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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)**

### **UPDATE ON THE SHANGHAI POWER OPTION DEED**

The Board announces that subject to the CPI Undertakings and the disclosure of such undertakings in the announcement concerning the equity division reform of Shanghai Power, the Company has agreed to give the Company's Undertaking in favour of CPI Group in relation to the equity division reform of Shanghai Power in compliance with the relevant rules and regulations of the PRC.

This announcement is made in accordance with the requirements as stipulated under Rule 13.09 of the Listing Rules.

The Company entered into the Shanghai Power Option Deed with CPI Group on 27 August 2004, pursuant to which CPI Group granted to the Company an option to acquire 25% equity interest in Shanghai Power exercisable within 3 years from 29 October 2004. Details of the Shanghai Power Option Deed have been disclosed under the heading of "Power Company under Call Option" in the section headed "Business" and the heading of "Connected Transactions" in the section headed "CPI Group/CPI Holding and Their Relationship with Us" in the Prospectus.

Shanghai Power is currently listed on the Shanghai Stock Exchange. CPI Group is the controlling shareholder of Shanghai Power and currently holds approximately 64.56% equity interest in Shanghai Power.

On 10 October 2005, Shanghai Power announced the Reform Scheme for consultation purposes. Under the Reform Scheme, the Unlisted Shares will become listed in consideration of the transfer by the holders of the Unlisted Shares to the holders of A Shares of 3 Shares for every 10 A Shares held by them (such ratio may be further revised subject to consultation with the holders of the A Shares). In addition, under the Reform Scheme, for the purpose of the equity division reform of Shanghai Power, CPI Group has agreed to undertake with the holders of the A Shares that: (1) during the Prohibited Period, none of the Shares held by CPI Group shall be traded or transferred on the Shanghai Stock Exchange; during a period of 12 months from the expiry of the Prohibited Period, the Shares disposed of by CPI Group on the Shanghai Stock Exchange shall not in aggregate exceed 5% of the total issued share capital of Shanghai Power; and during a period of 24 months from the expiry of the Prohibited Period, not exceed 10% of its total issued share capital; and (2) during a period of 12 months from the expiry of the Prohibited Period, the consideration for disposing of the Shares on the Shanghai Stock Exchange shall not be less than RMB6 per Share (provided that during the said period if any event occurs, such as declaration of dividends, issue of bonus shares and

capitalization of reserves, which shall have an effect on the price of the Shares, such minimum disposal price shall be adjusted accordingly). The finalization of the Reform Scheme shall be subject to consultation with the holders of the A Shares. The consultation period runs until no later than 20 October 2005. The Reform Scheme shall only come into effect upon the approval of the relevant administration authority for State-owned assets of the PRC and the approval of the shareholders of Shanghai Power. A general meeting of the shareholders of Shanghai Power and a class meeting of the A Shares are expected to be held on 16 November 2005 to consider and approve the Reform Scheme.

In order to preserve the Company's rights under the Shanghai Power Option Deed, on the other hand, CPI Group has undertaken to the Company that the equity division reform of Shanghai Power and the undertakings to be given by CPI Group pursuant to the equity division reform of Shanghai Power shall not release CPI Group from its obligations under the Shanghai Power Option Deed and CPI Group shall continue to perform its obligations within the Exercise Period.

Subject to the CPI Undertakings and the disclosure of such undertakings in the announcement concerning the equity division reform of Shanghai Power, the Company undertakes with CPI Group that in the event that during the Exercise Period, the option under the Shanghai Power Option Deed is exercised by the Company in whole or in part such that upon the approval of the relevant authorities, the Company becomes a shareholder of Shanghai Power, the Company shall nevertheless be bound by the CPI Undertakings (to the extent as stated above) to the extent that such undertakings are still outstanding.

Save as disclosed above, the Directors are of the view that in view of the undertakings given by CPI Group in favour of the Company as mentioned above, the equity division reform of Shanghai Power and the Company's Undertaking are not likely to have any material adverse effect on the rights of the Company under the Shanghai Power Option Deed.

Details of the above undertakings have been submitted to the Shanghai Stock Exchange and the Shanghai Stock Exchange has agreed to the same being published by way of announcement by Shanghai Power on 19 October 2005.

As disclosed in the Prospectus, the Company will comply with the relevant reporting, announcement and/or independent shareholders' approval requirements in the Listing Rules concerning the connected transactions constituted by the exercise or non-exercise of the option under the Shanghai Power Option Deed.

## **DEFINITIONS**

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

“A Shares”	the shares of Shanghai Power which are listed on the Shanghai Stock Exchange before the implementation of the Reform Scheme
“Board”	the board of Directors

“Company”	China Power International Development Limited, a company incorporated in Hong Kong with limited liability
“Company’s Undertaking”	the undertaking given by the Company as disclosed in this announcement
“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, the substantial shareholder (as defined in the Listing Rules) of the Company which is indirectly holding approximately 63.68% of the total issued share capital of the Company
“CPI Undertakings”	the undertakings given by CPI Group for the purpose of the equity division reform of Shanghai Power as disclosed in this announcement
“Director(s)”	the director(s) of the Company
“Exercise Period”	the period of 3 years from 29 October 2004 during which the option under the Shanghai Power Option Deed is exercisable
“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
“PRC”	the People’s Republic of China
“Prohibited Period”	during a period of 12 months from the date on which the Reform Scheme comes into effect
“Prospectus”	the prospectus issued by the Company on 4 October 2004
“Reform Scheme”	the equity division reform scheme as announced by Shanghai Power on 10 October 2005 in relation to its proposed equity division reform
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Power”	上海電力股份有限公司 (Shanghai Electric Power Co., Ltd.*), a joint stock company incorporated in the PRC whose A Shares are listed on the Shanghai Stock Exchange
“Shanghai Power Option Deed”	the option deed entered into between the Company and CPI Group on 27 August 2004 pursuant to which the Company has been granted an option to acquire 25% of the equity interest in Shanghai Power from CPI Group exercisable within 3 years from 29 October 2004

“Share” any share in the capital of Shanghai Power

“Unlisted Shares” the shares of Shanghai Power which, before the implementation of the Reform Scheme, are not listed on the Shanghai Stock Exchange

By Order of the Board

**Li Xiaolin**

*Vice-Chairman and Chief Executive Officer*

Hong Kong, 18 October 2005

*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.*

*\* for identification purposes only*