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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 TRANSACTION

Wu Ling Power – An Entrusted Loan Agreement

On 2 November 2012, Wu Ling Power (a 63%-owned subsidiary of the Company) entered into the Wu Ling Entrusted Loan Agreement with Bank of Communications and Qian Dong Power in relation to the provision of an Entrusted Loan by Wu Ling Power to Qian Dong Power with Bank of Communications acting as the lending agent.

Qian Dong Power is a non-wholly owned subsidiary of CPI Holding and CPI Holding is the controlling shareholder of the Company which is interested in approximately 63.59% of the issued share capital of the Company. Accordingly, Qian Dong Power is a connected person of the Company within the meaning of the Listing Rules. As such, the Wu Ling Entrusted Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The principal sum of the Entrusted Loan provided by Wu Ling Power to Qian Dong Power under the Wu Ling Entrusted Loan Agreement amounts to RMB300,000,000 (equivalent to approximately HK\$370,370,370). The applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but less than 5%. Accordingly, the Wu Ling Entrusted Loan Agreement is subject to reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Wu Ling Entrusted Loan Agreement will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

On 2 November 2012, Wu Ling Power (a 63%-owned subsidiary of the Company) entered into the Wu Ling Entrusted Loan Agreement with Bank of Communications and Qian Dong Power in relation to the provision of the Entrusted Loan by Wu Ling Power to Qian Dong Power with Bank of Communications acting as the lending agent. The Entrusted Loan is used for supplementing the working capital of Qian Dong Power. The lending agent provides the services to release and manage the use and repayment of the Entrusted Loan by Qian Dong Power.

WU LING ENTRUSTED LOAN AGREEMENT

Date

2 November 2012

Parties

- (1) Wu Ling Power (the lender);
- (2) Bank of Communications (the lending agent); and
- (3) Qian Dong Power (the borrower).

Principal terms

- The principal sum of the Entrusted Loan under the Wu Ling Entrusted Loan Agreement amounts to RMB300,000,000 (equivalent to approximately HK\$370,370,370).
- The term lasts for 3 years from 5 November 2012 to 4 November 2015.
- The loan interest is based on the benchmark interest rate to be charged for the same level of loans of financial institutions in RMB for the same period as announced by the People's Bank of China, being fixed at 6.15% per annum during the borrowing period.
- Interests shall be settled on a quarterly basis. The settlement date falls on the twentieth (20th) day of the last month of each quarter.
- One-off repayment of the principal sum upon maturity.
- With the written consent of Wu Ling Power, Qian Dong Power may early repay the principal sum of the Entrusted Loan in whole or in part during the term.
- Wu Ling Power shall pay the lending agent handling charge of 0.01% per month based on the principal sum of the Entrusted Loan. The charging cycle is same as the above settlement cycle of the loan interest. Handling charge of each quarter is charged on the interest settlement date.

REASONS AND BENEFITS FOR THE TRANSACTION

At the time the Company proposed to acquire 63% interest in Wu Ling Power in 2009, there was an outstanding debt owned by Qian Dong Power to Wu Ling Power. It was a condition precedent to the completion of the acquisition that Wu Ling Power, Qian Dong Power and certain independent financial institutions would enter into entrusted loan agreements for the amount of RMB1.5 billion to govern the debt owed by Qian Dong Power. Details please refer to the Company's circular to the shareholders dated 29 June 2009. As at the date of this announcement, Qian Dong Power has already repaid RMB1.2 billion, it is now re-entered into the Wu Ling Entrusted Loan Agreement for the remaining

RMB300 million of the outstanding debt.

The Board is of the view that providing the Entrusted Loan to Qian Dong Power through the lending agent will help monitoring Qian Dong Power's use of proceeds from the loan and its due repayment. The terms of the Wu Ling Entrusted Loan Agreement were negotiated on an arm's length basis between all parties thereto and were determined on normal commercial terms. The Directors (including the independent non-executive Directors) believe that the terms of the Wu Ling Entrusted Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the transaction of the Wu Ling Entrusted Loan Agreement or is required to abstain from voting on the board resolution.

PRINCIPAL BUSINESS OF THE GROUP AND CPI HOLDING

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 power plants spread across 28 provinces, municipalities and autonomous regions in the PRC. CPI Holding is wholly-owned by CPI Group and owns and operates coal-fired and hydroelectric power plants in the PRC. As at the date of this announcement, CPI Group, through CPI Holding and CPDL, owns approximately 63.59% of the issued share capital of the Company.

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 high-capacity coal-fired power plants and hydro-power plants. The Company also manages on behalf of its controlling shareholders two other power plants in the PRC.

PRINCIPAL BUSINESS OF 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. As at the date of this announcement, its registered capital is RMB4,242,000,000. Wu Ling Power is held by the Company and 湖南湘投國際投資有限公司 (Hunan Xiangtou International Investment Limited*) as to 63% and 37% respectively.

Wu Ling Power is principally engaged in the development, production and supply of hydropower in Hunan and Guizhou.

PRINCIPAL BUSINESS OF QIAN DONG POWER

Qian Dong Power was incorporated on 11 November 2004 in the PRC with limited liability. The registered capital is RMB200,000,000. Qian Dong Power is held by the CPI Holding, 貴州水城礦業(集團)有限責任公司 (Guizhou Shuicheng Mining Industry (Group) Company Limited*) and 黔東南苗族侗族自治州地方電力總公司 (Qiandongnan Miao and Dong Autonomous Prefecture Regional Power Corporation*) as to 75%, 20% and 5% respectively.

Qian Dong Power is principally engaged in the development, construction, and operation and management of electric power.

COMPLIANCE WITH THE LISTING RULES

Qian Dong Power is a non-wholly owned subsidiary of CPI Holding and CPI Holding is the controlling shareholder of the Company which is interested in approximately 63.59% of the issued share capital of the Company. Accordingly, Qian Dong Power is a connected person of the Company within the meaning of the Listing Rules. As such, the Wu Ling Entrusted Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The principal sum of the Entrusted Loan provided by Wu Ling Power to Qian Dong Power under the Wu Ling Entrusted Loan Agreement amounts to RMB300,000,000 (equivalent to approximately HK\$370,370,370). The applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but less than 5%. Accordingly, the Wu Ling Entrusted Loan Agreement is subject to reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Wu Ling Entrusted Loan Agreement will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

DEFINITIONS

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

“Bank of Communications”	the Changsha Xiaoxiang Branch of Bank of Communications Limited, a bank incorporated in the PRC and is principally engaged in banking, financial and other finance-related services
“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 中華人民共和國國務院 (the State Council of the PRC*)
“CPI Holding”	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

“Entrusted Loan”	the entrusted loan of a principal sum of RMB300,000,000
“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
“PRC” or “China”	the People’s Republic of China (for the purpose of the announcement excluding the Special Administrative Regions of Hong Kong and Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Qian Dong Power”	貴州黔東電力有限公司 (Guizhou Qian Dong Power Corporation*), a company incorporated in PRC and a non-wholly owned subsidiary of CPI Holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wu Ling Entrusted Loan Agreement”	the agreement entered into between Wu Ling Power, Bank of Communications and Qian Dong Power in respect of the Entrusted Loan on 2 November 2012
“Wu Ling Power”	五凌電力有限公司 (Wu Ling Power Corporation*), a company incorporated in PRC and a 63%-owned subsidiary of the Company

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.81 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, 2 November 2012

As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Gu Dake, non-executive directors Guan Qihong and Wang Zichao, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.