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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**

#### **Material Purchase Framework Agreement**

The Board announces that on 4 December 2012, the Company has entered into the Material Purchase Framework Agreement with Beijing CP Environmental pursuant to which the parties agreed that the Purchasers, subsidiaries of the Company, will purchase from the Suppliers the Materials.

Since the Suppliers are subsidiaries of CPI Holding, a controlling shareholder of the Company holding approximately 63.59% of the issued share capital of the Company, the Suppliers are therefore connected persons of the Company under the Listing Rules. The transactions contemplated under the Material Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the annual caps of the Material Purchase Framework Agreement for each of the three years ending 31 December 2015, namely RMB131,582,000 (equivalent to approximately HK\$164,477,500), fall below 5% of the applicable ratio under 14A.34 of the Listing Rules, the Material Purchase Framework Agreement is subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Material Purchase Framework Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 of the Listing Rules.

Reference is made to the announcements of the Company dated 21 December 2009, 28 December 2010 and 6 May 2011 in relation to the purchase agreements of the Materials which will expire on 31 December 2012.

On 4 December 2012, the Company has entered into the Material Purchase Framework Agreement with Beijing CP Environmental pursuant to which the parties agreed that the Purchasers, subsidiaries of the Company, will purchase from the Suppliers the Materials after the original purchase agreements expire on 31 December 2012.

## MATERIAL PURCHASE FRAMEWORK AGREEMENT

### Date

4 December 2012

### Parties

- (i) The Company (representing its subsidiaries, individually the “Purchaser” or collectively the “Purchasers”); and
- (ii) Beijing CP Environmental (representing its subsidiaries, individually the “Supplier” or collectively the “Suppliers”).

### Principal Terms and Proposed Annual Caps

The term of the Framework Agreement is three years commencing from 1 January 2013 and ending 31 December 2015.

The Suppliers will provide the Purchasers the Materials for use in the operation of purifying system for flue gas desulphurization removing the environmental polluting elements in the process of coal-fired power generation.

The purchase price and annual consumption of the Materials and the estimated annual caps are as follows:

Power Plants	Purchase Price (RMB/ton)	Actual Consumption in 2011 (tons)	Estimated Consumption in 2012 (tons)	Estimated Annual Consumption (tons)	Estimated Annual Caps (RMB)
Pingwei Power Plant	189	48,000	48,000	50,000	10,395,000
Pingwei Power Plant II	189	51,000	50,000	55,000	11,434,500
Yaomeng Power Plant	165	69,800	60,000	70,000	12,705,000
Yaomeng Power Plant II	165	60,600	60,000	65,000	11,797,500
Fuxi Power Plant	155	-	50,000	250,000	42,625,000
CP Shentou Power Plant	155	-	-	250,000	42,625,000
Total	-	229,400	268,000	740,000	131,582,000

### Notes

- The above purchase price is inclusive of tax.
- The power plants are located in different provinces. The difference in the purchase price for different power plant is largely caused by differences in production cost, transportation cost and discrepancies in raw material cost in different locations.
- For Fuxi Power Plant and CP Shentou Power Plant, each of them has two new 600MW super-critical coal-fired power generation units. Fuxi Power Plant has commenced purchasing Materials from the Supplier in October 2012. The power generating units of CP Shentou Power Plant is expected to complete construction and commence commercial operation early next year. Both power plants are using

high-sulfur coal for power generation and thus will require much higher consumption of Materials for desulphurization than the other power plants.

The purchase price of the Materials is calculated on a cost plus profit basis and shall be determined by the parties each year by reference to the market conditions. If the circumstances warrant an adjustment in the purchase price of the Materials due to objective market factors, the increment shall not exceed 10% of the original price set by the Framework Agreement, which will be negotiated between the parties at arm's length.

The Purchasers shall settle the purchase price of the Materials by cash on a monthly basis. For CP Shentou Power Plant, it is the first time trading with the Supplier, will require to deposit RMB10,000,000 (equivalent to approximately HK\$12,500,000) as prepayment to the Supplier. Payment will be settled by offsetting the prepayment within 12 months after the supply of the Materials begins and until the prepaid amount has been fully deducted.

It is anticipated that the annual caps for the three financial years ending 31 December 2013, 2014 and 2015 should not exceed RMB131,582,000 (equivalent to approximately HK\$164,477,500) including an assumed increment of 10% in purchase price.

The proposed annual caps is determined by the Company after taking into account of the historical record, the expected total number of hours of operation of the generating units, the composition of the coal and the expected requirements of the desulphurization facilities in each of the power plants of the Company.

## **REASONS AND BENEFITS FOR THE TRANSACTION**

The Materials are required for the operation of the desulphurization systems of the Company's coal-fired power plants. The relevant Suppliers are all conveniently located in the closest proximity to the relevant power plants of the Company. The Directors are of the view that the entering into the Material Purchase Framework Agreement will save much transportation cost and ensure stable supply, efficient and timely delivery of the Materials.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Material Purchase Framework Agreement is entered into in the ordinary course of the Company's business, on normal commercial terms, 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 Material Purchase Framework Agreement or is required to abstain from voting on the board resolution.

## **PRINCIPAL BUSINESS OF THE GROUP AND THE SUPPLIERS**

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.

The Suppliers are subsidiaries of CPI Holding, are principally engaged in the development, production and sale of environmentally-friendly materials used in power generation-related processes including desulphurization and the provision of technical consultancy services and technical training.

## **COMPLIANCE WITH THE LISTING RULES**

As at the date of this announcement, CPI Holding owns approximately 63.59% of the issued share capital of the Company. As CPI Holding is the controlling shareholder of the Company, CPI Holding, 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 transactions contemplated under the Material Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the annual caps of the Material Purchase Framework Agreement for each of the three years ending 31 December 2015, namely RMB131,582,000 (equivalent to approximately HK\$164,477,500), fall below 5% of the applicable ratio under 14A.34 of the Listing Rules, the Material Purchase Framework Agreement is subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Material Purchase Framework Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 of the Listing Rules.

## **DEFINITIONS**

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

“Beijing CP Environmental”	Beijing China Power Environmental Engineering Company Limited* (北京中電環境工程有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPI Holding
“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”	China Power Investment Corporation* (中國電力投資集團公司), a wholly State-owned enterprise established by the State Council of the PRC* (中華人民共和國國務院)
“CPI Holding”	China Power International Holding Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CPI Group
“CP Shentou Power Plant”	China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司), a company incorporated in the PRC and a 80%-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“Fuxi Power Plant”	Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司), a company incorporated in the PRC and a 51%-owned subsidiary 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 desulphurization
“Material Purchase Framework Agreement” or “Framework Agreement”	the framework agreement for the purchase of the Materials entered into between the Company and Beijing CP Environmental dated 4 December 2012
“Pingwei Power Plant”	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Pingwei Power Plant II”	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), a company incorporated in the PRC and a 75%-owned subsidiary of the Company
“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)

“Purchasers”	Pingwei Power Plant, Pingwei Power Plant II, Yaomeng Power Plant, Yaomeng Power Plant II, Fuxi Power Plant and CP Shentou Power Plant, subsidiaries of the Company, collectively “Purchasers” or individually “Purchaser”
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suppliers”	Huainan branch of Beijing CP Environmental (北京中電環境工程有限公司淮南分公司), Pingdingshan branch of Beijing CP Environmental (北京中電環境工程有限公司平頂山分公司), Sichuan Yibin China Power Environmental Engineering Company Limited* (四川宜賓中電環境工程有限公司) and Shuozhou China Power Environmental Engineering Company Limited* (朔州中電環境工程有限公司), subsidiaries of Beijing CP Environmental and indirect subsidiaries of CPI Holding, collectively “Suppliers” or individually “Supplier”
“Yaomeng Power Plant”	Pingdingshan Yaomeng Electric Power Company Limited (平頂山姚孟發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Yaomeng Power Plant II”	Pingdingshan Yaomeng No. 2 Power Company Limited (平頂山姚孟第二發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

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

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

Hong Kong, 4 December 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.*