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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)

CONNECTED TRANSACTIONS

The Board announces that Fuxi Power Company (a non-wholly owned subsidiary of the Company) and CPI Engineering Company entered into the Construction Project Management Agreement on 8 August 2008 whereby Fuxi Power Company engaged CPI Engineering Company as project manager to manage the Project which involves the construction of two 600 MW super-critical coal-fired power generation units in the Sichuan Province of the PRC.

Further, Fuxi Power Company and CP Equipment Project Company entered into the Equipment Agreement on 8 August 2008 whereby Fuxi Power Company engaged CP Equipment Project Company to provide technical assistance and consultancy services relating to the purchase of the equipment and machinery required for the Project, including assistance in the calling of tenders, supervision of the manufacture of the equipment and machinery and acting as agents for purchasing imported equipment and parts for the Project.

Both CPI Engineering Company and CP Equipment Project Company are subsidiaries of CPI Group. CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 55.85% of the issued share capital of the Company. As such, CPI Engineering Company and CP Equipment Project Company are connected persons of the Company as defined in the Listing Rules. Accordingly, the Construction Project Management Agreement and the Equipment Agreement constitute connected transactions of the Company under the Listing Rules.

The total management fees payable by Fuxi Power Company to CPI Engineering Company under the Construction Project Management Agreement amount to RMB42 million (equivalent to approximately HK\$47.73 million). Depending on its performance, CPI Engineering Company may be entitled to additional bonus management fees estimated not to exceed RMB8.4 million (equivalent to approximately HK\$9.55 million) in total under the Construction Project Management Agreement. The total service fees payable by Fuxi Power Company to CP Equipment Project Company under the Equipment Agreement amount to RMB11.96 million (equivalent to approximately HK\$13.59 million). The total management fees and the estimated bonus management fees payable by Fuxi Power Company to CPI Engineering Company and the total service fees payable by Fuxi Power Company to CP Equipment Project Company under the Equipment Agreement fall below 2.5% of the applicable percentage ratios under Rule 14.07 of the Listing Rules. Accordingly, the Construction Project Management Agreement and the Equipment Agreement fall within Rule 14A.32 of the Listing Rules and are exempted from the independent shareholders' approval requirement under the Listing Rules. Details of the above connected transactions will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Construction Project Management Agreement and the Equipment Agreement are entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its shareholders as a whole.

1. THE CONSTRUCTION PROJECT MANAGEMENT AGREEMENT

Fuxi Power Company (a non-wholly owned subsidiary of the Company) and CPI Engineering Company entered into the Construction Project Management Agreement on 8 August 2008 whereby Fuxi Power Company engaged CPI Engineering Company as project manager to manage the Project which involves the construction of two 600 MW super-critical coal-fired power generation units in the Sichuan Province of the PRC.

Terms of the Construction Project Management Agreement

Date:	8 August 2008
Parties:	(1) Fuxi Power Company and (2) CPI Engineering Company
Management fees:	RMB42 million (equivalent to approximately HK\$47.73 million)
Bonus management fees:	Not exceeding RMB8.4 million (equivalent to approximately HK\$9.55 million)

Other principal terms

The management fees payable pursuant to the Construction Management Agreement comprise two parts, the first part being a basic management fee of RMB42 million (equivalent to approximately HK\$47.73 million). The basic management fee is payable in cash by instalments. The first instalment of 20% is payable within one month after the signing of the agreement. The second instalment of 75% is payable quarterly by way of nine equal payments after the commencement of the construction works. The last instalment of 5% will become payable one year after the handover of the second generation unit.

CPI Engineering Company will also be entitled to bonus management fees if it can successfully control the quality, progress, safety, construction costs and other targets specified in the agreement. Such bonus management fees will be calculated with reference to the level of cost reduction and it is estimated that such bonus management fees will not exceed the amount of RMB8.4 million (equivalent to approximately HK\$9.55 million).

The management fees are determined after arm's length negotiations with reference to the costs involved, the management fees ranging from RMB45 million to RMB48 million charged by CPI Engineering Company in other similar projects, and the prevailing rates charged by other power companies in comparable projects. The Directors are of the view that such fees and the other terms of the Construction Project Management Agreement are no less favourable to the Group than the terms available from independent third parties.

2. THE EQUIPMENT AGREEMENT

Fuxi Power Company and CP Equipment Project Company entered into the Equipment Agreement on 8 August 2008 whereby Fuxi Power Company engaged CP Equipment Project Company to provide technical assistance and consultancy services relating to the purchase of the equipment and machinery required for the Project, including assistance in the calling of tenders, supervision of the manufacture of the equipment and machinery and acting as agent for purchasing imported equipment and parts for the Project.

Terms of the Equipment Agreement

Date: 8 August 2008

Parties: (1) Fuxi Power Company and (2) CP Equipment Project Company

Service fees: RMB11.96 million (equivalent to approximately HK\$13.59 million)

Term: Effective upon execution of the agreement until the completion of the services and payment of all service fees thereunder

Other principal terms

The service fee is payable in cash by eight instalments after specific progresses have been made, namely, as follows:

Instalment	Progress made	% of total payable
1	After the signing of the Equipment Agreement	30%
2	Within 1 month of the completion of tender of the fourth batch of ancillary equipment	10%
3	Within 1 month of the date of completion of the manufacturing of the first mainframe of the first power generation unit	20%
4	Within 1 month of the date of completion of the manufacturing of the last mainframe of the second power generation unit	20%
5	Within 1 month of the date of passing of certain specified trial runs of the first power generation unit	5%

6	Within 1 month of the date of passing of certain specified trial runs of the second power generation unit	5%
7	After the expiry of the warranty period for the first power generating unit	5%
8	After the expiry of the warranty period for the second power generating unit	5%

The service fees are determined after arm's length negotiations with reference to the costs involved, the prevailing rates charged by other power companies in comparable projects and the guideline rates set by the State and the Directors are of the view that such service fees being charged by CP Equipment Project Company and the other terms of the Equipment Agreement are no less favourable to the Group than the terms available from independent third parties.

Save as disclosed in this announcement, the Group does not have any prior transaction with CPI Group and its associates which requires aggregation under Rule 14A.25 of the Listing Rules.

3. REASONS AND BENEFITS FOR THE TRANSACTIONS

The Directors are of the view that CPI Engineering Company possesses the relevant experience and expertise in the management of large scale power plant construction projects using advanced management systems and information technology systems, and CP Equipment Project Company possesses the relevant experience and expertise in the sourcing of equipment for power plants. The Construction Project Management Agreement and the Equipment Agreement are for the purpose of constructing new power plants for the Group which will increase the Group's power generating capacity.

4. PRINCIPAL BUSINESS OF CPI ENGINEERING COMPANY, CP EQUIPMENT PROJECT COMPANY AND THE GROUP

The Company is the listed flagship company of CPI Group outside the PRC. The 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.

CPI Engineering Company is principally engaged in engineering and construction project management, surveying, project supervision and consultation, tender agency services, procurement of equipment and materials and international projects contracting. CPI Engineering Company is qualified as a Class A Project Management Company of the PRC and is qualified to undertake overseas projects as major contractor. In addition, CPI Engineering Company was awarded the certificates of quality, occupational health and safety, environmental management system and production safety by the PRC government.

CPI Engineering Company has vast experience in power plant construction. It has completed 37 power plant construction projects with an aggregate installed capacity of 32,220 MW. The power plants built by CPI Engineering Company include coal-fired power plants, nuclear power plants, wind farms and other overseas construction projects. CPI Engineering Company has also participated in the Hongyanhe nuclear power project in Liaoning Province.

CP Equipment Project Company is principally engaged in the provision of technical assistance, procurement, production supervision and other consultancy and agency services in relation to the purchase of equipment for use in the power industry in China. It has expanded its businesses in recent years to nuclear power and other renewable energy. It has also developed products and services such as pipes supply, general contracting of equipment and engineering, CDM development and product certification.

CP Equipment Project Company is a reputable power plant equipment procurement company in China. It has provided equipment procurement and consulting services for more than 500 projects covering almost 30 provinces around China with a total installed capacity of approximately 400 GW. It has provided equipment manufacturing supervision services for approximately 200 projects with total installed capacity of over 100 GW pertaining to coal-fired power, hydropower and power transmission and distribution, involving more than 100 factories both in China and abroad.

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 five high-capacity coal-fired power plants and it has an attributable installed capacity of 7,883MW. The Company also manages three other power plants, which are situated in Liaoning and Anhui on behalf of its controlling shareholder.

5. COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Group, through CPDL and CPI Holding, owns approximately 55.85% of the issued share capital of the Company. As CPI Group is the controlling shareholder of the Company, CPI Group, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Both CPI Engineering Company and CP Equipment Project Company are subsidiaries of CPI Group. As such, CPI Engineering Company and CP Equipment Project Company are connected persons of the Company as defined in the Listing Rules. Accordingly, the Construction Project Management Agreement and the Equipment Agreement constitute connected transactions of the Company under the Listing Rules.

The total management fees payable by Fuxi Power Company to CPI Engineering Company under the Construction Project Management Agreement amount to RMB42 million (equivalent to approximately HK\$47.73 million). Depending on its performance, CPI Engineering Company may be entitled to additional bonus management fees estimated not to exceed RMB8.4 million (equivalent to approximately HK\$9.55 million) in total under the Construction Project Management Agreement. The total service fees payable by Fuxi Power Company to CP Equipment Project Company under the Equipment Agreement amount to approximately RMB11.96 million (equivalent to approximately HK\$13.59 million). The total management fees and the estimated bonus management fees payable by Fuxi Power Company to CPI Engineering Company and the total service fees payable by Fuxi Power Company to CP Equipment Project Company under the Equipment Agreement, when aggregated, fall below 2.5% of the applicable percentage ratios under Rule 14.07 of the Listing Rules. Accordingly, the Construction Project Management Agreement and the Equipment Agreement fall within Rule 14A.32 of the Listing Rules and are exempted from the independent shareholders' approval requirement under the Listing Rules. Details of the above connected transactions will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Construction Project Management Agreement and the Equipment Agreement are entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its shareholders as a whole.

DEFINITIONS

Unless otherwise stated, the following words and phrases have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	China Power International Development Limited, a company incorporated in Hong Kong with limited liability
“Construction Project Management Agreement”	the construction project management agreement in relation to the Project dated 8 August 2008 entered into between Fuxi Power Company and CPI Engineering Company
“CP Equipment Project Company”	中國電能成套設備有限公司(China Power Equipment Project Co., Ltd.*), a subsidiary of CPI Group
“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 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 with limited liability 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*), a subsidiary of CPI Group
“Director(s)”	the director(s) of the Company
“Equipment Agreement”	the agreement for overall equipment project, supervision of equipment manufacture and purchase agency for imported equipment in relation to the Project dated 8 August 2008 entered into between Fuxi Power Company and CP Equipment Project Company
“Fuxi Power Company”	四川中電福溪電力開發有限公司(Sichuan CPI Fuxi Power Company Limited*), a non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GW”	gigawatt, that is, one million kilowatts

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	megawatt, that is, one million watts
“PRC” or “China”	the People’s Republic of China
“Project”	the project being carried out by Fuxi Power Company which involves the construction of two 600 MW super-critical coal-fired power generation units in Yibin city, Sichuan, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.88 to HK\$1.00. 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
Chairman

Hong Kong, 8 August 2008

As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Liu Guangchi, non-executive directors Gao Guangfu and Guan Qihong, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.