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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

Reference is made to the announcement of the Company dated 23 May 2007 in relation to the continuing connected transactions mentioned therein.

The Board announces that on 21 December 2009, each of Pingwei Power Plant and Yaomeng Power Plant has entered into agreements with the Suppliers respectively to renew the Service Agreements (except the cleaning, repair and maintenance agreements) after the expiry of the original agreements on 31 December 2009.

Since the Suppliers are subsidiaries of the CPI Holding, a substantial shareholder of the Company holding approximately 69% of the issued share capital of the Company, the Suppliers are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into the Service Agreements constitutes 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 cap for the purchase of the Service Agreements, namely RMB194.81 million (approximately HK\$221.11 million) falls below 2.5%, the Service Agreements are only subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Service 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.

Reference is made to the announcement of the Company dated 23 May 2007 (the "Announcement") in relation to the continuing connected transactions mentioned therein.

1. SERVICE AGREEMENTS

On 21 December 2009, each of Pingwei Power Plant and Yaomeng Power Plant has entered into the Service Agreements with the Supplier respectively pursuant to which each of Pingwei Power Plant and Yaomeng Power Plant agrees to renew the Service Agreements (except the cleaning, repair and maintenance agreements which will be merged with the composite service agreements) after the expiry of the original agreements on 31 December 2009. Principle terms of the Service Agreements are set out below:

(1) Composite Repair and Maintenance Service Agreements:

Date: 21 December 2009

Parties: Pingwei Power Plant and Pingwei Maintenance Company;
Yaomeng Power Plant and Yaomeng Engineering Company

Term: Effective from 1 January 2010 until 31 December 2012

Under the terms of the agreements, Pingwei Maintenance Company and Yaomeng Engineering Company agree to provide to the relevant power plants with repair and maintenance services for the power generation units and related power equipment, including annual maintenance of generation units; annual planned inspection and repair of generation units, etc.. Pingwei Power Plant and Yaomeng Power Plant also have the right to request for and to accept services from third party service providers.

(2) Fuel Related Service Agreements:

Date: 21 December 2009

Parties: Pingwei Power Plant and Pingwei Industry Company;
Yaomeng Power Plant and Yaomeng Industrial Company

Term: Effective from 1 January 2010 until 31 December 2012

Under the terms of the agreements, Pingwei Industry Company and Yaomeng Industrial Company agree to provide fuel related service for the operations of Pingwei Power Plant and Yaomeng Power Plant, respectively. The service to be provided under the fuel related service agreements

include: transportation and unloading of coal from trains; repair and maintenance of ashyard and related equipment and etc.. Pingwei Power Plant and Yaomeng Power Plant also have the right to request for and to accept services from third party service providers.

(3) Composite Service Agreement:

Date: 21 December 2009

Parties: Pingwei Power Plant and Pingwei Industry Company;
Yaomeng Power Plant and Yaomeng Industrial Company

Term: Effective from 1 January 2010 until 31 December 2012

The service to be provided pursuant to the agreements includes the services previously provided under the cleaning, repair and maintenance service agreements and the composite service agreements mentioned in the Announcement. Under the terms of the agreements, Pingwei Industry Company and Yaomeng Industrial Company agree to provide to the power plants with cleaning and maintenance services for production facilities; repair and maintenance services for public facilities in the production site, transportation of special vehicles and goods service, security and fire safety management service, and such other ancillary service which is necessary to facilitate the operations of the power plants. Pingwei Power Plant and Yaomeng Power Plant have the right to request for and to accept services from third party service providers.

(4) Pricing:

The fees payable to each Supplier for its service provided in accordance with the Service Agreements shall be:

- the applicable State tariffs set by the PRC government, if any;
- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;
- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the prevailing market prices; and
- in the absence of the above, an agreed price reflecting the reasonable cost incurred by the Supplier under each Service Agreement in providing the service.

- (5) The Company will settle the fees payable after provision of the services by way of cash payments.

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 SERVICE AGREEMENTS

(1) Composite Repair and Maintenance Service Agreements:

Repair and maintenance of the power generation units are essential to ensure the safe, effective and efficient operations of Pingwei Power Plant and Yaomeng Power Plant. Such repair and maintenance are highly-technical in nature and can only be carried out by engineers and skilled technicians equipped with the relevant technical skills and specialized knowledge. As Pingwei Maintenance Company and Yaomeng Engineering Company have the relevant technical expertise and specific in-depth knowledge of Pingwei Power Plant and Yaomeng Power Plant's power generation units and related power equipment, the renewal of composite repair and maintenance services agreements will ensure continuity of reliable services, maximization of the specialized knowledge and experience of Pingwei Maintenance Company and Yaomeng Engineering Company to Pingwei Power Plant and Yaomeng Power Plant and the safe, effective and efficient operations of Pingwei Power Plant and Yaomeng Power Plant.

(2) Fuel Related Service Agreements:

As Pingwei Power Plant and Yaomeng Power Plant are fuelled by coal, fuel and chemical processing services are necessary for their operations. Pingwei Power Plant and Yaomeng Power Plant purchase their coal requirement directly from coal producers. Raw supply of coal needs to be processed and powdered before it can be used for burning. Ash and wastes will be generated through the burning of coal. These ash wastes must be chemically processed and disposed of in such a manner which complies with the PRC environmental and safety regulations. The Company believes that the specialized experience of Pingwei Industry Company and Yaomeng Industrial Company in handling fuel and wastes will ensure that the various processes as well as the subsequent disposal of wastes are undertaken in compliance with the relevant PRC regulations. The Company further believes that it is in the best interests of Pingwei Power Plant and Yaomeng Power Plant to procure fuel and related processing services from Pingwei Industry Company and Yaomeng Industrial Company as they possess special strengths that independent third-party service providers generally do not possess, such as having the requisite power industry knowledge and being ideally situated in close proximity to Pingwei Power Plant and Yaomeng Power Plant to enable efficient and timely services.

(3) Composite Service Agreement:

Facilities cleaning, repair and maintenance services are necessary for the normal and day to day operations of Pingwei Power Plant and Yaomeng Power Plant. These ancillary services are required by Pingwei Power Plant and Yaomeng Power Plant to facilitate its business operations. The Company believes that it is in the best interest of Pingwei Power Plant and Yaomeng Power Plant to procure these services from Pingwei Industry Company and Yaomeng Industrial Company as they have special strengths that independent third-party service providers generally do not possess, such as having the relevant knowledge and being conveniently located in close proximity to Pingwei Power Plant and Yaomeng Power Plant to enable efficient and timely services.

The Directors (including the independent non-executive Directors) confirm that the Service 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 Service 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

(1) Estimated Annual Caps for the Service Agreements:

It is anticipated that the annual caps for the Service Agreements for each of the three financial years commencing from 1 January 2010 and ending on 31 December 2012 are as follows:

	Service Agreements with Pingwei Power Plant	Service Agreements with Yaomeng Power Plant
	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Composite Repair and Maintenance Service Agreements	55.63	46.68
Fuel Related Service Agreements	26.90	7.05
Composite Service Agreement	25.30	33.25

(2) 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:

(a) Historical amounts:

Service Agreements with Pingwei Power Plant:

	Approved Annual Caps <i>(in RMB million)</i>	Actual amounts for year ended 31 December 2007 <i>(in RMB million)</i>	Actual amounts for year ended 31 December 2008 <i>(in RMB million)</i>	Estimated amounts for year ended 31 December 2009 <i>(in RMB million)</i>
Composite Repair and Maintenance				
Service Agreements	66.40	56.24	47.53	48.37
Fuel Related Service				
Agreements	44.59	24.78	22.31	23.39
Composite Service				
Agreement (note)	25.86	25.86	24.85	22.00

Service Agreement with Yaomeng Power Plant:

	Approved Annual Caps <i>(in RMB million)</i>	Actual amounts for year ended 31 December 2007 <i>(in RMB million)</i>	Actual amounts for year ended 31 December 2008 <i>(in RMB million)</i>	Estimated amounts for year ended 31 December 2009 <i>(in RMB million)</i>
Composite Repair and Maintenance				
Service Agreements	48.32	38.79	39.59	40.59
Fuel Related Service				
Agreements	26.93	12.91	9.73	6.13
Composite Service				
Agreements (note)	38.07	20.52	20.17	28.91

- (b) other factors such as, the business plans of the respective power plants and inflation.

Note: The approved annual caps and the historical amounts for composite service agreements already included the annual caps and historical amounts for the cleaning, repair and maintenance service agreements mentioned in the Announcement.

The Directors (including the independent non-executive Directors) of the Company are of the view that the annual caps for each of the Service Agreements are fair and reasonable.

4. PRINCIPAL BUSINESS OF CPI HOLDING 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. Pingwei Maintenance Company and Yaomeng Engineering Company are subsidiaries of CPI Holding whose principal businesses are provision of repair and maintenance services for power generation units and equipment. Pingwei Industry Company and Yaomeng Industrial Company are also subsidiaries of CPI Holding whose principal businesses are provision of supporting services to power plants.

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. 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 69% 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 Suppliers are subsidiaries of CPI Holding, the Suppliers are therefore a connected person of the Company under Chapter 14A of the Listing Rules. The entering into the Service Agreements constitutes 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 Service Agreements, namely

RMB194.81 million (approximately HK\$221.11 million) falls below 2.5%, the Service Agreements are only subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Service 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 Service 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-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
“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
“Pingwei Industry Company”	淮南平圩電力實業有限責任公司 (Huainan Pingwei Electric Power Industry Company Limited*), a subsidiary of CPI Holding
“Pingwei Maintenance Company”	安徽淮南平圩電力檢修工程有限責任公司 (Anhui Huainan Pingwei Power Engineering Maintenance Company Limited*), a subsidiary of CPI Holding
“Pingwei Power Plant”	安徽淮南平圩發電有限責任公司 (Anhui Huainan Pingwei Electric Power 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
“Service Agreements”	the composite repair and maintenance service agreements, fuel related service agreements, and composite service agreements entered into between Pingwei Power Plant and Pingwei Maintenance Company and Pingwei Industry Company (as the case may be) on 21 December 2009 and between Yaomeng Power Plant and Yaomeng Engineering Company and Yaomeng Industrial Company (as the case may be) on 21 December 2009
“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”	Pingwei Maintenance Company, Pingwei Industry Company, Yaomeng Engineering Company and Yaomeng Industrial Company, collectively “Suppliers” or individually “Supplier”
“Yaomeng Engineering Company”	平頂山姚孟電力工程有限責任公司 (Pingdingshan Yaomeng Power Engineering Co., Ltd.*), a subsidiary of CPI Holding

- “Yaomeng Industrial Company” 平頂山姚孟電力實業有限責任公司 (Pingdingshan Yaomeng Power Industrial Co., Ltd.*), a subsidiary of CPI Holding
- “Yaomeng Power Plant” 平頂山姚孟發電有限責任公司 (Pingdingshan Yaomeng Electric Power Company Limited*), a subsidiary of the Company

This announcement contains translation between Renminbi and Hong Kong dollars at RMB1 to HK\$1.135. 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.

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

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

Hong Kong, 21 December 2009

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.