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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES AND

**PROPOSED ISSUE OF RMB DENOMINATED RMB 1,140 MILLION
USD SETTLED 2.75% CONVERTIBLE BONDS DUE 2017**

Joint Underwriters, Joint Bookrunners and Placing Agents



PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

The Board is pleased to announce that on 16 August 2012, the Vendor entered into the Placing and Subscription Agreement with the Placing Agents and the Company pursuant to which the Vendor agreed to appoint the Placing Agents, and each of the Placing Agents has agreed to, severally but not jointly nor jointly and severally, act as agent for the Vendor for the purpose of procuring purchasers to purchase 443,248,000 Sale Shares held by the Vendor at the price of HK\$2.10 per Sale Share.

Following completion of the Placing, the Vendor will subscribe for the 443,248,000 Subscription Shares at the price of HK\$2.10 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the general mandate of the Company granted to the Directors at the annual general meeting held on 18 May 2012 and will rank pari passu in all respects with the Shares. The issue of the Subscription Shares is not subject to the approval of the Shareholders.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription is subject to the satisfaction or waiver of the conditions precedent therein. Please refer to the paragraph headed “The Subscription” under the section “The Placing and Subscription Agreement” below for further information.

ISSUE OF THE BONDS

On 16 August 2012, the Company and the Joint Underwriters entered into the Bond Subscription Agreement, pursuant to which each of the Joint Underwriters has severally but not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of RMB 1,140 million (equivalent to approximately US\$180 million).

Based on the initial Conversion Price of HK\$2.52 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 552,673,810 Shares, representing (i) approximately 10.82% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 9.96% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming that there is no change in the issued share capital of the Company, save for the issue of the Subscription Shares); and (iii) approximately

9.06% of the issued share capital of the Company as enlarged by the Subscription Shares and assuming the Bonds are fully converted into Conversion Shares at the initial Conversion Price (assuming that there is no change in the issued share capital of the Company, save for the issue of the Subscription Shares and the Conversion Shares pursuant to the full conversion of the Bonds). The Conversion Shares will be allotted and issued pursuant to the general mandate of the Company granted to the Directors at the annual general meeting held on 18 May 2012 and will rank pari passu in all respects with the Shares then in issue on the relevant conversion date. The issue of the Bonds is not subject to the approval of the Shareholders.

An application will be made to the Hong Kong Stock Exchange for (i) the listing of the Bonds as a debt issue to professional investors only and (ii) the listing of, and permission to deal in, the Conversion Shares.

Completion of the Bond Subscription Agreement is subject to the satisfaction or waiver of the conditions precedent therein. In addition, the Bond Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The Bond Subscription Agreement” under the section “Issue of the Bonds” below for further information.

USE OF PROCEEDS

The gross proceeds from the Subscription Shares and the issue of the Bonds will be approximately US\$300 million. The Company will receive net proceeds in the amount of approximately US\$293 million from the Subscription Shares and the issue of the Bonds after the deduction of fees, commissions and expenses in connection with the offering. The Company intends to use the net proceeds for its future capital expenditure, repayment of existing borrowings and general working capital. For details of certain of the Company’s projects which require capital expenditure, please refer to the section headed “The New Development Projects” in the Company’s interim results announcement dated 14 August 2012.

Shareholders and potential investors should note that completion of the Subscription and the completion of the issue of the Bonds are subject to fulfilment of the conditions under the Placing and Subscription Agreement and the Bond Subscription Agreement, respectively. As the Subscription and the issue of the Bonds may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 16 August 2012

Parties: The Vendor, the Company and the Placing Agents

THE PLACING

Placing Agents: The Placing Agents are Deutsche Bank AG, Hong Kong Branch and Credit Suisse (Hong Kong) Limited. Each of the Placing Agents and its beneficial owners are independent of and not connected with the directors, chief executive or substantial shareholders of the Company, the Vendor, each member of the Group or any of their respective associates.

The Vendor has appointed the Placing Agents, and each of the Placing Agents has agreed to, severally but not jointly nor jointly and severally, act as agent for the Vendor for the purpose of procuring purchasers to purchase the Sale Shares held by the Vendor at the Placing Price.

The Vendor currently holds, directly and indirectly (through China Power Development Limited, a company incorporated in the British Virgin Islands and which is wholly owned by the Vendor), 3,529,327,927 Shares representing approximately 69.11% of the issued share capital of the Company as at the date of this announcement.

Placees: The Sale Shares will be placed with not less than six placees, who are all professional investors. Each of the placees will be independent of and not acting in concert (as defined under the Takeovers Code) with any of the Vendor or its concert parties and are not any of the Vendor's, the Company's or its subsidiaries' directors (as defined in the Listing Rules), chief executive (as defined in the Listing Rules) or substantial shareholders (as defined in the Listing Rules), or any of their respective associates. It is expected that no placee will become a substantial shareholder of the Company as a result of the Placing.

Number of Sale Shares 443,248,000 Shares to be placed, representing approximately 8.68% of the existing issued share capital of the Company of 5,107,060,777 Shares, and approximately 7.99% of the issued share capital of the Company as enlarged by the issue of 443,248,000 new Shares under the Subscription.

Placing Price: The Placing Price of HK\$2.10 per Sale Share (exclusive of stamp duty, brokerage (if any), Hong Kong Stock Exchange trading fees and SFC transaction levies) represents:

- (i) a discount of approximately 7.08% to the closing price of HK\$2.26 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 3.23% to the average closing price of approximately HK\$2.17 per Share as quoted on the Hong Kong Stock Exchange for the last five Trading Days of the Shares up to and including the Last Trading Day; and
- (iii) a discount of approximately 1.87% to the average closing price of approximately HK\$2.14 per Share as quoted on the Hong Kong Stock Exchange for the last ten Trading Days of the Shares up to and including the Last Trading Day.

The Placing Price was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agents with reference to the prevailing market price of the Shares.

The Placing Price, net of placing commission and other costs and expenses, is approximately HK\$2.05 per Sale Share.

Rights of the Placing Shares:

The Sale Shares will be transferred free from all liens, charges and encumbrances and will carry the rights attaching to them as at the Transaction Date, including the right to receive all dividends declared, made or paid on or after the Transaction Date.

Completion of the Placing:

The Placing is unconditional. Completion of the Placing is expected to take place on 21 August 2012 or such other date as the Vendor and the Placing Agents may agree in writing.

THE SUBSCRIPTION

Number of Subscription Shares:

The Company will issue 443,248,000 new Shares to the Vendor representing approximately 8.68% of the existing issued share capital of the Company and approximately 7.99% of the issued share capital of the Company as enlarged by the issue of 443,248,000 new Shares under the Subscription.

The issue of the Subscription Shares is not subject to the approval of the Shareholders.

Subscription Price:

HK\$2.10 per Subscription Share, which is the same as the Placing Price.

The net subscription money payable by the Vendor to the Company will be approximately HK\$2.05 per Subscription Share, after the deduction of the expenses of the Placing and Subscription.

The Subscription Price was determined after arm's length negotiation between the parties.

**Ranking of the
Subscription Shares:**

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions, made or paid at any time after the date of allotment.

**Conditions of the
Subscription:**

The Subscription is conditional upon:

- (a) the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

If the conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse the Vendor any legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Subscription or the Placing.

Application will be made by the Company to the Hong Kong Stock Exchange to grant the listing of, and permission to deal in, the Subscription Shares.

**Completion of the
Subscription:**

Completion of the Subscription shall take place on the second Trading Day after the date upon which the last of the conditions to be satisfied shall have been so satisfied provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

**Lock-up
Undertakings:**

Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to the Placing Agents that (except for the sale of the Sale Shares pursuant to the Placing and Subscription Agreement) for a period of 90 days from the date of the Placing and Subscription Agreement it will not and will procure that none of its subsidiaries, affiliates, nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Placing Agents, and the Vendor has undertaken to the Placing Agents to procure, that for a period of 90 days from the date of the Placing and Subscription Agreement, the Company will not, except for the Subscription Shares and save pursuant to (1) Share Options that were outstanding as of 30 June 2012 and were granted pursuant to a share option scheme or a pre-IPO share option scheme of the Company which complies with the requirements of the Hong Kong Stock Exchange; or (2) any conversion of the RMB 982 million USD settled 2.25% convertible bonds due 2016 issued by the Company in May 2011; or (3) any conversion of the Bonds: (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interests in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Placing Agents.

Termination:

The Placing and Subscription Agreement contains provisions granting the Placing Agents the right to terminate the Placing and Subscription Agreement if certain events have developed, occurred or come into force at any time prior to 9:30 a.m. (Hong Kong time) on the Settlement Date. These events include but are not limited to (i) any breach, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Placing and Subscription Agreement or any failure to perform any of the Company's undertakings or agreements thereunder which come to the notice of the Placing Agents; (ii) any change, or any development involving a prospective

change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls which in the view of the Placing Agents is or would be likely to be materially prejudicial to the success of the Placing, or makes it impracticable, inadvisable or inexpedient to proceed therewith; (iii) the occurrence of a general moratorium on commercial banking activities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom, the United States, the PRC or Hong Kong or by any United Kingdom, New York State, United States Federal, PRC or Hong Kong authorities which in the view of the Placing Agents is or would be likely to be materially prejudicial to the success of the Placing, or makes it impracticable, inadvisable or inexpedient to proceed therewith; (iv) the occurrence on or after the date of the Placing and Subscription Agreement of either of the following: (a) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc or the Hong Kong Stock Exchange; or (b) a suspension in trading in the Company's securities on the Hong Kong Stock Exchange, in each case which in the view of the Placing Agents is or would be likely to be materially prejudicial to the success of the Placing, or makes it impracticable, inadvisable or inexpedient to proceed therewith. For the avoidance of doubt, a suspension or material limitation for the purposes of (iv) does not include any voluntary suspension by the Company in connection with the Placing or the issue of the Bonds or pursuant to an announcement made under Rule 13.09 or Chapter 14 or 14A of the Listing Rules; (v) the occurrence of an outbreak or escalation of hostilities or act of terrorism which in the view of the Placing Agents is or would be likely to be materially prejudicial to the success of the Placing or makes it impracticable, inadvisable or

inexpedient to proceed therewith; or (vi) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the view of the Placing Agents has or is likely to have a material adverse effect on the Company or the Group or be materially prejudicial to the success of the Placing.

Effects of the Placing and the Subscription on shareholding structure of the Company

The following table illustrates (i) the existing shareholding structure of the Company; (ii) the shareholding structure of the Company immediately after completion of the Placing but before the Subscription; and (iii) the shareholding structure of the Company immediately upon completion of the Placing and the Subscription.

Shareholder	Existing (as at the date of this announcement)		Immediately after the Placing but before the Subscription		Immediately after the Subscription	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company	No. of Shares	% of enlarged share capital of the Company
CPDL	1,996,500,000	39.09%	1,996,500,000	39.09%	1,996,500,000	35.97%
CPI Holding (Note 2)	3,529,327,927	69.11%	3,086,079,927	60.43%	3,529,327,927	63.59%
CPI Group (Note 3)	3,529,327,927	69.11%	3,086,079,927	60.43%	3,529,327,927	63.59%
Places of the Sale Shares	—	—	443,248,000	8.68%	443,248,000	7.99%
Other Shareholders	<u>1,577,732,850</u>	<u>30.89%</u>	<u>1,577,732,850</u>	<u>30.89%</u>	<u>1,577,732,850</u>	<u>28.42%</u>
Total	<u>5,107,060,777</u>	<u>100%</u>	<u>5,107,060,777</u>	<u>100%</u>	<u>5,550,308,777</u>	<u>100%</u>

Notes:

1. The above figures assume that other than the Subscription Shares, no further Shares are issued or repurchased by the Company and no Share Options are exercised, and other than the Sale Shares, no Shares are sold or purchased by the Vendor, in each case on or after the date of this announcement and up to the date of the completion of the Placing and Subscription.
2. As at the date of this announcement, CPI Holding is the beneficial owner of 1,532,827,927 Shares. Further, CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the Shares owned by CPDL for the purposes of the SFO.
3. CPI Group is the beneficial owner of CPI Holding and therefore CPI Group is deemed to be interested in 1,532,827,927 Shares owned by CPI Holding and 1,996,500,000 Shares owned by CPDL for the purposes of the SFO.

ISSUE OF THE BONDS

THE BOND SUBSCRIPTION AGREEMENT

- Date:** 16 August 2012
- Parties:** The Company and the Joint Underwriters
- Proposed issue of the Bonds:** Subject to the fulfilment of the conditions set out below in the section headed “Conditions Precedent”, among others, the Joint Underwriters have severally but not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of RMB 1,140 million (equivalent to approximately US\$180 million).
- Conversion of the Bonds:** Based on the initial Conversion Price of HK\$2.52 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 552,673,810 Shares, representing approximately 10.82% of the issued share capital of the Company as at the date of this announcement and approximately 9.06% of the issued share capital of the Company as enlarged assuming completion of the Placing and Subscription and full conversion of the Bonds. The Conversion Shares will be allotted and issued pursuant to the general mandate of the Company granted to the Directors at the annual general meeting held on 18 May 2012 and will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date. The issue of the Bonds is not subject to the approval of the Shareholders.
- Conditions Precedent:** The obligations of the Joint Underwriters to subscribe and pay for the Bonds are subject to, among others, the following conditions precedent:
1. **Listing:** the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Underwriters and the Company, to list the Bonds and the Conversion Shares upon conversion of the Bonds;

2. **Due Diligence:** the completion of satisfactory due diligence investigations by the Joint Underwriters on the Company and its Subsidiaries;
3. **No material adverse change:** there having not occurred any change, or any development or event reasonably likely to involve a prospective change, in the financial condition, results of operations, business or properties of the Company and its Subsidiaries as a whole, which, in the reasonable opinion of the Joint Underwriters, is material and adverse and which makes it, in the reasonable opinion of the Joint Underwriters, impracticable to market the Bonds on the terms and in the manner contemplated in the Bond Subscription Agreement; and
4. **Other contracts:** the execution and delivery of the trust deed constituting the Bonds and the paying and conversion agency agreement in a form reasonably satisfactory to the Joint Underwriters.

The Joint Underwriters may at their discretion, waive compliance with the whole or any part of the conditions precedent.

Distribution:

The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds will be offered and sold in an institutional offering outside the United States in reliance on Regulation S of the Securities Act. The Bonds will be issued to persons in Hong Kong who are professional investors. None of the Bonds will be offered or sold to the public in Hong Kong where to do so would result in there being a “prospectus” as defined in the Companies Ordinance, nor will they be placed to any connected persons of the Company. To the best of the Company’s knowledge, information and belief, having made all reasonable enquiries, the Joint Underwriters are independent third parties not

connected with the Company or any of its Subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates.

The Company will promptly notify the Hong Kong Stock Exchange upon becoming aware of any dealing in the Bonds by any connected person of the Company.

The Joint Underwriters have informed the Company that they intend to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Company's knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) is and will be independent third parties not connected with the Company or any of its Subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates.

**Company and
Shareholder lock-up
undertakings:**

Each of CPI Group and CPI Holding will undertake that, for a period of 60 days from the Closing Date, neither it nor any of its Subsidiaries or affiliates or nominees nor any person acting on its behalf will (except with the prior written approval of the Joint Underwriters) (i) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) any of the Shares, or issue, offer, sell, contract to sell, pledge or otherwise dispose of any securities exchangeable for or convertible into or exercisable for the Shares, warrants or other rights to purchase the Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares; (ii) enter into any other arrangement that transfers to others, in whole or in part, any of the economic consequences of

ownership of the Shares; or (iii) publicly announce any such offer, issue, sale or disposal of any Shares, except in each case for the placing of Shares by CPI Holding pursuant to the Placing and Subscription Agreement.

The Company has undertaken that neither it nor its Subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its or their behalf, will for a period of 60 days from the Closing Date, without the prior written consent of the Joint Underwriters, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) securities issued by the Company and having a maturity of more than one year from the date of issue, any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares save for (i) Shares issued pursuant to the conversion provisions of the Bonds or the RMB 982 million USD settled 2.25% convertible bonds due 2016 issued by the Company in May 2011; (ii) the placing of Shares by the Vendor; (iii) the issue of new Shares by the Company pursuant to the Placing and Subscription Agreement; and (iv) Shares on the exercise of Share Options that were outstanding as at 30 June 2012 and were granted pursuant to a share option scheme or a pre-IPO share option scheme of the Company which complies with the requirements of the Hong Kong Stock Exchange.

Termination:

The Joint Underwriters may, by written notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Bond Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Joint Underwriters any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Bond Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Bond Subscription Agreement;
2. if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls which in the view of the Joint Underwriters is or would be likely to be materially prejudicial to the success of the offering and the distribution of the Bonds or dealings in the Bonds in the secondary market;
3. if there shall have occurred a general moratorium on commercial banking activities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom, the United States, the PRC or Hong Kong or by any United Kingdom, New York State, United States Federal, PRC or Hong Kong authorities which in the view of the Joint Underwriters is or would be likely to be materially prejudicial to the success of the offering and the distribution of the Bonds or dealings in the Bonds in the secondary market;

4. if on or after the date hereof there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc or the Hong Kong Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Hong Kong Stock Exchange, in each case which would in the view of the Joint Underwriters be likely to be materially prejudicial to the success of the offering and the distribution of the Bonds or dealings in the Bonds in the secondary market. For the avoidance of doubt, such suspension or material limitation does not include any voluntary suspension by the Company in connection with the issue of Bonds or the Placing or pursuant to an announcement made under Rule 13.09 or Chapter 14 or 14A of the Listing Rules.
5. if there shall have occurred an outbreak or escalation of hostilities or act of terrorism which would in the view of the Joint Underwriters be likely to be materially prejudicial to the success of the offering and the distribution of the Bonds or dealings in the Bonds in the secondary market; or
6. if there shall be any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the view of the Joint Underwriters has or its likely to have a material adverse effect on the Company or the Group or be materially prejudicial to the success of the offering or dealing of the Bonds in the secondary market.

Subject to the foregoing, completion of the subscription and issue of the Bonds will take place on the Closing Date.

The Board considers that the terms and conditions of the Bond Subscription Agreement and the Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer:	China Power International Development Limited
Principal amount of Bonds:	RMB 1,140 million aggregate principal amount of USD settled 2.75% Convertible Bonds due 2017, convertible into fully-paid ordinary shares with a par value of HK\$1.00 each in the share capital of the Company.
US Dollar settlement:	All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the trust deed from or against the Company shall be payable and settled in US Dollars only.
Issue price:	100% of the RMB principal amount of the Bonds.
Form and denomination:	The Bonds will be issued in registered form in the denomination of RMB500,000 each and integral multiples thereof without coupons attached.
Bond Subscription Price:	The subscription amount payable in respect of each Bond on the Closing Date is approximately US\$78,750 based on an exchange rate of RMB6.3492 to US\$1.00.
Interest:	The Bonds bear interest from (and including) 18 September 2012 at the rate of 2.75% per annum calculated by reference to the RMB principal amount of the Bonds and payable in US Dollars at the US Dollar equivalent semi-annually in arrear in equal instalments on 18 September and 18 March in each year.
Maturity date:	18 September 2017 (the “ Maturity Date ”)

Negative pledge:

So long as any Bond remains outstanding, the Company will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any Encumbrance, other than a Permitted Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Company's obligations under the Bonds are secured equally and rateably (a) by the same Encumbrance or (b) at the option of the Company, by such other security, guarantee, indemnity or other arrangement as shall be approved by an extraordinary resolution of the Bondholders.

Conversion period:

On or after 28 October 2012 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 10 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.

Conversion price:

The initial Conversion Price is HK\$2.52 per Share with a fixed exchange rate applicable on conversion of the Bonds of RMB0.8185 to HK\$1.00.

The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of Shares, a capitalisation of profits or reserves, capital distributions, a rights issue of securities, an issue of securities at significantly below the current market price, a modification of rights of conversion and other offers to shareholders.

Final redemption:

Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the terms and conditions of the Bonds, the Company will redeem each Bond at the US Dollar equivalent of its RMB principal amount, together with accrued but unpaid interest on the Maturity Date.

Redemption at the option of the Company:

On giving not less than 30 nor more than 90 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company:

- (i) may at any time after 18 September 2015 redeem all or some of the Bonds for the time being outstanding at the US Dollar equivalent of the RMB principal amount, together with accrued but unpaid interest to the date fixed for redemption, provided that the closing price of the Shares, translated into RMB at the prevailing rate applicable to the relevant Trading Day, for any 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is given was at least 130% of the Conversion Price then in effect translated into Renminbi at the Fixed Exchange Rate; or
- (ii) may at any time redeem all, but not some only, of the Bonds for the time being outstanding at the US Dollar equivalent of the RMB principal amount, together with accrued but unpaid interest to the date fixed for redemption, provided that prior to the date of such notice at least 90% in RMB principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

**Redemption for
taxation reasons:**

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable) at the US Dollar equivalent of the RMB principal amount (the "**Tax Redemption Date**"), together with accrued but unpaid interest to the date fixed for redemption, if the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations (including a decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 September 2012, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

**Redemption at the
option of the
Bondholders:**

The Company will, at the option of the holder of any Bond redeem all or some only of such holder's Bonds on 18 September 2015 (the "**Put Option Date**") at the US Dollar equivalent of the RMB principal amount, together with accrued but unpaid interest to the date fixed for redemption.

**Redemption upon
delisting or Change
of Control:**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all, but not some only, of such holder's Bonds on the Relevant Event redemption date at a price equal to the US Dollar equivalent of the RMB principal amount, together with accrued but unpaid interest to the date fixed for redemption.

Listing: An application will be made to the Hong Kong Stock Exchange for the listing of the Bonds as a debt issue to professional investors only and for the listing of, and permission to deal in, the Conversion Shares.

Status: The Bonds constitute direct, unsubordinated, unconditional and (subject to the terms and conditions) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the terms and conditions at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION OF THE BONDS

Based on the initial Conversion Price of HK\$2.52 per Share and assuming full conversion of the Bonds, the Bonds will be convertible into 552,673,810 Shares, representing approximately 10.82% of the issued share capital of the Company as at the date of this announcement and approximately 9.06% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Conversion Shares assuming completion of the Placing and Subscription and full conversion of the Bonds.

The following table illustrates (i) the existing shareholding structure of the Company; (ii) the shareholding structure immediately after completion of the Placing and the Subscription and issue of the Bonds but before any of the Bonds have been converted into Conversion Shares; and (iii) the shareholding structure immediately after completion of the Placing and the Subscription and issue of the Bonds and assuming the Bonds are fully converted into Conversion Shares at the initial Conversion Price of HK\$2.52 each.

Share holder	Existing (as at the date of this announcement)		Immediately after completion of the Placing and Subscription and the issue of the Bonds			
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company	Assuming the Bonds are fully converted into Shares at the initial Conversion Price of HK\$2.52 each (Note 1)	
					No. of Shares	% of enlarged share capital of the Company
CPDL	1,996,500,000	39.09%	1,996,500,000	35.97%	1,996,500,000	32.71%
CPI Holding (Note 2)	3,529,327,927	69.11%	3,529,327,927	63.59%	3,529,327,927	57.83%
CPI Group (Note 3)	3,529,327,927	69.11%	3,529,327,927	63.59%	3,529,327,927	57.83%
Bondholders	—	—	0	0%	552,673,810	9.06%
Other Shareholders (Note 4)	<u>1,577,732,850</u>	<u>30.89%</u>	<u>2,020,980,850</u>	<u>36.41%</u>	<u>2,020,980,850</u>	<u>33.12%</u>
Total	<u>5,107,060,777</u>	<u>100%</u>	<u>5,550,308,777</u>	<u>100%</u>	<u>6,102,982,587</u>	<u>100%</u>

Notes:

1. Assuming none of the Share Options is exercised on or before the date of the Bonds are fully converted into Shares. As at the date of this announcement, the Company has 38,130,900 outstanding Share Options.
2. As at the date of this announcement, CPI Holding is the beneficial owner of 1,532,827,927 Shares. Further, CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the Shares owned by CPDL for the purposes of the SFO.
3. CPI Group is the beneficial owner of CPI Holding and therefore CPI Group is deemed to be interested in 1,532,827,927 Shares owned by CPI Holding and 1,996,500,000 Shares owned by CPDL for the purposes of the SFO.
4. “Other Shareholders” includes placees of the Sale Shares.

COMPARISON OF CONVERSION PRICE

The initial Conversion Price of HK\$2.52 represents:

- (1) a premium of approximately 11.50% over the closing price of HK\$2.26 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 16.17% over the average closing price of HK\$2.17 per Share for the last five consecutive Trading Days up to and including the Last Trading Day; and
- (3) a premium of approximately 17.76% over the average closing price of HK\$2.14 per Share for the last ten consecutive Trading Days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm’s length negotiations between the Company and the Joint Underwriters with reference to the closing price of the Shares quoted on the Hong Kong Stock Exchange on the Last Trading Day.

GENERAL MANDATE

By a resolution of the shareholders of the Company passed at the annual general meeting held on 18 May 2012, the Company granted a general mandate to the Directors to allot and issue up to 20% of the issued share capital of the Company, being 5,107,060,777 Shares. As at the date of this announcement, the Directors have not exercised the power to allot and issue any new Shares pursuant to the general mandate granted, and the Company is entitled to issue up to 1,021,412,155 Shares pursuant to such general mandate. The Subscription Shares and the Conversion Shares will be issued under such general mandate. As at the date of this announcement, there has been no issue of Shares under the general mandate granted.

FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Group has not carried out any capital fundraising activities in the past 12 months before the date of this announcement.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE BOND AND THE SUBSCRIPTION SHARES

The Board considers that the entry into of the Placing and Subscription Agreement and the Bond Subscription Agreement and the issue of the Subscription Shares and the Bonds pursuant thereto represent an opportunity to broaden the shareholder and capital base of the Company and to obtain immediate funding on attractive terms. The Board considers that the terms of the Bond Subscription Agreement and the Placing and Subscription Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

USE OF PROCEEDS

The gross proceeds from the issue of the Bonds and the Subscription Shares will be approximately US\$300 million. The Company will receive net proceeds in the amount of approximately US\$293 million from the issue of the Bonds and the Subscription Shares after the deduction of fees, commissions and expenses in connection with the offering. The Company intends to use the net proceeds for its future capital expenditure, repayment of existing borrowings and general working capital. For details of certain of the Company's projects which require capital expenditure, please refer to the section headed "The New Development Projects" in the Company's interim results announcement dated 14 August 2012.

INFORMATION ABOUT THE GROUP

The Company is CPI Group's listed flagship company outside of the PRC. 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.

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.

GENERAL

Shareholders and potential investors should note that completion of the Subscription and the completion of the issue of the Bonds are subject to fulfilment of the conditions under the Placing and Subscription Agreement and the Bond Subscription Agreement, respectively. As the Subscription and the issue of the Bonds may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“associate”	has the meaning as described in the Listing Rules
“Board”	the board of Directors
“Bond Subscription Agreement”	the subscription agreement entered into between the Company and the Joint Underwriters dated 16 August 2012 in respect of the issue of the Bonds
“Bondholders”	the person(s) in whose name a Bond is registered
“Bonds”	the RMB denominated USD settled 2.75% Convertible Bonds due 2017 of an aggregate principal amount of RMB 1,140 million (equivalent to approximately US\$180 million)
“Change of Control”	a “Change of Control” occurs when: <ul style="list-style-type: none">(i) any Person or Persons acting together acquires Control of the Company if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on the Closing Date;(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity; or(iii) one or more Persons (other than any Person referred to in sub-paragraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company;

provided that no such event described in (i), (ii) or (iii) above shall constitute a Change of Control if:

- (a) immediately after such event the SASAC continues to own, directly or indirectly, more than 50% of the voting rights of the issued share capital of the Company; and
- (b) at least 25% of the Company's total issued share capital is held by the public.

“Closing Date”	on or about 18 September 2012 (or such other earlier date as the Company and the Joint Underwriters may agree)
“Closing Price”	“Closing Price” for the Shares for any Trading Day shall be the price published in the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	China Power International Development Limited, a company incorporated in Hong Kong whose shares are listed on the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Control”	the acquisition or control of more than 50% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Bonds which will initially be HK\$2.52 per Share and will be subject to adjustment in the manner provided in the terms and conditions of the Bonds

“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned Subsidiary of CPI Holding which holds approximately 39.09% of the equity interest in the Company
“CPI Group”	中國電力投資集團公司 (China Power Investment Corporation*), a wholly State-owned enterprise established by SASAC
“CPI Holding” or “Vendor”	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
“Encumbrance”	a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect
“Fixed Exchange Rate”	HK\$1.00 = RMB0.8185
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Underwriters”	Deutsche Bank AG, Hong Kong Branch and Credit Suisse (Hong Kong) Limited
“Last Trading Day”	16 August 2012, being the last full Trading Day immediately before the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Permitted Encumbrance”	any Encumbrance arising by operation of law or any Encumbrance existing at the time of acquisition of any assets purchased by the Company or any of its Subsidiaries after the Closing Date and any substitute security created on such encumbered assets in connection with the refinancing of the indebtedness secured by the relevant assets (provided that the principal amount secured by any such security may not be increased without the approval by an extraordinary resolution of the Bondholders)
“Person”	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the board of directors of the Company or any other governing board and does not include the wholly-owned direct or indirect Subsidiaries of the Company
“Placing”	the placing of the Sale Shares pursuant to the Placing and Subscription Agreement
“Placing Agents”	Deutsche Bank AG, Hong Kong Branch and Credit Suisse (Hong Kong) Limited
“Placing and Subscription Agreement”	placing and subscription agreement between the Vendor, the Company and the Placing Agents dated 16 August 2012
“Placing Price”	HK\$2.10 per Sale Share
“PRC”	the People’s Republic of China (for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Regulation S”	Regulation S under the Securities Act

“Relevant Event”	a “Relevant Event” occurs (i) when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 90 consecutive days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or (ii) when there is a Change of Control
“Relevant Indebtedness”	any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement) but shall not include any financing of the acquisition of assets if (i) by the terms of such financing it is expressly provided that the holders of the resulting indebtedness shall look to the assets financed and the revenues to be generated by the operation of, or loss of or damage to, such assets as the sole source of repayment for the moneys advanced and payment of interest thereon and (ii) such financing is not guaranteed by the Company or any of its Subsidiaries
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sale Shares”	a total of 443,248,000 Shares offered by the Vendor for sale on its own behalf which are to be placed by the Placing Agents pursuant to the Placing and Subscription Agreement at the Placing Price
“SASAC”	中華人民共和國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC*)
“Securities Act”	the U.S. Securities Act of 1933, as amended

“Settlement Date”	21 August 2012 or such other date as the Vendor and the Placing Agents may agree in writing
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with par value of HK\$1.00 each in the share capital of the Company
“Share Options”	share options granted under the current and previous share option schemes of the Company, both of which were adopted on 24 August 2004
“Shareholder(s)”	the holder(s) of the Shares
“Subscription”	the subscription for the Subscription Shares pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$2.10 per Subscription Share
“Subscription Shares”	443,248,000 Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement
“Subsidiary(ies)”	any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person
“substantial shareholder”	has the meaning as described in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

“Trading Day”	a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for business of dealing in securities, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days
“Transaction Date”	the date when the sale of the Sale Shares shall be reported as a cross-trade to the Hong Kong Stock Exchange which shall be (i) 17 August 2012 or, (ii) if dealings in the Shares on the Hong Kong Stock Exchange is suspended at all times on 17 August 2012, the first day on which dealings resume and the cross-trade can be reported to the Hong Kong Stock Exchange in accordance with its rules, or such other date as the Vendor and Placing Agents may agree in writing
“Trustee”	trustee for the holders of the Bonds
“US” or “United States”	the United States of America
“US\$”, “USD” or “US Dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 16 August 2012

** English translation is for identification only*

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.