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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)**

**POTENTIAL VERY SUBSTANTIAL ACQUISITION  
AND CONNECTED TRANSACTION  
PROPOSED ACQUISITION OF 63% INTEREST IN WU LING POWER**

The Board announces that on 27 May 2008, the Company has entered into a Memorandum of Understanding with CPI Group, whereby the Company proposes to acquire and CPI Group proposes to sell 63% of the equity interests of Wu Ling Power.

The Proposed Acquisition will constitute a very substantial acquisition for the Company under the Listing Rules. Furthermore, as CPI Group is an indirect controlling shareholder of the Company, the Proposed Acquisition will also constitute a connected transaction of the Company pursuant to Listing Rule 14A.17. Thus, the Proposed Acquisition will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. Accordingly, the Proposed Acquisition will be subject to the approval of the Independent Shareholders at the EGM.

The Proposed Acquisition is subject to the entering into of definitive legal agreements which are expected to contain certain conditions including, the approval of the relevant regulatory authorities.

**Hence, the Proposed Acquisition may or may not proceed. Therefore, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

## **THE PROPOSED ACQUISITION**

The Board announces that on 27 May 2008, the Company has entered into a Memorandum of Understanding with CPI Group, whereby the Company proposes to acquire and CPI Group proposes to sell 63% of the equity interests of Wu Ling Power, being the entire shareholding in Wu Ling Power held by CPI Group.

As at the date of this announcement, the Company does not hold any equity interests in Wu Ling Power. Upon completion of the Proposed Acquisition, the Company will own 63% of the equity interests in Wu Ling Power.

The Proposed Acquisition is subject to the entering into of definitive legal agreements which are expected to contain certain conditions including, the approval of the relevant regulatory authorities.

**Hence, the Proposed Acquisition may or may not proceed. Therefore, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition will present a strategic opportunity for the Company to:

- (i) enlarge the Company's operational scale significantly. Upon completion of the Proposed Acquisition, attributable installed capacity of the Company will increase from approximately 7,883 MW as at 31 December 2007 to above 10,114 MW, up by more than 28.30%;
- (ii) enter into new and exciting markets. The Proposed Acquisition allows the Company to enter into the Hunan and the Guizhou markets, regions with high growth prospects. Hunan and Guizhou recorded a growth rate of 14.48% and 16.01% in power consumption in 2007 respectively;
- (iii) enhance the Company's future capacity growth. Wu Ling Power has a number of projects under construction and development, with a contribution of additional attributable installed capacity of approximately 5,500 MW;
- (iv) adapt to an evolving market with increasing fuel costs and to take advantage of governmental policies giving priority to hydropower, as a form of clean energy, to be dispatched; and
- (v) leverage on Wu Ling Power's market leadership position and benefit from Wu Ling Power's control over the development of the water resources in the region.

The Company considers the Proposed Acquisition fits into its development strategy and it is now an ideal time to acquire Wu Ling Power and tap on the growth potential of Wu Ling Power. The Directors believe that the Proposed Acquisition will be beneficial to the Company and will have a positive impact on the Company's future prospects, thus benefiting the Company and its shareholders as a whole.

## **INFORMATION ON WU LING POWER**

Wu Ling Power was incorporated in the PRC on 3 May 1995 and registered as a sino-foreign joint venture with limited liability on 11 April 2006. It has a registered capital of RMB3,476,160,000. Wu Ling Power currently has two shareholders, namely CPI Group and Hunan Xiangtou International Investment Limited\* (湖南湘投國際投資有限公司), an independent third party. CPI Group has cumulatively invested RMB2,189,980,000 for an equity holding of 63% in Wu Ling Power. Hunan Xiangtou International Investment Limited\* has cumulatively invested RMB1,286,180,000 for an equity holding of 37% in Wu Ling Power.

Wu Ling Power is principally engaged in the development, production and supply of hydropower in Hunan and Guizhou. As at 31 December 2007, Wu Ling Power has an attributable installed capacity of approximately 3,542 MW.

## **INFORMATION ON THE COMPANY AND CPI GROUP**

The Company's principal activities are the development, construction, operation and management of power plants.

CPI Holding is a Hong Kong incorporated company focusing on power-related assets investment and development in China and abroad. CPI Group is one of the five national power generation groups in China, and operates coal-fired, hydroelectric and nuclear power plants in the PRC with an attributable installed capacity of approximately 32,149 MW as of 31 December 2007. The Company is the flagship company and only listed subsidiary outside the PRC of CPI Group.

## **GENERAL**

It is currently expected that the Proposed Acquisition will constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Furthermore, as CPI Group is an indirect controlling shareholder of the Company interested in approximately 55.85% in its share capital, the Proposed Acquisition will also constitute a connected transaction of the Company pursuant to Listing Rule 14A.17. Thus, the Proposed Acquisition will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. Accordingly, the Proposed Acquisition will be subject to the approval of the Independent Shareholders at the EGM.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules. The Company will comply with the applicable Listing Rules if and when it enters into the Proposed Acquisition.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	has the meaning given to it by the Listing Rules
“attributable installed capacity”	power generation capacity of a company proportional to its ownership of generating units or power plants, usually denominated in MW
“Board”	the board of Directors
“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 SASAC
“CPI Holding”	China Power International Holding Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CPI Group
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Proposed Acquisition
“Guizhou”	Guizhou Province of the PRC
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan”	Hunan Province of the PRC
“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 of Hong Kong Limited

“Memorandum of Understanding”	the memorandum of understanding dated 27 May 2008 entered into between the Company and CPI Group in relation to the Proposed Acquisition
“MW”	megawatt, one million watts. The attributable installed capacity of a power plant is generally expressed in MW
“PRC” or “China”	the People’s Republic of China. Geographical reference in this announcement to the PRC excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Acquisition”	the proposed acquisition by the Company of 63% equity interests in Wu Ling Power
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	中華人民共和國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC*)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it under the Listing Rules
“Wu Ling Power”	五凌電力有限公司 (Wu Ling Power Corporation*)

\* *English translation is for identification only.*

By Order of the Board  
**China Power International Development Limited**  
**LI Xiaolin**  
*Chairman*

Hong Kong, 27 May 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.*