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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 TRANSACTION

The Board announces that on 28 March 2008, the Company has entered into the Production Target Sale and Purchase Agreement with CPIC pursuant to which the parties agree that the CPIC Group, their respective Associates and power plants will transfer their production targets to the Group, its Associates and power plants to the extent permissible under the relevant PRC laws, rules, regulations and policies. Details of the arrangements are set out in the section headed “Details of Continuing Connected Transaction”.

CPIC is the ultimate controlling shareholder of the Company and is interested in approximately 55.85% of the issued share capital of the Company. As such, the CPIC Group, its subsidiaries, Associates and power plants are connected persons of the Company as defined in the Listing Rules. Accordingly, the entering into the Production Target Sale and Purchase Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As the annual cap of the Continuing Connected Transaction for each of the three years ending 31 December 2010, namely RMB424.5 million (equivalent to approximately HK\$466.95 million), RMB1.32 billion (equivalent to approximately HK\$1.452 billion) and RMB1.34 billion (equivalent to approximately HK\$1.474 billion), when aggregated together with the Replacement Agreement Connected Transactions (the value under which is RMB123.77 million (equivalent to approximately HK\$136.147 million)) exceed 2.5% of the applicable ratio under 14A.34 of the Listing Rules, the Continuing Connected Transaction is subject to the requirements of reporting, announcement and Independent Shareholders’ approval under Chapter 14A of the Listing Rules.

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the terms of the Production Target Sale and Purchase Agreement. An independent financial adviser will be retained to advise the Independent Board Committee and Independent Shareholders in respect of the terms of the Continuing Connected Transaction.

A circular, containing, among other things, details of the Continuing Connected Transaction, 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 Continuing Connected Transaction and other information required under the Listing Rules will be dispatched to the shareholders of the Company as soon as practicable. The CPIC and its Associates (including CPI Holding and CPDL) will abstain from voting in respect of the Continuing Connected Transaction at the EGM.

References are made to the announcements dated 31 December 2007 and 5 March 2008 respectively (the “Announcements”).

1. INTRODUCTION

As disclosed in the Announcements, 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 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, regulations and policies of the PRC, the Targets are transferable. If any power plant does not meet its Targets, it can transfer its excess 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 transfer of the Targets, power plants can publish in the provincial electricity trading centre about the availability of excess 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, which intend to dispose some of its excess Targets can enter into agreement with other power plants within the same province and then file their agreements with the relevant government department.

2. DETAILS OF CONTINUING CONNECTED TRANSACTION

In accordance with the above power production target system, the Company and CPIC have entered into the Production Target Sale and Purchase Agreement, the principle terms of which are set out below:

Date: 28 March 2008.

(a) Parties and term:

- CPIC; and
- the Group.

The term of the Production Target Sale and Purchase Agreement is three years. The term will commence after the passing of an ordinary resolution by the Independent Shareholders approving the Continuing Connected Transaction and end on 31 December 2010.

(b) Principle terms of the Production Target Sale and Purchase Agreement

The parties agree that their respective subsidiaries, Associates or power plants may trade the Targets with each other to the extent permissible under the PRC laws, rules, regulations and policies. In addition, if any subsidiaries, Associates or power plants of the CPIC decide to transfer their Targets to the Company's subsidiaries or power plants, they will enter into a Replacement Agreement setting out details of the terms and amount of the Targets being transferred. The Replacement Agreement will then be submitted to the relevant PRC government department for approval and confirmation.

Pursuant to the Production Target Sale and Purchase Agreement, both CPIC and the Company agree that separate Replacement Agreements will be entered into upon each occurrence of the transfer of the Targets with terms and conditions in accordance with the following principles:

i) Parties

Relevant subsidiaries, Associates or power plants of the CPIC Group (the "Seller"); and

Relevant subsidiaries, Associates or power plants of the Group (the "Purchaser").

ii) Purposes

The Seller agrees to transfer its Targets to the purchaser and the Purchaser agrees to generate the amount of electricity required under the Targets on behalf of the Seller.

iii) Consideration

The consideration payable under the Replacement Agreements will be determined by the following principles:

- 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; or
- in the absence of the above, an agreed price will be determined on the reasonable cost plus a profit basis. The parties will enter into negotiation so as to determine the amount of reasonable profit and cost with reference to the profit and cost permissible under the relevant PRC standards.

iv) Payment Terms

As mentioned in the Section 1 of this announcement, electricity generated by the Purchaser on behalf of Seller pursuant to the Replacement Agreements will be sold to the provincial power grid company. Depending on the requirements of the local rules and regulations and the terms of the Replacement Agreements, either the Seller or Purchaser will determine the amount of electricity generated under the Replacement Agreements with the provincial power grid company. If the Seller is the responsible party to determine the amount of electricity generated under the Replacement Agreements, the power grid company will pay the tariffs to the Seller who will retain part of the tariffs as consideration for transferring the Targets to the Purchaser (the “Transfer Consideration”) and pay the balance of the tariffs to the Purchaser as the consideration for generating electricity on behalf of the seller (“Replacement Consideration”). Similarly, if the Purchaser is the responsible party, the power grid company will pay the tariffs to the Purchaser who will pay the Seller the Transfer Consideration and retain the balance as the Replacement Consideration.

Both the Replacement Consideration and the Transfer Consideration will be determined in accordance with the principles mentioned above.

Save as disclosed in this announcement, the Group does not have any prior transaction or relationship with CPIC Group 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 in the best interests of the Company to enter into the Production Target Sale and Purchase Agreement as the transfer of the Targets from the CPIC Group to the Group would enable the Group's power plants to better utilize its production capacity and increase its outputs and therefore the revenue of the Group. In addition, the transfer of the Targets can also increase the production efficiency and safety of its power plants.

As such, the Directors (excluding independent non-executive Directors whose view will be expressed in the circular) are of the view that the Continuing Connected Transaction is 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.

4. ESTIMATED ANNUAL CAPS

The estimated annual caps for the consideration payable under the Production Target Sale and Purchase Agreement for the three financial years ending 31 December 2008, 2009 and 2010 are estimated to be RMB424.5 million (equivalent to approximately HK\$466.95 million) (which includes the consideration of RMB85.02 million payable under the replacement agreements as disclosed in the Company's announcement dated 5 March 2008), RMB1.32 billion (equivalent to approximately HK\$1.452 billion) and RMB1.34 billion (equivalent to approximately HK\$1.474 billion) respectively.

For the purpose of Rule 14A.35(2) of the Listing Rule, the above estimated annual caps are determined with reference to, among others, the following factors:

- historical amount of RMB38.75 million (equivalent to approximately HK\$42.625 million) payable pursuant to the replacement agreements for the financial year ended 31 December 2007 as disclosed in the Company's announcement of 31 December 2007.
- the maximum excess capacity of the Group's power plants. As the Group's capacity will increase substantially after the commencement of operations of three new power plants (two during 2008 and one during 2009), the annual caps for 2008 and 2009 are increased correspondingly to cater for the increase of capacity.

- the amount of Targets expected to be transferred to the Group. As the CPIC Group will restructure its operations during 2008, any excess power production targets arising from the restructurings may be transferred to the Group. In light of this, the annual cap for 2008 is increased correspondingly for the increase of the Targets available.
- reasonable costs to be incurred by the Group for generating electricity pursuant to the Replacement Agreements plus a reasonable profit.

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 the Continuing Connected Transaction are fair and reasonable.

5. PRINCIPAL BUSINESS OF THE CPIC GROUP AND THE GROUP

The Company is the listed flagship company outside the PRC of CPIC. The CPIC 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 CPIC 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 five high-capacity coal-fired power plants and it has an attributable installed capacity of 7,883MW. The Company also manages five other power plants, which are situated in Liaoning, Anhui, Fujian and Jiangxi on behalf of its controlling shareholders.

6. COMPLIANCE WITH THE LISTING RULES

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

Further, as the annual cap of the Continuing Connected Transaction for each of the three years ending 31 December 2010, namely RMB424.5 million (equivalent to approximately HK\$466.95 million), RMB1.32 billion (equivalent to approximately HK\$1.452 billion) and RMB1.34 billion (equivalent to approximately HK\$1.474 billion), when aggregated together with the Replacement Agreement Connected Transactions (the value under which is

RMB123.77 million (equivalent to approximately HK\$136.147 million)) exceed 2.5% of the applicable ratio under 14A.34 of the Listing Rules, the Continuing Connected Transaction is subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

CPIC and its Associates (including CPI Holding and CPDL) will abstain from voting on the relevant resolution to approve the Continuing Connected Transaction. Any vote of the Independent Shareholders at the EGM shall be taken by poll.

7. GENERAL

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the Continuing Connected Transaction. An independent financial advisor will be retained to advise the Independent Board Committee and Independent Shareholders in respect of the Continuing Connected Transaction.

A circular, containing, among other things, details of the Continuing Connected Transaction, 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 Continuing Connected Transaction and other information required under the Listing Rules will be dispatched to the shareholders of the Company as soon as practicable.

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
“Continuing Connected Transaction”	the transactions in relation to the Production Target Sale and Purchase Agreement and the Replacement Agreements, the details of which are set out in section 2 of this announcement
“Company”	China Power International Development Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange

“CPIC”	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
“CPIC Group”	CIPC, its subsidiaries and Associates (excluding the Group)
“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 CPIC Group
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of CPIC Holding
“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
“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 Transaction
“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
“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

“Production Target Sale and Purchase Agreement”	the production target sale and purchase agreement which is described in section 2 of this announcement
“Replacement Agreements”	the replacement agreements to be entered into pursuant to the Production Target Sale and Purchase Agreement, the particulars of which are described in section 2 (b) of this announcement
“Replacement Agreement Connected Transactions”	the connected transactions in relation to the replacement agreements, the details of which are set out in the announcements of the Company dated 31 December 2007 and 5 March 2008 respectively
“RMB”	Renminbi, the lawful currency of China
“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
“Targets”	has the meaning given to it in section 1 of this announcement

* *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\$1.1. 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, 28 March 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.