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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 Hong Kong Companies Ordinance)

(Stock Code: 2380)

CONNECTED TRANSACTIONS

The Board announces that Pingwei Power Plant II and Yaomeng Power Plant, subsidiaries of the Company entered into the Replacement Agreements whereby Pingwei Power Plant II and Yaomeng Power Plant agreed to generate electricity in accordance with the targets assigned by the government on behalf of CPI Wuhu Power Plant, Hongxiang Power Plant and Nanyang Xinguang Power Plant, which are subsidiaries of CPI Group or CPI Holding.

CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 55.37% of the issued share capital of the Company and CPI Holding is a wholly owned subsidiary of CPI Group. As such, CPI Group and CPI Holding are connected persons of the Company as defined in the Listing Rules. Accordingly, the entering into the Replacement Agreements constitutes connected transactions of the Company under the Listing Rules.

As the total amount payable under the Replacement Agreements amounting to approximately RMB38.75 million (equivalent to approximately HK\$ 39.91 million) exceeds the de minimis threshold under Rule 14A.31(2) of the Listing Rules, the entering into the Replacement Agreements is subject to announcement requirements under Rule 14A.47.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Replacement Agreements are entered into in the ordinary and usual 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. INTRODUCTION

The power industry in the PRC is structured such that almost every power plant sells all of the electricity it generates to its respective provincial power grid company. In some provinces of China, the provincial government also adopts a power production target system whereby every year, the provincial government agency assigns certain power production targets (the “Targets”) to power plants situated within its jurisdiction. The power plants should try to achieve the planned output set out in their Targets in order to maintain the stable electricity supply. In accordance with the relevant rules and regulations of the PRC, the Targets are transferable. If any power plant does not want to or cannot meet its Targets, it can transfer its Targets to other power plants within the same province. Upon obtaining the approval from the government, the transferee of the Targets can produce the amount of electricity required under the transferors’ Targets. In order to facilitate the exchange of the Targets, power plants can publish in the provincial electricity trading centre about the availability of spare Targets and the provincial government agency will then re-allocate the Targets to other power plants after taking into consideration of the power supply. Alternatively, the power plants, who want to dispose some of its Targets, can enter into private treaty with other power plants within the same province and then file their agreements with the relevant government department.

2. DETAILS OF CONNECED TRANSACTIONS

In accordance with the above power production target system, Pingwei Power Plant II and Yaomeng Power Plant, subsidiaries of the Company, entered into the following connected transactions:

A. Replacement Agreements for Pingwei Power Plant II

Date: 1 July, 1 August and 1 September 2007 respectively.

Parties:

- a) Pingwei Power Plant II; and
- b) CPI Wuhu Power Plant, a subsidiary of the CPI Holding.

Principle terms and conditions:

Pingwei Power Plant II agreed to generate, on behalf of CPI Wuhu Power Plant, the amount of electricity required under its Targets for July, August and September 2007. In return, CPI Wuhu Power Plant would settle directly with the provincial power grid company and then paid a monthly service fee of RMB0.24

per KWh (tax included) to Pingwei Power Plant II for the amount of electricity generated in any given month. The consideration was arrived at after arm's length negotiations between the parties by reference to the prevailing market conditions.

As at the date of this announcement, a total sum of approximately RMB15.15 million (equivalent to approximately HK\$15.6 million) is payable under the Replacement Agreements.

B. Replacement Agreements for Yaomeng Power Plant

Date: 19 March 2007.

Parties:

- a) Yaomeng Power Plant; and
- b) Hongxiang Power Plant, a subsidiary of the CPI Group.

Principle terms and conditions:

Yaomeng Power Plant agreed to generate, on behalf of Hongxiang Power Plant, the amount of electricity required under its Targets for the year 2007. In return, Hongxiang Power Plant agreed that Yaomeng Power Plant will settle directly with the provincial power grid company in relation to the electricity charges and pay a fixed fee of RMB0.07 per KWh to Hongxiang Power Plant. The consideration was arrived at after arm's length negotiations between the parties by reference to the prevailing market conditions.

Subject to final confirmation by the power grid company, a total sum of approximately RMB16.8 million (equivalent to approximately HK\$17.3 million) is payable under the Replacement Agreement as at the date of this announcement.

C. Replacement Agreements for Yaomeng Power Plant

Date: 20 July 2007

Parties:

- a) Yaomeng Power Plant; and
- b) Nanyang Xinguang Power Plant, a subsidiary of CPI Group.

Principle terms and conditions:

Yaomeng Power Plant agreed to generate, on behalf of Nanyang Xinguang Power Plant, the amount of electricity required under its Targets for the year 2007. In return, Nanyang Xinguang Power Plant agreed that upon receipt of payments from the provincial power grid company, Yaomeng Power Plant will retain RMB238 per MWh (tax included) and the difference between the on-grid tariffs and RMB238 per MWh will be retained by Nanyang Xinguang Power Plant. The consideration was arrived at after arm's length negotiations between the parties by reference to the prevailing market conditions.

Subject to final confirmation by the provincial power grid company, a total sum of approximately RMB6.8 million (equivalent to approximately HK\$7 million) is payable under the Replacement Agreement as at the date of this announcement.

Save as disclosed in this announcement, the Group does not have any prior transactions or relationship with CPI Wuhu Power Plant, Hongxiang Power Plant and Nanyang Xinguang Power Plant and its Associates which require aggregation under Rule 14A.25 of the Listing Rules.

3. REASONS FOR THE TRANSACTIONS

The Company believes that it is the best interests to enter into the Replacement Agreements as extra Targets enable the Company's power plants to increase its outputs and therefore its revenue. In addition, the extra Targets can also increase the production efficiency and safety of its power plants.

As such, the Directors (including the independent non-executive Directors) are of the view that the entering into the Replacement Agreements are entered into on 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.

4. LISTING RULES IMPLICATIONS

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 in turn wholly-owned by CPI Group. As CPI Group and CPI Holding are substantial shareholders of the Company, they and their subsidiaries CPI Wuhu Power Plant, Hongxiang Power Plant, and Nanyang Xinguang Power Plant are connected persons of the Company within meaning of the Listing Rules.

Further, due to the oversight of the staff of Pingwei Power Plant II and Yaomeng Power Plant, the above Replacement Agreements were signed without prior reporting to and approval by the management of the Company. As a result, the Company had omitted to comply with the requirements under Rule 14A.47 by the end of June 2007 when the revenue ratio of the Replacement Agreements exceeds the de minimis threshold under Rule 14A.31(2) of the Listing Rules. In future, the Company will closely monitor similar transactions so as to avoid repeating the same omission and the Company will comply with the relevant rules of Chapter 14A of the Listing Rules if and when appropriate.

The Directors of the Company are of the view that the above Replacement Agreements 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. 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.

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 four high-capacity coal-fired power plants and it has an attributable installed capacity of 7,215MW. The Company also manage five other power plants, which are situated in Liaoning, Anhui, Fujian and Jiangxi on behalf of its controlling shareholders.

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
“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 Wuhu Power Plant”	中電國際(蕪湖)發電有限責任公司 (CPI (Wuhu) Power Generating Company Limited*), a subsidiary of CPI Holding
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of CPI Holding
“Director(s)”	director(s) of the Company
“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
“Hongxiang Power Plant”	平頂山鴻翔熱電有限責任公司 (Pingdingshan Hongxiang Thermoelectricity Company Limited*), a subsidiary of CPI Group

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanyang Xinguang Power Plant”	南陽新光熱電有限公司 (Nanyang Xinguang Thermoelectricity Company Limited*), a subsidiary of CPI Group
“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*)
“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
“Replacement Agreements”	the replacement agreements which are described in section 2 of this announcement
“RMB”	Renminbi, the lawful currency of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 31 December 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.