportation are secured which will provide a new profit growth point for the Company, and will contribute for the enhancement of shareholders' value.

6. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AND EXTRAORDINARY GENERAL MEETING

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the terms of the Acquisition requiring Independent

Shareholders' approval. An Independent Financial Advisor will be retained as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the terms of the Acquisition.

A circular, containing, amongst other things, details of the terms of the Acquisition, letters from the Independent Board Committee and from the Independent Financial Advisor, and a notice to shareholders of the Company convening an EGM to approve the terms of the Acquisition will be dispatched to the shareholders of the Company as soon as practicable. CPI Group and its Associates (including CPI Holding and CPDL) will abstain from voting in respect of the Acquisition at the EGM.

7. PRINCIPAL BUSINESSES OF THE COMPANY, QINGHE COMPANY, CPI ENGINEERING COMPANY AND CPCE

The Company is the flagship company and only listed entity outside the PRC of CPI Group. CPI Group is one of the five national power generation groups in China, and operates coal-fired, hydroelectric and nuclear power plants in various locations in the PRC. CPI Holding is wholly-owned by CPI Group and owns and operates coal-fired and hydroelectric power plants in the PRC. As at the date of this announcement, CPI Group, through intermediate holding companies, CPI Holding and CPDL, owns and is entitled to control approximately 55.37% of the issued share capital of the Company.

The principal business of the Group is to develop, construct, own, operate and manage large power plants in the PRC. The Company owns and operates three high-capacity coal-fired power plants with an installed capacity attributable to the Company of 6,615 MW. The Company also manages five other power plants, which are situated in Liaoning, Anhui, Fujian and Jiangxi, on behalf of its controlling shareholder, CPI Holding. CPI Engineering Company, a wholly owned subsidiary of CPI Group, is principally engaged in the management of power plant construction projects. CPCE, a subsidiary of CPI Group, is principally engaged in the provision of technical assistance and other consultancy and agency services in relation to the purchase of equipment for use in the power industry. Qinghe Company is a wholly owned subsidiary of CPI Holding which owns and operates a power plant in Qinghe with a total installed capacity of 1000MW. As Qinghe Company, CPI Engineering Company and CPCE are subsidiaries of CPI Group (controlling shareholder of the Company), they are connected persons of the Company within the meaning of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Assets as further described in section 1(A) of this announcement and the entering into the Asset Acquisition Agreement, Amendment Agreements and Land Use Right Transfer Agreement, as further described in this announcement
“Adjustments”	has the meaning given to it in section 1(C)(c) of this announcement
“Amendment Agreements”	the amendment agreements which are described in sections 2(A) and 2(A)(b) of this announcement
“Asset Acquisition Agreement”	the conditional asset purchase agreement dated 16 November 2007 entered into by the Company and Qinghe Company relating to the Acquisition
“Associate”	has the meaning given to it by the Listing Rules
“Audited Value”	has the meaning given to it in section 1(C)(c) of this announcement
“Assets”	the assets to be acquired pursuant to the Asset Acquisition Agreement as further described in section 1(B) of this announcement
“Board”	the board of Directors of the Company
“China Power Qinghe Company”	遼寧中電清河發電有限公司 (Liaoning China Power Qinghe Electric Power Generating Company Limited*) a foreign owned enterprise to be incorporated in the PRC by the Company
“China Enterprise Appraisal Company”	北京中企華資產評估有限責任公司 (Beijing China Enterprise Assets Appraisal Company Limited*) an appraiser independent of CPI Group and its Associates
“Company”	China Power International Development Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange

“CPCE”	中國電能成套設備有限公司 (China Power Complete Equipment Co., Ltd*) which is a non-wholly owned subsidiary of CPI Group
“CPDL”	China Power Development Limited, a company incorporated in the BVI and a wholly-owned subsidiary of CPI Holding
“CPI Group”	中國電力投資集團公司 (China Power Investment Corporation*), a wholly State-owned enterprise established by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“CPI Holding”	中國電力國際有限公司 (China Power International Holding Limited), a company incorporated in Hong Kong and a wholly-owned subsidiary of CPI Group
“CPI Engineering Company”	中電投電力工程有限公司 (CPI Engineering Company Limited*), formerly known as 中國電力投資集團公司工程建設管理分公司, a subsidiary of CPI Group
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on a date to be announced, or any adjournment thereof
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Incorporation Date”	the date when China Power Qinghe Company is incorporated and is set out in its business licence
“Independent Board Committee”	the committee of Directors, consisting of Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec, who are independent non-executive Directors, which will be formed to advise the Independent Shareholders in respect of the terms of the Acquisition
“Independent Financial Adviser” or “CLSA”	CLSA Equity Capital Markets Limited, an independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders

“Independent Shareholders”	shareholders of the Company other than CPI Group and its Associates
“Land Lease Agreement”	the land lease agreement entered into between CPI Group and the Company which is described in section 3(B) of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Land Use Right Transfer Agreement”	the land use right transfer agreement entered into between CPI Group and the Company, which is described in section 1(F) of this announcement
“Parent Group”	CPI Group and its subsidiaries from time to time. Unless otherwise expressly stated or the context otherwise requires, references to “Parent Group” exclude the Group
“Pingwei Land Lease Amendment Agreement”	the land lease amendment agreement dated 23 May 2007 entered into between Pingwei Power Plant and CPI Group relating to the lease of the land on which Pingwei Power Plant is situated
“Pingwei Power Plant”	安徽淮南平圩發電有限責任公司 (Anhui Huainan Pingwei Electric Power Company Limited*), a wholly-owned subsidiary of the Company established as a wholly foreign-owned enterprise in the PRC on 17 September 1999 which hold the power generation operations and related assets and all the liabilities pursuant to the Restructuring
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Project”	the construction and installation of the Assets in Qinghe District, Tieling City, Liaoning, the PRC
“Project Agreements”	the loan agreements, construction contracts, supply agreements, equipment procurement agreements and other agreements in relation to the Project which are described in section 2(A)(a) of this announcement

“Principal Terms for Amendment Agreement”	has the meaning given to it in section 2A(b)(2) of this announcement
“Principal Terms for Loan Amendment Agreements”	has the meaning given to it in section 2A(b)(1) of this announcement
“Qinghe Company”	遼寧清河發電有限責任公司 (Liaoning Qinghe Electric Power Generating Company Limited*), a subsidiary of CPI Holding
“RMB”	Renminbi, the lawful currency of China
“Shentou 1 Power Plant”	山西神頭發電有限責任公司 (Shanxi Shentou Power Generating Company Limited*), a wholly-owned subsidiary of Tianze Company which is in turn a wholly-owned subsidiary of the Company
“Shentou Land Lease Agreement”	the land lease agreement dated 9 June 2005 entered into between Tianze Company and CPI Group relating to the lease of the land on which Shentou 1 Power Plant is situated
“State Council”	the State Council of the PRC* (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yaomeng Land Lease Amendment Agreement”	the land lease amendment agreement dated 23 May 2007 entered into between Yaomeng Power Plant and CPI Group, as amended on 24 September 2004 relating to the lease of the land on which Yaomeng Power Plant is situated
“Yaomeng Power Plant”	平頂山姚孟發電有限責任公司 (Pingdingshan Yaomeng Electric Power Company Limited*), a wholly-owned subsidiary of the Company established as a wholly foreign-owned enterprise in the PRC on 27 August 1999 which hold the power generation operations and related assets and all the liabilities pursuant to the Restructuring

* English or Chinese translation, as the case may be, is for identification only.

This announcement contains translation between Renminbi amounts and Hong Kong dollars at RMB1.00 to HK\$1.03. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

By order of the Board
China Power International Development Limited
Li Xiaolin
Vice Chairman

Hong Kong, 16 November 2007

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.