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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)

CONNECTED TRANSACTIONS

The Board announces that on 5 March 2008, Yaomeng Power Plant and Yaomeng Power Plant II, subsidiaries of the Company, enter into the Replacement Agreements whereby they agree to generate electricity in accordance with the production targets assigned by the PRC government on behalf of Nanyang Xinguang Power Plant and Kaifeng Jinghua Power Plant, subsidiaries of CPI Group.

CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 55.65% of the issued share capital of the Company. As such, CPI Group is a connected person of the Company as defined in the Listing Rules. Accordingly, the entering into the Replacement Agreements constitutes connected transaction of the Company under the Listing Rules.

As the total amount payable under the Replacement Agreements amounting to approximately RMB85.02 million (equivalent to approximately HK\$87.57 million), when aggregated with the connected transactions as disclosed in the Company's announcement dated 31 December 2007 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 the entering into the Replacement Agreements is on normal commercial terms and in the ordinary and usual course of business of the Company, is fair and reasonable so far as the Group is concerned and is in the interests of the Company and its shareholders as a whole.

1. INTRODUCTION

References are made to the announcement of the Company dated 31 December 2007 (the “Announcement”).

As disclosed in the Announcement, Pingwei Power Plant II and Yaomeng Power Plant entered into the Replacement Agreements whereby Pingwei Power Plant II and Yaomeng Power Plant agreed to generate electricity in accordance with the production targets assigned by the PRC government (the “Targets”) on behalf of CPI Wuhu Power Plant, Hongxiang Power Plant and Nanyang Xinguang Power Plant.

On 5 March 2008, Yaomeng Power Plant and Yaomeng Power Plant II, subsidiaries of the Company, enter into the Replacement Agreements with Nanyang Xinguang Power Plant and Jinghua Power Plant, subsidiaries of CPI Group, to generate electricity on their behalf. Details of the transactions are set out in the following section.

2. DETAILS OF CONNECED TRANSACTIONS

A. Replacement Agreement for Nanyang Xinguang Power Plant

Date: 5 March 2008.

Parties:

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

Principle terms and conditions:

Yaomeng Power Plant agrees to generate electricity, on behalf of Nanyang Xinguang Power Plant, for a portion of its Target for the year 2008. In return, Nanyang Xinguang Power Plant agrees that Yaomeng Power Plant will settle directly with the provincial power grid company in relation to the amount of electricity generated. Upon receipt of payments from the power grid company, Yaomeng Power Plant will pay the difference between the on-grid tariffs and a fixed rate (as specified in the agreement and ranging from RMB250 to RMB300 per MWh) to Nanyang Xinguang Power Plant and Yaomeng Power Plant will retain the balance. The fixed rate reflects the reasonable cost to be incurred by Yaomeng Power Plant plus a reasonable profit margin.

Subject to final confirmation by the provincial power grid company and other government agencies, a total sum of approximately RMB11.82 million (equivalent to approximately HK\$12.17 million) will be payable to Nanyang Xinguang Power Plant under this Replacement Agreement. The consideration represents the difference between the total revenue from generating electricity pursuant to the Target and a reasonable cost to be incurred by Yaomeng Power Plant plus a reasonable profit margin. The consideration is arrived at after arm's length negotiation between the parties by reference to the prevailing market conditions.

The above replacement agreement will become effective after the Henan Development and Reform Commission and Henan Province Electric Company confirm the agreement and Yaomeng Power Plant will complete all its obligations under the agreement on or before 31 December 2008.

B. Replacement Agreement for Kaifeng Jinghua Power Plant

Date: 5 March 2008.

Parties:

- a) Yaomeng Power Plant II; and
- b) Kaifeng Jinghua Power Plant, a subsidiary of CPI Group.

Principle terms and conditions:

Yaomeng Power Plant II agrees to generate, on behalf of Kaifeng Jinghua Power Plant, the amount of electricity specified in its Target for the year 2008. In return, Kaifeng Jinghua Power Plant agrees that Yaomeng Power Plant II will settle directly with the provincial power grid company in relation to the amount of electricity generated. Upon receipt of payments from the power grid company, Yaomeng Power Plant II will pay a fixed rate (as specified in the agreement and ranging from RMB50 to RMB100 per MWh) to Kaifeng Jinghua Power Plant and Yaomeng Power Plant II will retain the difference between the on-grid tariff and the fixed rate. The difference between on-grid tariff and the fixed rate reflects the reasonable cost to be incurred by Yaomeng Power Plant II plus a reasonable profit margin. The parties also agree that if the PRC government's policy of

“joint movement between the coal and power prices” is implemented during the contract execution period, the increase in on-grid tariff arising from such policy shall be shared equally by both parties from the commencement date of such policy.

Since the 2008 Target for Kaifeng Jinghua Power Plant has not yet been finalised by the PRC government, it is difficult for the Company to determine the total amount payable under this Replacement Agreement. However, according to the parties’ estimates, a total sum of approximately RMB73.2 million (equivalent to approximately HK\$75.4 million) will be payable to Kaifeng Jinghua Power Plant under this Replacement Agreement. The consideration represents the difference between the total revenue from generating electricity pursuant to the Target and a reasonable cost to be incurred by Yaomeng Power Plant II plus a reasonable profit margin. The consideration is arrived at after arm’s length negotiation between the parties by reference to the prevailing market conditions.

The above replacement agreement will become effective after the Henan Development and Reform Commission and Henan Province Electric Company confirm the agreement and Yaomeng Power Plant II will complete all its obligations under the agreement on or before 31 December 2008.

Save as disclosed in this announcement, the Group does not have any prior transactions or relationship with Nanyang Xinguang Power Plant, Kaifeng Jinghua Power Plant and their 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 Replacement Agreements as extra Targets enable the Company’s power plants to increase their outputs and therefore their 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 is on normal commercial terms and in the ordinary and usual course of business of the Company, is fair and reasonable so far as the Group is concerned and is in the interests of the Company and its shareholders as a whole.

4. COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPDL owned approximately 55.65% 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 is a substantial shareholder of the Company, its subsidiaries Nanyang Xinguang Power Plant and Kaifeng Jinghua Power Plant are connected persons of the Company within meaning of the Listing Rules.

Further, as the estimated sum payable under the Replacement Agreements when aggregated with the connected transactions mentioned in the Announcement (the value under which is RMB38.75 million (equivalent to approximately HK\$39.91)) exceeds the de minimis threshold under Rule 14A.31(2) of the Listing Rules, the entering into the Replacement Agreement is subject to announcement requirements under Rule 14A.47.

5. PRINCIPAL BUSINESS OF THE CPI GROUP

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.

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 7,215MW. 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
“Kaifeng Jinghua Power Plant”	開封京華發電有限公司 (Kaifeng Jinghua Power Plant 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 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

“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
“Yaomeng Power Plant II”	the power plant 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

* 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
Chairman

Hong Kong, 5 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.