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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

Composite Support Services Framework Agreement

The Board announces that on 28 December 2012, the Company has entered into the Composite Support Services Framework Agreement with CPI Holding pursuant to which the parties agreed that the Contractors will provide the Employers, subsidiaries of the Company, with various supporting services in relation to their daily power plant operations.

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

The proposed annual caps of the Composite Support Services Framework Agreement for the three financial years ending 31 December 2013, 2014 and 2015, namely RMB145,000,000, RMB177,000,000 and RMB177,000,000 (equivalent to approximately HK\$179,012,346, HK\$218,518,519 and HK\$218,518,519) respectively, fall below 5% of the applicable ratio under Rule 14A.34 of the Listing Rules, it is therefore subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Composite Support Services Framework Agreement will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

Reference is made to the announcement of the Company dated 21 December 2009 in relation to the composite services agreements which will expire on 31 December 2012.

On 28 December 2012, the Company has entered into the Composite Support Services Framework Agreement with CPI Holding pursuant to which the parties agreed that the Contractors will provide the Employers, subsidiaries of the Company, with various supporting services in relation to their daily power plant operations after the original composite services agreements expire on 31 December 2012.

COMPOSITE SUPPORT SERVICES FRAMEWORK AGREEMENT

Date

28 December 2012

Parties

- (i) The Company (representing its subsidiaries, individually the “Employer” or collectively the “Employers”); and
- (ii) CPI Holding (representing its subsidiaries, individually the “Contractor” or collectively the “Contractors”).

Principal Terms

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

Under the Composite Support Services Framework Agreement, the various supporting services in relation to daily power plant operations include:

- fuel related services, including transportation, loading and unloading of coal, chemical treatment and handling chemical containers, treatment of ash, coal residue and wastes produced from power generation;
- daily cleaning, repair and maintenance services at production site and for production facilities (excluding power generation units and related power generation facilities), including boiler rooms, steam rooms, hot and cold air-conditioning systems, internal transport railway, fire safety systems, etc.;
- composite supporting services, including provision of special vehicles and cargo transport, workers commuting shuttle buses, office area property management, security and fire safety management; and
- other ancillary services in relation to the operation of the respective power plants.

The service fee payable to relevant Contractor from the relevant Employer shall be determined by the following:

- the tariffs for similar services provided by independent third parties in the prevailing market; or
- if the above is not applicable, an agreed price at arm’s length negotiation reflecting the reasonable cost incurred by the relevant Contractor in providing the services plus profit basis.

The Employers shall settle the service fees by cash on a monthly basis or payable within 3 months after completion of the required services.

Proposed Annual Caps

It is anticipated that the proposed annual caps of the Composite Support Services Framework Agreement for the three financial years ending 31 December 2013, 2014 and 2015, are RMB145,000,000, RMB177,000,000 and RMB177,000,000 (equivalent to approximately HK\$179,012,346, HK\$218,518,519 and HK\$218,518,519) respectively, based on the following factors.

- (a) The historical record;

Power Plants	Actual Usage in 2010 (RMB'000)	Actual Usage in 2011 (RMB'000)	Estimated Usage in 2012 (RMB'000)	Estimated Annual Cap in 2013 (RMB'000)	Estimated Annual Cap in 2014 (RMB'000)	Estimated Annual Cap in 2015 (RMB'000)
Pingwei Power Plant	42,780	48,820	48,620	54,990	54,990	54,990
Yaomeng Power Plant	37,210	40,270	40,000	42,310	42,310	42,310
CP Shentou Power Plant*	--	--	--	48,000	80,000	80,000
Total	79,990	89,090	88,620	145,300	177,300	177,300

***Note**

CP Shentou Power Plant has two new 600MW super-critical coal-fired power generation units which are expected to complete construction and commence commercial operation early next year.

- (b) the supporting services demanded by each power plant;
- (c) the expected time cost of labour required; and
- (d) a moderate inflation expectation.

REASONS AND BENEFITS FOR THE TRANSACTION

The supporting services under the Composite Support Services Framework Agreement are necessary for the normal and day to day operations of the respective power plants of the Company and they help ensuring compliance with the relevant PRC environmental and safety regulations. The Company believes that the specialized experience of the relevant Contractors in handling fuel, chemicals 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. In addition, the relevant Contractors are all conveniently located in the closest proximity to the relevant power plants of the Company, the entering into the Framework Agreement will ensure continuity of reliable services, and the safe, effective and efficient operations of the relevant Employers.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Composite Support Services 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 Composite Support Services Framework Agreement or is required to abstain from voting on the Board resolution.

PRINCIPAL BUSINESS OF THE GROUP AND THE CONTRACTORS

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 shareholder two other power plants in the PRC.

The Contractors are subsidiaries of CPI Holding, are principally engaged in providing various supporting services to power plant operations.

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 Contractors are subsidiaries of CPI Holding, the transactions contemplated under the Composite Support Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual caps of the Composite Support Services Framework Agreement for the three financial years ending 31 December 2013, 2014 and 2015, namely RMB145,000,000, RMB177,000,000 and RMB177,000,000 (equivalent to approximately HK\$179,012,346, HK\$218,518,519 and HK\$218,518,519) respectively, fall below 5% of the applicable ratio under Rule 14A.34 of the Listing Rules, it is therefore subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Composite Support Services Framework 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:

“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
“Composite Support Services Framework Agreement” or “Framework Agreement”	the framework agreement for the provision of various supporting services in relation to daily power plant operations entered into between the Company and CPI Holding dated 28 December 2012
“Contractors”	Anhui Huainan Pingwei Electric Power Industry Company Limited* (安徽淮南平圩電力實業有限責任公司), Pingdingshan Yaomeng Power Industrial Co., Ltd.* (平頂山姚孟電力實業有限責任公司) and Shanxi Shentou Electric Industry Company Limited (山西神頭電力實業有限責任公司), wholly-owned subsidiaries of CPI Holding, collectively “Contractors” or individually “Contractor”
“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
“Employers”	CP Shentou Power Plant, Pingwei Power Plant and Yaomeng Power Plant, subsidiaries of the Company, collectively “Employers” or individually “Employer”
“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 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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

* *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, 28 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.