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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 TRANSACTIONS**

The Board announces that on 13 August 2008, each of Pingwei Power Plant and Yaomeng Power Plant has entered into the Pingwei Purchase Agreement and Yaomeng Purchase Agreement with the Supplier respectively pursuant to which each of Pingwei Power Plant and Yaomeng Power Plant agrees to purchase from the Supplier the Materials.

Since the Supplier is an indirect subsidiary of the CPI Holding, a substantial shareholder of the Company holding approximately 55.85% of the issued share capital of the Company, the Supplier is a connected person of the Company under Chapter 14A of the Listing Rules. The Purchase Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios under Rule 14A.34 of the Listing Rules in respect of the aggregate annual caps for the purchase of the Materials under the Purchase Agreements, namely RMB23.1 million (equivalent to approximately HK\$26.25 million), when aggregated together with the Pingwei Yaomeng Continuing Connected Transactions (the annual value under which is RMB38.5 million (equivalent to approximately HK\$43.75 million)), falls below 2.5%, the Purchase Agreements are only subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Purchase Agreements will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and 14A.46 of the Listing Rules.

## **1. PURCHASE AGREEMENTS**

On 13 August 2008, each of Pingwei Power Plant and Yaomeng Power Plant has entered into the Pingwei Purchase Agreement and Yaomeng Purchase Agreement (collectively referred to as “the Purchase Agreements”) with the Supplier respectively pursuant to which each of Pingwei Power Plant and Yaomeng Power Plant agrees to purchase from the Supplier the Materials. Principle terms of the Purchase Agreements are set out below:

Date: 13 August 2008

Parties: Supplier: 北京中電環境工程有限公司 (Beijing China Power Environmental Engineering Company Limited\*), an indirect subsidiary of CPI Holding

Purchaser: Pingwei Power Plant, a wholly owned subsidiary of the Company

Purchaser: Yaomeng Power Plant, a wholly owned subsidiary of the Company

### **(1) Terms of the agreements:**

Under the Purchase Agreements, Pingwei Power Plant and Yaomeng Power Plant respectively agrees to purchase from the Supplier the Materials for a term commencing from 13 August 2008 and ending on 31 December 2010.

### **(2) Maximum amount of Materials to be purchased:**

Pingwei Power Plant agrees to purchase not more than 40,000 tons of the Materials from the Supplier for the year ending on 31 December 2008 and not more than 60,000 tons for each of the two years ending on 31 December 2009 and 2010.

With respect to the Yaomeng Purchase Agreement, Yaomeng Power Plant agrees to purchase not more than 40,000 tons of the Materials from the Supplier for the year ending on 31 December 2008 and not more than 80,000 tons for each of the two years ending on 31 December 2009 and 2010.

### **(3) The purchase price and payment terms:**

Depending on the amount of Materials purchased during the relevant year, the consideration payable under the Purchase Agreements is calculated in accordance with the following tables:

(i) For Pingwei Purchase Agreement:

	<b>The first threshold and the purchase price is RMB225 per ton</b>	<b>The second threshold and the purchase price is RMB195 per ton</b>	<b>The third threshold and the purchase price is RMB165 per ton</b>
Total amount of Materials to be purchased during 2008	Less than or equal to 25,000 tons	More than 25,000 tons but less than or equal to 30,000 tons	Above 30,000 tons
Total amount of Materials to be purchased during 2009	Less than or equal to 40,000 tons	More than 40,000 tons but less than or equal to 50,000 tons	Above 50,000 tons
Total amount of Materials to be purchased during 2010	Less than or equal to 40,000 tons	More than 40,000 tons but less than or equal to 50,000 tons	Above 50,000 tons

(ii) For Yaomeng Purchase Agreement:

	<b>The first threshold and the purchase price is RMB225 per ton</b>	<b>The second threshold and the purchase price is RMB195 per ton</b>	<b>The third threshold and the purchase price is RMB165 per ton</b>
Total amount of Materials to be purchased during 2008	Less than or equal to 25,000 tons	More than 25,000 tons but less than or equal to 30,000 tons	Above 30,000 tons
Total amount of Materials to be purchased during 2009	Less than or equal to 50,000 tons	More than 50,000 tons but less than or equal to 65,000 tons	Above 65,000 tons
Total amount of Materials to be purchased during 2010	Less than or equal to 50,000 tons	More than 50,000 tons but less than or equal to 65,000 tons	Above 65,000 tons

Pingwei Power Plant and Yaomeng Power Plant respectively agree to pay the consideration to the Supplier monthly in arrear in accordance with the above thresholds. Initially, the purchasers agree to pay the Supplier by using the purchase price of RMB225 per ton until the next level of threshold is reached. Furthermore, by the end of each year, the parties will determine the applicable purchase price by comparing the total amount of Materials purchased during the year with the above thresholds and then re-calculate the consideration payable under the agreements.

It is also agreed that the parties will review the above purchase price annually and may adjust the purchase price by reference to the amount of Materials purchased last year and the market conditions provided that the new purchase price shall not exceed the above thresholds.

- (4) Save as disclosed in this announcement, the Group does not have any prior transaction or relationship with CPI Holding and its associates which requires aggregation under Rule 14A.25 of the Listing Rules.

## **2. REASONS FOR AND BENEFITS OF THE PURCHASE AGREEMENTS**

The Materials are required for the operation of the desulphurization systems of Pingwei Power Plant and Yaomeng Power Plant. Furthermore, the Supplier is the only available producer of the Materials within 100 kilometres from Pingwei Power Plant and Yaomeng Power Plant. The Directors are of the view that purchasing the Materials from any supplier further than 100 kilometres will not be cost effective due to the transportation costs.

The Directors (including the independent non-executive Directors) confirm that the Purchase Agreements were entered into by the parties after arm's length negotiation and upon normal commercial terms. The Directors (including the independent non-executive Directors) are also of the opinion that the terms of the Purchase Agreements and the annual caps set out therein are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

### **3. ESTIMATED ANNUAL CAPS**

The desulphurisation facilities for Pingwei Power Plant and Yaomeng Power Plant are newly installed. Except a small quantity of the Materials (which are less than the de minimis thresholds set out in Rule 14A.33 of the Listing Rules) were delivered to the purchasers during the trial run period of the desulphurisation facilities, there is no historical value for the transaction in relation to the purchase of the Materials. However, it is anticipated that the annual cap for the Pingwei Purchase Agreement for financial year 2008 is RMB6.6 million (equivalent to approximately HK\$7.5 million) and for each of the two financial years ending 31 December 2010 is RMB9.9 million (equivalent to approximately HK\$11.25 million). With respect to the Yaomeng Purchase Agreement, it is anticipated that the annual cap for financial year 2008 is RMB6.6 million (equivalent to approximately HK\$7.5 million) and for each of the two financial years ending 31 December 2010 is RMB13.2 million (equivalent to approximately HK\$15 million).

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

- (1) historical amounts of RMB5.46 million (equivalent to approximately HK\$6.2 million) for the first six months of 2008 and RMB1.33 million (equivalent to approximately HK\$1.51 million) for the financial year ended 31 December 2007 payable pursuant to the purchase agreements as disclosed in the Company's announcement of 21 December 2006.
- (2) other factors such as, the expected total number of hours of operation of the generating units, the composition of the coal, the specifications of the Materials and the expected requirements of the desulphurisation facilities in the relevant power plants.

### **4. PRINCIPAL BUSINESS OF THE SUPPLIER AND THE GROUP**

The Company is the listed flagship company outside the PRC of CPI Group. The 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. CPI Holding is wholly-owned by CPI Group and owns and operates coal-fired and hydroelectric power plants in the PRC.

The Supplier, an indirect subsidiary of CPI Holding, is principally engaged in the development, production and sale of environmentally-friendly materials used in power generation-related processes including desulphurisation and the provision of technical consultancy services and technical training.

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 three other power plants, which are situated in Liaoning and Anhui on behalf of its controlling shareholders.

## **5. COMPLIANCE WITH THE LISTING RULES**

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

Since the Supplier is an indirect subsidiary of CPI Holding, the Supplier is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Purchase Agreements constitute continuing connected transactions of the Company.

Further, as the applicable percentage ratios under Rule 14A.34 of the Listing Rules in respect of the aggregate annual cap for the purchase of the Materials under the Purchase Agreements, namely RMB23.1 million (equivalent to approximately HK\$26.25 million), when aggregated together with the Pingwei Yaomeng Continuing Connected Transactions (the annual value under which is RMB38.5 million (equivalent to approximately HK\$43.75 million)), falls below 2.5%, the Purchase Agreements are only subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Purchase Agreements will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and 14A.46 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Purchase Agreements are entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its shareholders as a whole.

## DEFINITIONS

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

“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
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of CPI Holding
“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
“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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Materials”	limestone powder for desulphurisation
“Pingwei Power Plant”	安徽淮南平圩發電有限責任公司 (Anhui Huainan Pingwei Electric Power Generating Company Limited*)
“Pingwei Purchase Agreement”	the agreement for the purchase of the Materials dated 13 August 2008 entered into between Pingwei Power Plant and the Supplier

“Pingwei Yaomeng Continuing Connected Transactions”	The continuing connected transactions in relation to the agreements for the purchase of the Materials dated 21 December 2006 entered into between the Supplier and Huainan Pingwei No.2 Electric Power Generating Company Limited and Pingdingshan Yaomeng No.2 Power Generating Company Limited respectively, the details of which were set out in the announcement of the Company dated 21 December 2006
“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
“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
“Supplier”	北京中電環境工程有限公司 (Beijing China Power Environmental Engineering Company Limited*), a company incorporated in the PRC with limited liability and an indirect subsidiary of CPI Holding
“Yaomeng Power Plant”	平頂山姚孟發電有限責任公司 (Pingdingshan Yaomeng Power Generating Company Limited*)
“Yaomeng Purchase Agreement”	the agreement for the purchase of the Materials dated 13 August 2008 entered into between Yaomeng Power Plant and the Supplier

\* English or Chinese translation, as the case may be, is for identification only.

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.88 to HK\$1.00. 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, 13 August 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.*