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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on 22 November 2007, Pingwei Power Plant II and Yaomeng Power Plant II have entered into certain continuing connected transaction agreements with Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company in relation to the provision of various services in connection with their day-to-day businesses and operations.

As disclosed in the announcement of 23 May 2007, CPI Holding, a substantial shareholder of the Company, will own 100% equity interest in Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company upon completion of the Disposals, and such transactions will then constitute continuing connected transactions of the Company under the Listing Rules.

Also on 22 November 2007, Huangguang Dabieshan Power Plant has entered into certain continuing connected transaction agreements with Shentou Industrial Company and Shentou Engineering Company (both of which are wholly owned subsidiaries of CPI Holding) in relation to the provision of various services in connection with its day-to-day businesses and operations.

Details of the above arrangements are set out in the section headed “Continuing Connected Transactions”.

As the aggregate annual value of these transactions, namely RMB231,721,900 (equivalent to approximately HK\$238,673,557), when aggregated together with the renewal of the Shentou Continuing Connected Transactions (the annual value under which is RMB150,000,000 in aggregate (equivalent to approximately HK\$154,500,000)) and the Pingwei Yaomeng Continuing Connected

Transactions (the annual value under which is RMB250,169,000 in aggregate (equivalent to approximately HK\$257,674,070)) exceed 2.5% of the applicable ratio under Rule 14A.34 of the Listing Rules, the Continuing Connected Transactions and renewal of Shentou Continuing Connected Transactions are subject to Independent Shareholders' approval.

### **Renewal of Shentou Continuing Connected Transactions**

As disclosed in the announcement of 9 June 2005, a wholly owned subsidiary of the Company entered into the Shentou Continuing Connected Transactions with the Parent Group for a term commencing from the date of completion of the acquisition of Shentou I Power Plant until 31 December 2007. On 22 November 2007, the Company has entered into four supplemental agreements to renew the Shentou Continuing Connected Transactions for a term of 3 years after its expiry on 31 December 2007.

### **EGM and dispatch of shareholders' circular**

A circular, containing, amongst other things, details of the terms of the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions, 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 Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions 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 Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions at the EGM.

## **1. CONTINUING CONNECTED TRANSACTIONS**

### **(a) Introduction**

References are made to the announcement (the "Announcement") of the Company dated 23 May 2007.

As disclosed in the Announcement, the Company entered into the Disposal Agreement with CPI Holding, pursuant to which the Company agreed to sell and CPI Holding agreed to purchase from the Company, the entire equity interests in Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company. Upon completion of the Disposals, CPI Holding will own 100% equity interest in Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering

Company and Yaomeng Industrial Company, and all such companies will become connected persons of the Company in accordance with the Listing Rules.

On 22 November 2007, Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant have entered into the following Continuing Connected Transactions with Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company, Yaomeng Industrial Company, Shentou Industrial Company and Shentou Engineering Company in relation to the provision of various services in connection with their day-to-day businesses and operations.

A summary of the Continuing Connected Transactions is as follows:

**Continuing  
Connected**

<b>Transaction</b>	<b>Term</b>	<b>Parties</b>	
Provision of composite repair and maintenance services	From the Effective Date to 31 December 2010	Pingwei Power Plant II	Pingwei Maintenance Company
Provision of composite repair and maintenance services	From the Effective Date to 31 December 2010	Yaomeng Power Plant II	Yaomeng Engineering Company
Provision of composite repair and maintenance services	From the Effective Date to 31 December 2010	Huangguang Dabieshan Power Plant	Shentou Engineering Company
Provision of fuel related services	From the Effective Date to 31 December 2010	Pingwei Power Plant II	Pingwei Industry Company
Provision of fuel related services	From the Effective Date to 31 December 2010	Yaomeng Power Plant II	Yaomeng Industrial Company
Provision of fuel related services	From the Effective Date to 31 December 2010	Huangguang Dabieshan Power Plant	Shentou Industrial Company

<b>Continuing Connected Transaction</b>	<b>Term</b>	<b>Parties</b>	
Provision of cleaning, repair and maintenance services in relation to power plant	From the Effective Date to 31 December 2010	Pingwei Power Plant II	Pingwei Industry Company
Provision of cleaning, repair and maintenance services in relation to power plant	From the Effective Date to 31 December 2010	Yaomeng Power Plant II	Yaomeng Industrial Company
Provision of cleaning, repair and maintenance services in relation to power plant	From the Effective Date to 31 December 2010	Huangguang Dabieshan Power Plant	Shentou Industrial Company
Provision of composite services	From the Effective Date to 31 December 2010	Pingwei Power Plant II	Pingwei Industry Company
Provision of composite services	From the Effective Date to 31 December 2010	Yaomeng Power Plant II	Yaomeng Industrial Company
Provision of composite services	From the Effective Date to 31 December 2010	Huangguang Dabieshan Power Plant	Shentou Industrial Company

Details of each of the Continuing Connected Transactions are set out in section 1(b) below.

The Continuing Connected Transactions for Pingwei Power Plant II and Yaomeng Power Plant II mentioned in section 1(b), namely the composite repair and maintenance services agreements, the fuel related services agreements, the cleaning, repair and maintenance agreements in relation to power plants and the composite services agreements will then constitute connected transactions of the Company upon completion of the Disposals. The applicable ratios for Continuing Connected Transactions, when aggregated together with the renewal of the

Shentou Continuing Connected Transactions and Pingwei Yaomeng Continuing Connected Transactions, are on an annual basis more than 2.5% and are subject to the announcement, reporting and Independent Shareholders' approval requirements under the Listing Rules. Save and except the Shentou Continuing Connected Transactions and Pingwei Yaomeng Continuing Connected Transactions, there is no other continuing connected transaction in the past twelve months prior to the date of this announcement subject to aggregation under Rule 14A.25 of the Listing Rules.

**(b) Information on Continuing Connection Transactions subject to announcement, reporting and Independent Shareholders' approval requirements**

*Composite Repair and Maintenance Services Agreements*

Background: On 22 November 2007, each of Pingwei Power Plant II and Yaomeng Power Plant II has entered into the composite repair and maintenance services agreement with Pingwei Maintenance Company and Yaomeng Engineering Company, respectively, both effective from the Effective Date until 31 December 2010 for obtaining the repair and maintenance services for the power generation units and related power equipment of Pingwei Power Plant II and Yaomeng Power Plant II.

On the same date, Huangguang Dabieshan Power Plant has entered into the composite repair and maintenance services agreement with Shentou Engineering Company effective from the Effective Date until 31 December 2010 for obtaining the repair and maintenance services for the power generation units and related power equipment of Huangguang Dabieshan Power Plant.

Under the terms of the agreements, Pingwei Maintenance Company, Yaomeng Engineering Company and Shentou Engineering Company agree respectively to provide to Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant repair and maintenance for the power generation units and related power equipment, including annual maintenance of generation units; annual planned inspection and repair of generation units, etc.

*Pricing:* The fees payable to Pingwei Maintenance Company, Yaomeng Engineering Company and Shentou Engineering Company (as the case may be) for the various repair and maintenance services provided under the composite repair and maintenance services agreements shall be:

- the applicable State tariffs set by the PRC government, if any;

- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;
- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the prevailing market prices; and
- in the absence of the above, an agreed price reflecting the reasonable cost incurred by Pingwei Maintenance Company, Yaomeng Engineering Company and Shentou Engineering Company (as the case may be) in providing the services.

The Company will settle the fees payable by way of cash payments.

*Reasons for such transactions:* Repair and maintenance of the power generation units are essential to ensure the safe, effective and efficient operations of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant. The Company believes that it is in the best interests of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to procure these services from Pingwei Maintenance Company, Yaomeng Engineering Company and Shentou Engineering Company as they have special strengths that independent third-party service providers generally do not possess, such as having the relevant power industrial knowledge and understanding of the facilities of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant and being conveniently located in close proximity to Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to enable efficient and timely services. Under the composite repair and maintenance services agreements, Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant have the rights to request for and to accept services from third party service providers.

#### ***Fuel Related Services Agreements***

*Background:* On 22 November 2007, each of Pingwei Power Plant II and Yaomeng Power Plant II has entered into the fuel related services agreement with Pingwei Industry Company and Yaomeng Industrial Company, respectively, both effective from the Effective Date until 31 December 2010 for obtaining the fuel related services for the operation of Pingwei Power Plant II and Yaomeng Power Plant II.

On the same date, Huangguang Dabieshan Power Plant has entered into the fuel related services agreement with Shentou Industrial Company effective from the Effective Date until 31 December 2010 for obtaining the fuel related services for the operation of Huangguang Dabieshan Power Plant.

Under the terms of the agreements, Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company agree to provide fuel related services for the operations of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant, respectively. The services to be provided under the fuel related services agreement include: processing of coal, transportation and unloading of coal from trains, and etc.

*Pricing:* The fees payable to Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company (as the case may be) for the various services provided under the fuel related services agreements shall be:

- the applicable State tariffs set by the PRC government, if any;
- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;
- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the prevailing market prices; and
- in the absence of the above, an agreed price reflecting the reasonable cost incurred by Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company (as the case may be) in providing the services.

The Company will settle the fees payable by way of cash payments.

*Reasons for such transactions:* All of the generation units of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant are fuelled by coal. The Company believes that it is in the best interests of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to procure fuel and related processing services from Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company as Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company possess special strengths that independent third-party service providers generally do not possess, such as having the requisite power industrial knowledge and being ideally situated in close proximity to Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to enable efficient and timely services. Under the fuel related services agreements, Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant have the right to request for and to accept services from third party service providers.

#### ***Cleaning, Repair and Maintenance Agreements in relation to Power Plants***

*Background:* On 22 November 2007, each of Pingwei Power Plant II and Yaomeng Power Plant II has entered into the cleaning, repair and maintenance

agreement in relation to power plants with Pingwei Industry Company and Yaomeng Industrial Company, respectively, both effective from the Effective Date until 31 December 2010 for obtaining cleaning, repair and maintenance services for the facilities and equipment of Pingwei Power Plant II and Yaomeng Power Plant II.

On the same date, Huangguang Dabieshan Power Plant has entered into the cleaning, repair and maintenance agreement in relation to power plants with Shentou Industrial Company effective from the Effective Date until 31 December 2010 for obtaining cleaning, repair and maintenance services for the facilities and equipment of Huangguang Dabieshan Power Plant.

Under the terms of the agreements, Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company agree to provide cleaning, repair and maintenance services for the facilities and equipment of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant. The services to be provided under the agreements include: cleaning and maintenance of production facilities, maintenance of public facilities in the production site, etc.

*Pricing:* The fees payable to Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company (as the case may be) for the provision of services under the cleaning, repair and maintenance agreements in relation to power plants shall be:

- the applicable State tariffs set by the PRC government, if any;
- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;
- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the prevailing market prices; and
- in the absence of the above, an agreed price reflecting the reasonable cost incurred by Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company (as the case may be) in providing the services.

The Company will settle the fees payable by way of cash payments.

*Reasons for such transactions:* Facilities cleaning, repair and maintenance services are necessary for the normal and day to day operations of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant. The Company believes that it is in the best interests of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to



procure these services from Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company as they have special strengths that independent third-party service providers generally do not possess, such as having the requisite power industrial knowledge and understanding of the facilities of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant and being conveniently located in close proximity to Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to enable efficient and timely services. Under the cleaning, repair and maintenance agreements in relation to power plants, Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant have the rights to request for and to accept services from third party service providers.

### ***Composite Services Agreements***

*Background:* On 22 November 2007, each of Pingwei Power Plant II and Yaomeng Power Plant II has entered into the composite services agreement with Pingwei Industry Company and Yaomeng Industrial Company, respectively, both effective from the Effective Date until 31 December 2010 for obtaining ancillary services for the operation of Pingwei Power Plant II and Yaomeng Power Plant II.

On the same date, Huangguang Dabieshan Power Plant has entered into the composite services agreement with Shentou Industrial Company effective from the Effective Date until 31 December 2010 for obtaining ancillary services for the operation of Huangguang Dabieshan Power Plant.

Under the terms of the agreements, Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company agree to provide to Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant ancillary services which are necessary to facilitate the operations of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant. The services to be provided under the agreements include: transportation of special vehicles and goods, security and fire safety management, etc.

*Pricing:* The fees payable to Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company (as the case may be) for services provided under the composite services agreements shall be:

- the applicable State tariffs set by the PRC government, if any;
- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;

- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the prevailing market prices; and
- in the absence of the above, an agreed price reflecting the reasonable cost incurred by Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company (as the case may be) in providing the services.

The Company will settle the fees payable by way of cash payments.

*Reasons for such transactions:* These ancillary services are required by Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to facilitate its business operations. The Company believes that it is in the best interest of Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to procure these ancillary services from Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company as Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industrial Company have special strengths that independent third-party service providers generally do not possess, such as having the relevant knowledge and being conveniently located in close proximity to Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant to enable efficient and timely services. Under the composite services agreements, Pingwei Power Plant II, Yaomeng Power Plant II and Huangguang Dabieshan Power Plant have the right to request for and to accept services from third party service providers.

**(c) Effective Date**

The agreements mentioned in section 1(b) of this announcement will come into effect on the following date (whichever is the latest) (the “Effective Date”):

- (a) the date of signing of the agreements by the parties;
- (b) the day on which each of Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company becomes a subsidiary of CPI Holding (not applicable for the continuing connected transaction agreements between Shentou Industrial Company, Shentou Engineering Company and Huangguang Dabieshan Power Plant);
- (c) the passing of an ordinary resolution by Independent Shareholders approving the terms of Continuing Connected Transactions; and
- (d) 1 January 2008.

The agreements mentioned in section 1(b) of this agreement will be effective from its Effective Date until 31 December 2010. The effective period of these agreements may be extended with the written approval of both parties of the agreements and in compliance with the Listing Rules and other applicable laws.

## 2. COMPLIANCE WITH THE LISTING RULES

As each of Pingwei Power Plant II, Yaomeng Power II and Huangguang Dabieshan Power Plant has only recently commenced operation or is only expected to commence operation in the future, there is no historical value for the Continuing Connected Transactions.

The annual cap with respect to each Continuing Connected Transactions is determined based on the estimates of specific cost items under each of the Continuing Connected Transaction as provided by the management and operating staff of the relevant plants based on the their knowledge and experience in operating power plants of similar size and nature.

Set out below are the aggregate annual caps for the three financial years ending 31 December 2010 applicable for Continuing Connected Transactions pursuant to the following agreements, and the basis of determining such aggregate annual caps:

<b>Continuing Connected Transactions</b>	<b>Annual Cap for each of the three years ending 31 December</b>		
	<b>(in Million RMB)</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
Composite repair and maintenance services agreement with Pingwei Power Plant II	40	40	40
Composite repair and maintenance services agreement with Yaomeng Power Plant II	43	43	43
Composite repair and maintenance services agreement with Huangguang Dabieshan Power Plant	43	43	43
Fuel related services agreement with Pingwei Power Plant II	20	20	20
Fuel related services agreement with Yaomeng Power Plant II	16	16	16

<b>Continuing Connected Transactions</b>	<b>Annual Cap for each of the three years ending 31 December</b>		
	<b>(in Million RMB)</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
Fuel related services agreement with Huangguang Dabieshan Power Plant	17	17	17
Cleaning, repair and maintenance agreement in relation to power plant with Pingwei Power Plant II	13	13	13
Cleaning, repair and maintenance agreement in relation to power plant with Yaomeng Power Plant II	12	12	12
Cleaning, repair and maintenance agreement in relation to power plant with Huangguang Dabieshan Power Plant	11	11	11
Composite services agreement with Pingwei Power Plant II	3	3	3
Composite services agreement with Yaomeng Power Plant II	7	7	7
Composite services agreement with Huangguang Dabieshan Power Plant	7	7	7

The Directors (excluding independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) of the Company are of the view that the annual caps for each of the Continuing Connected Transactions are fair and reasonable.

### **3. RENEWAL OF SHENTOU CONTINUING CONNECTED TRANSACTIONS**

#### **(a) Introduction**

References are made to the announcement of the Company dated 9 June 2005 (the “Shentou Announcement”).

As disclosed in the Shentou Announcement, a wholly owned subsidiary of the Company entered into the technical repair and maintenance framework agreement, the fuel and chemical processing services framework agreement, the

non-power generation facilities maintenance framework agreement and the composite ancillary services framework agreement with the Parent Group for a term commencing from date of completion of the acquisition of Shentou I Power Plant until 31 December 2007. According to these framework agreements, the parties to the agreements have the right to novate their respective benefits and obligations under the framework agreements to their wholly subsidiaries. Pursuant to such condition, the Company novated its benefits and obligations under the Shentou Continuing Connected Transactions to Shentou I Power Plant, an indirect wholly owned subsidiary of the Company, and the Parent Group novated theirs to Shentou Engineering Company and Shentou Industrial Company respectively.

**(b) The Supplemental Agreements I**

Shentou I Power Plant entered into four supplemental agreements whereby Shentou I Power Plant will renew the Shentou Continuing Connected Transactions for a term of three years after its expiry on 31 December 2007.

**Date:**

22 November 2007

**Parties:**

- (1) Shentou I Power Plant; and
- (2) Services providers: Shentou Engineering Company or Shentou Industrial Company.

**Term:**

Pursuant to the Supplemental Agreements I, the parties agreed to renew each of the Shentou Continuing Connected Transactions for a term of three years after its expiry on 31 December 2007. The renewed term will commence from 1 January 2008 and end on 31 December 2010. Save as aforesaid, all other terms and conditions for the Shentou Continuing Connected Transactions remain unchanged.

**(c) Reasons and benefits of entering into the Supplemental Agreements I**

The services to be provided under each of the Supplemental Agreements I are necessary for the normal and day to day operations of Shentou I Power Plant. The Company believes that it is in the best interests of Shentou I Power Plant to procure these services from Shentou Engineering Company and Shentou

Industrial Company as they have special strengths that independent third-party services providers generally do not possess, such as having the requisite power industrial knowledge and understanding of Shentou I Power Plant's facilities and being conveniently located in close proximity to Shentou I Power Plant to enable efficient and timely services.

**(d) Estimated Annual Caps**

The maximum annual caps for the services to be rendered under the Supplemental Agreements I for the financial years ending 31 December 2008, 2009 and 2010 are estimated to be:

- (1) RMB68,000,000 (equivalent to approximately HK\$70,040,000) for Supplemental Agreement I for technical repair and maintenance framework agreement;
- (2) RMB24,000,000 (equivalent to approximately HK\$24,720,000) for Supplemental Agreement I for fuel and chemical processing services framework agreement;
- (3) RMB39,000,000 (equivalent to approximately HK\$40,170,000) for Supplemental Agreement I for non-power generation facilities maintenance framework agreement; and
- (4) RMB19,000,000 (equivalent to approximately HK\$19,570,000) for Supplemental Agreement I for composite ancillary services framework agreement.

For the purpose of Rule 14A.35(2) of the Listing Rule, the above maximum annual caps are determined with reference to the previous annual caps (which are same as the annual caps mentioned in (1) to (4) above) as disclosed in the Shentou Announcement. The maximum annual caps are also determined with reference to the following historical amounts:

	<b>For the period from January to October 2007 <i>(in Million RMB)</i></b>	<b>For the period from January to December 2006 <i>(in Million RMB)</i></b>
(1) technical repair and maintenance framework agreement	50	67
(2) fuel and chemical processing services framework agreement	15	19
(3) non-power generation facilities maintenance framework agreement	33	30
(4) composite ancillary services framework agreement	16	19

The Directors (excluding independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) of the Company are of the view that such maximum annual caps for the period from 1 January 2008 to 31 December 2010 are fair and reasonable.

#### **4. COMPLIANCE WITH THE LISTING RULES**

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, CPI Holding and its subsidiaries Shentou Industrial Company and Shentous Engineering Company are connected persons of the Company within the meaning of the Listing Rules.

Further, the Continuing Connected Transactions under section 1(b) will constitute connected transactions for the Company upon completion of the Disposals. As the Continuing Connected Transactions with an aggregate annual value of RMB231,721,900 (equivalent to approximately HK\$238,673,557),

when aggregated together with the renewal of the Shentou Continuing Connected Transactions (the annual value under which is RMB150,000,000 in aggregate (equivalent to approximately HK\$154,500,000)) and the Pingwei Yaomeng Continuing Connected Transactions (the annual value under which is RMB250,169,000 in aggregate (equivalent to approximately HK\$257,674,070)), on annual basis exceed 2.5% of the applicable percentage under Rule 14A.34 of the Listing Rules, the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions are subject to the approval of the Independent Shareholders.

CPI Group and its Associates (including CPI Holding and CPDL) being connected persons in respect of the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions, will abstain from voting on the ordinary resolution to approve the terms of the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions. Any vote of the Independent Shareholders at the EGM shall be taken by poll.

The Directors (excluding independent non-executive Directors whose view will be expressed in the circular) of the Company are of the view that the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions 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.

## **5. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISOR AND EXTRAORDINARY GENERAL MEETING**

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the terms of the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions. 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 Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions.

A circular, containing, amongst other things, details of the terms of the Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions, 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 Continuing Connected Transactions and the renewal of the Shentou Continuing Connected Transactions will be dispatched to the shareholders of the Company as soon as practicable.

## **6. PRINCIPAL BUSINESS OF THE CPI GROUP AND CPI HOLDING**

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 and it has an attributable installed capacity 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.

## **DEFINITIONS**

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

“Associate”	has the meaning given to it by the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Power International Development Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange

“Continuing Connected Transactions”	the transactions in relation to the composite repair and maintenance services agreements, fuel related services agreements, cleaning, repair and maintenance agreements in relation to power plants and composite services agreements entered into (a) between Pingwei Power Plant II and Pingwei Maintenance Company and Pingwei Industry Company (as the case may be) on 22 November 2007; (b) between Yaomeng Power Plant II and Yaomeng Engineering Company and Yaomeng Industrial Company (as the case may be) on 22 November 2007 which will constitute continuing connected transactions for the Company upon completion of the Disposals, the details of which are set out in section 1(b) of this announcement; and transactions in relation to the composite repair and maintenance services agreements, fuel related services agreements, cleaning, repair and maintenance agreements in relation to power plants and composite services agreements entered into between Huangguang Dabieshan Power Plant and Shentou Engineering Company and Shentou Industrial Company (as the case may be) on 22 November 2007
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands 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
“Director(s)”	director(s) of the Company

“Disposal Agreement”	the conditional sale and purchase agreement dated 23 May 2007 entered into by the Company and CPI Holding relating to the 100% equity interests in Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company
“Disposals”	the disposals of the entire equity interests in Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company by the Company to CPI Holding pursuant to the terms and conditions of the Disposal Agreement
“Effective Date”	has the meaning given to it in section 1(c) of this announcement
“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
“Huanggang Dabieshan Power Plant”	the power plant under construction to be wholly-owned by 黃岡大別山發電有限責任公司 (Huanggang Dabieshan Power Company Limited*), a subsidiary of the Company
“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 Continuing Connected Transactions
“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Industry Company”	淮南平圩電力實業有限責任公司 (Huainan Pingwei Electric Power Industry Company Limited*), a limited liability company established by the Company in the PRC on 18 December 2006 for the purpose of holding the supporting services operations and related assets in Pingwei Power Plant, the equity interest in which will be transferred to CPI Holding upon completion of Disposals
“Pingwei Maintenance Company”	安徽淮南平圩電力檢修工程有限責任公司 (Anhui Huainan Pingwei Power Engineering Maintenance Company Limited*), a limited liability company established by the Company in the PRC on 18 December 2006 for the purpose of holding the repair and maintenance operations and related assets in Pingwei Power Plant, the equity interest of which will be transferred to CPI Holding upon completion of the Disposals
“Pingwei Power Plant II”	the power plant under construction wholly-owned by 淮南平圩第二發電有限責任公司 (Huainan Pingwei No.2 Electric Power Generating Company Limited*), a subsidiary of the Company
“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
“Pingwei Yaomeng Continuing Connected Transactions”	the continuing connected transactions in relation to the composite repair and maintenance services agreements, fuel related services agreements, cleaning, repair and maintenance agreements and composite services agreements, the details of which are set out in the announcement of the Company dated 23 May 2007 and the circular of the Company dated 14 June 2007

“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
“RMB”	Renminbi, the lawful currency of China
“Shentou I 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 Continuing Connected Transactions”	the continuing connected transactions in relation to the technical repair and maintenance framework agreement, fuel and chemical processing services framework agreement, non-power generation facilities maintenance framework agreement and composite ancillary services framework agreement entered into between the Group and the Parent Group, the details of which are set out in the announcement of the Company dated 9 June 2005 and the circular of the Company dated 30 June 2005
“Shentou Industrial Company”	山西神頭電力實業有限責任公司 (Shanxi Shentou Industrial Company Limited*), a wholly-owned subsidiary of CPI Holding
“Shentou Engineering Company”	山西神頭電力檢修有限責任公司 (Shanxi Shentou Engineering Company Limited*), a wholly-owned subsidiary of CPI Holding
“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 Engineering Company”	平頂山姚孟電力工程有限責任公司 (Pingdingshan Yaomeng Power Engineering Co., Ltd.*), a limited liability company established by the Company in the PRC on 19 December 2006 for the purpose of holding the repair and maintenance operations and related assets in Yaomeng Power Plant, the equity interest of which will be transferred to CPI Holding upon completion of the Disposals

“Yaomeng Industrial Company”	平頂山姚孟電力實業有限責任公司 (Pingdingshan Yaomeng Power Industrial Co., Ltd.*), a limited liability company established by the Company in the PRC on 19 December 2006 for the purpose of holding the supporting services operations and related assets in Yaomeng Power Plant, the equity interest of which will be transferred to CPI Holding upon completion of the Disposals
“Yaomeng Power Plant II”	the planned power plant wholly-owned by 平頂山姚孟第二發電有限公司 (Pingdingshan Yaomeng No.2 Power Generating Company Limited*), a subsidiary of the Company
“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

\* 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, 22 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.*