



中國電力國際發展有限公司

CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

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FOR IMMEDIATE RELEASE

2 November 2006

**China Power International Development Limited  
announced the acquisition of a 25% stake  
in Shanghai Electric Power Co. Ltd.**

**China Power International Development Limited** (“China Power” or “Company”) signed an agreement with China Power Investment Corporation (“CPI Group”) on 2 November 2006 to acquire a 25% stake in Shanghai Electric Power Co. Ltd. (“Shanghai Electric Power”), a subsidiary of CPI Group (the “Acquisition”).

Both Shanghai Electric Power and China Power are listed subsidiaries of CPI Group. Being one of the top five power generation groups in China, CPI Group had a total controlled installed capacity of 32,387 MW at the end of 2005. China Power (2380.HK) is a Hong Kong listed subsidiary indirectly controlled by CPI Group and owns four power plants with an aggregate attributable capacity of 4,255 MW. Shanghai Electric Power (600021.SH), a company listed on the Shanghai Stock Exchange, is the largest power generation company in Shanghai and has an attributable capacity of over 4,300 MW. Net asset value of Shanghai Electric Power amounted to RMB 6.14 billion as at 30 June 2006 and its market capitalization was approximately RMB 6.94 billion as at 2 November 2006.

China Power is always eager to expand its installed capacity through acquisition and greenfield projects, so as to strengthen its market position in the power industry, promote its competitiveness and achieve shareholder value growth. The Company is continuously paying attention to acquisition opportunities of premium power generation assets in prosperous areas by utilizing the strong support from its parent company. Shanghai Electric Power is located in Shanghai which is the most prosperous region in China and has huge power demand. In addition, Shanghai Electric Power is currently experiencing fast expansion of installed capacity with the possession of high-quality assets and huge growth potential. All of these factors represent the reasons why China Power identified Shanghai Electric Power as the acquisition target. Following China Power’s bifocal strategy of putting equal weights on both greenfield projects and acquisition opportunities, the Acquisition has once again demonstrated CPI Group’s commitment in and support for China Power, being the flagship company of CPI Group.

Ms. Li Xiaolin, CEO of China Power, indicated that the Acquisition is an important milestone for China Power in 2006, the “Year of Acquisition”. In addition, the Acquisition is consistent with China Power’s growth strategy. The Acquisition will increase China Power’s attributable capacity by more than 25% which represents a significant step towards the company objective in expansion of premium power assets size. The Acquisition also provides the Company with an opportunity to increase the market share in an increasingly competitive market and a foothold for further expansion in the booming areas of Shanghai and East China region.



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Management of Shanghai Electric Power expressed their support for the Acquisition. Mr. Zhou Shiping, the Chairman of Shanghai Electric Power, indicated that China Power and Shanghai Electric Power may well-complement each other. China Power's acquisition of a 25% stake in Shanghai Electric Power as well as a major shareholder of Shanghai Electric Power may allow Shanghai Electric Power learning from China Power's extensive experience in development, investment, construction, management and operation of large-sized power plants in China, and overseas capital market operation, so as to achieve synergies at multiple levels.

At China Power's listing in 2004, CPI Group granted an option to China Power for acquisition of 25% stake in Shanghai Electric Power. CPI Group and China Power signed a 3 year option agreement on 27 August 2004 on the transfer of this stake, based on which the Acquisition is executed. The total consideration for the Acquisition amounted to RMB 1.665 billion, representing a 4.1% discount off the attributable market capitalization of Shanghai Power as at 2 November 2006. Consideration will be paid in cash. After the completion of the Acquisition, China Power will hold 25% in Shanghai Electric Power and become its second largest shareholder, while CPI Group's direct shareholding in Shanghai Electric Power will be diluted to 35.82% but will remain as the single largest shareholder of Shanghai Electric Power. The completion of the Acquisition is also subject to the approval from China Power shareholders' meeting and relevant domestic regulatory authorities.

#### **CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED**

Shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 15 October 2004. The Company is the flagship company of China Power Investment Corporation, one of the leading independent power generation groups in China, and its principal business is to develop, construct, own, manage and operate large power plants in China.

The Company had 100% ownership in three of its four high-capacity coal-fired power plants under commercial operation, namely, Pingwei Power Plant, Yaomeng Power Plant and Shentou I Power Plant, and 50% ownership in Changshu Power Plant. These four power plants had a total installed capacity of 4,870MW, and the installed capacity attributable to the Company's ownership in these four power plants is 4,255MW.

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For further inquiries, please contact:

#### **China Power International Development Limited**

Mr. Zhao Xinyan (Vice President) / Mr. Shou Rufeng (Investor Relations)

Tel: (852) 2802-3861

Fax: (852) 2802-3922

#### **Wonderful Sky Public Relations & Financial Consultant Co., Ltd.**

Ms. Olivia Mak / Ms. Michelle Tai

Tel: (852) 2851-1038