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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 TRANSACTIONS

Contracts related to construction of new power plants

The Board announces that Pingwei Power Plant III (a wholly-owned subsidiary of the Company) entered into three Service Agreements on 28 June 2013 whereby Pingwei Power Plant III engaged the Managers to manage the Project which involves the construction of two new 1,000MW ultra super-critical coal-fired power generating units in Anhui Province of the PRC. The Service Agreements include (1) the Construction Project Management Agreement, (2) the Project Tender and Facilities Service Agreement, and (3) the Project Material Management Agreement in relation to the construction of the Project.

The Managers are subsidiaries of CPI Group. CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 61.50% of the issued share capital of the Company. As such, the Managers are connected persons of the Company as defined in the Listing Rules. Accordingly, the Service Agreements constitute connected transactions of the Company under the Listing Rules.

The total fees payable by Pingwei Power Plant III to the Managers for the Service Agreements amount to RMB98,958,000 (equivalent to approximately HK\$125,263,291), falls below 5% of the applicable percentage ratios under Rule 14A.32 of the Listing Rules, it is therefore subject to announcement and reporting requirements but is exempted from the independent shareholders' approval requirement. Details of the above connected transactions will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

The Board announces that Pingwei Power Plant III (a wholly-owned subsidiary of the Company) entered into three Service Agreements on 28 June 2013 whereby Pingwei Power Plant III engaged the Managers to manage the Project which involves the construction of two new 1,000MW ultra super-critical coal-fired power generating units in Anhui Province of the PRC. The Service Agreements include (1) the Construction Project Management Agreement, (2) the Project Tender and Facilities Service Agreement, and (3) the Project Material Management Agreement in relation to the construction of the Project.

1. THE CONSTRUCTION PROJECT MANAGEMENT AGREEMENT

The services comprised of two parts: (i) the services for acting as the project manager of the Project which include the project planning and comprehensive control and management throughout the whole process of construction of the Project until the expiry of the one-year warranty period after its completion; and (ii) the consultancy for project design optimization to ensure meeting the national technical and economical standards for constructing similar type of power generating units in terms of safety, reliability, quality and cost effectiveness in the PRC.

Principal terms

Date:	28 June 2013
Parties:	(i) Pingwei Power Plant III (the “Employer”); and (ii) CPI Engineering Company Limited* (中電投電力工程有限公司) (the “First Manager”).
Project management fee:	RMB62,000,000 (equivalent to approximately HK\$78,481,013)
Bonus management fee:	Not exceeding 4% of the contracted management fee, i.e. RMB2,480,000 (equivalent to approximately HK\$3,139,241)
Project design consultancy fee:	RMB5,000,000 (equivalent to approximately HK\$6,329,114)
Bonus consultancy fee:	Not exceeding 30% of the contracted project design consultancy fee, i.e. RMB1,500,000 (equivalent to approximately HK\$1,898,734)

Payment terms:

(i) Project management fee

The project management fee is payable by installments, of which 10% shall be paid as advance payment after signing of the Construction Project Management Agreement, 85% shall be paid by stages of construction works completed, and the remaining 5% shall be retained as a warranty and be paid one year after the completion of the entire construction work. All payments shall be made within one month when the invoice issued at the relevant stage has been delivered to the Employer.

The First Manager is subject to the Employer’s assessment appraisal at each stage of construction works completed. Should the First Manager fail to meet certain targets specified in the agreement, the Employer is entitled to deduct up to 20% of the above stage management fee as a penalty upon each payment made to the First Manager.

(ii) Bonus management fee

The First Manager will entitle to a bonus management fee if it can successfully control the safety, quality, progress, construction costs and other targets specified in the agreement for up to 4% of the contracted management fee. The final amount and payment of the bonus will be subject to the approval of the board of directors of the Employer.

(iii) Project design consultancy fee

The project design consultancy fee is payable by installments, of which 10% shall be paid as advance payment, 65% shall be paid by stages of design works reviewed, 20% shall be retained for examination (subject to the payment term below) and the remaining 5% shall be retained as a warranty for quality assurance and be paid six months after the date of passing of certain specified trial runs of the second power generating unit. All payments shall be made within one month when the invoice issued at the relevant stage has been delivered to the Employer.

The 20% examination retainer for the project design consultancy fee is payable by three stages, of which 40% shall be paid after passing of certain specified trial runs of the first power generating unit, 50% shall be paid after passing of certain specified trial runs of the second power generating unit, and the remaining 10% shall be paid after the final examination by the Employer when the entire construction works completed and ready for commercial operation.

(iv) Bonus consultancy fee

The First Manager will entitle to a bonus consultancy fee if its project design optimization can successfully achieve overall economic efficiency and reduce overall project investment as confirmed by the Employer. A 50% of the bonus consultancy fee shall be paid upon the construction design has been examined and passed the required improvement ascertained by the Employer, and the balance 50% shall be paid when the entire construction works completed and ready for commercial operation.

The management and consultancy fees are determined at arm's length negotiations with reference to the costs involved, the consideration for similar projects incurred by the Group in the past, the management and consultancy fees charged by the First Manager for other similar projects, and the prevailing rates charged by other project companies for comparable projects in the market. The Directors are of the view that such fees and the terms of the Construction Project Management Agreement are no less favourable to the Group than those available from independent third parties.

2. THE PROJECT TENDER AND FACILITIES SERVICE AGREEMENT

The services to be provided under the agreement include technical assistance and consultancy in relating to: (i) calling of tenders for the construction of the main power generating units, all their ancillary facilities, machinery and equipment; (ii) supervising the construction of the ancillary facilities and manufacture of machinery and equipment; and (iii) acting as the agent for purchasing imported machinery, equipment and materials.

Principal terms

Date: 28 June 2013

Parties: (i) Pingwei Power Plant III (the "Employer"); and
(ii) CP Complete Facilities Company Limited* (中國電能成套設備有限公司) (the "Second Manager").

Service fee: RMB12,000,000 (equivalent to approximately HK\$15,189,873)

Payment terms:

The service fee is payable by eight installments after specific progresses have been made, as follows:

<i>Installments</i>	<i>Progress made</i>	<i>% of service fee payable</i>
1.	After the signing of the Project Tender and Facilities Service Agreement	30%
2.	Within one month after completing the tender for the last batch of ancillary facilities, machinery and equipment	10%
3.	Within one month after the date of completion of the manufacturing of the first mainframe of the first power generating unit	20%
4.	Within one month after the date of completion of the manufacturing of the last mainframe of the second power generating unit	20%
5.	Within one month after the date of passing of certain specified trial runs of the first power generating unit	5%
6.	Within one month after the date of passing of certain specified trial runs of the second power generating unit	5%
7.	After the expiry of the warranty period for the first power generating unit	5%
8.	After the expiry of the warranty period for the second power generating unit	5%

The service fee is determined after arm’s length negotiations with reference to the costs involved, the consideration for similar projects incurred by the Group in the past, the prevailing rates charged by other service companies for comparable projects in the market. The Directors are of the view that such service fee and the terms of the Project Tender and Facilities Service Agreement are no less favourable to the Group than those available from independent third parties.

3. THE PROJECT MATERIAL MANAGEMENT AGREEMENT

The services to be provided under the agreement include (i) unloading and transportation to warehouse, (ii) unpacking, inspection, storage, and inventory system management, (iii) planning, managing, maintenance and fire safety at the warehouse site, and (iv) documentation throughout the whole logistic process, for all machinery, equipment and materials in relation to the construction works of the Project.

Principal terms

Date: 28 June 2013

Parties: (i) Pingwei Power Plant III (the “Employer”); and
(ii) Anhui Huainan Pingwei Power Engineering Maintenance Company Limited* (安徽淮南平圩電力檢修工程有限責任公司) (the “Third Manager”).

Service fee: RMB15,978,000 (equivalent to approximately HK\$20,225,316)

Payment terms:

The service fee is payable by seven installments after specific progresses have been made, as follows:

<i>Installments</i>	<i>Progress made</i>	<i>% of service fee payable</i>
1.	Within 14 days after the agreement becomes effective and the management plan is confirmed	15%
2.	Within 14 days after hoisting the top plate of boiler for the first power generating unit	15%
3.	Within 14 days after passing certain power tests for the first power generating unit	15%
4.	Within 14 days after passing certain water pressure tests for the first power generating unit	10%
5.	Within one month after the date of passing of certain specified trial runs of the first power generating unit	15%
6.	Within one month after the date of passing of certain specified trial runs of the second power generating unit	20%
7.	After the Project is completed and the Third Manager has delivered all the data and remaining machinery, equipment and materials to the Employer	10%

The Third Manager is subject to the Employer’s assessment appraisal at each stage of the above progress works completed. Should the Third Manager fail to meet certain targets specified in the agreement, the Employer is entitled to deduct up to 10% of the above stage management fee as a penalty upon each payment made to the Third Manager.

The award of the Project Material Management Agreement is determined by a competitive tendering process. Pingwei Power Plant III had invited tenders for the job in May 2013. Altogether, four tenders were received and the bid by the Third Manager was the lowest among the tenders. The Directors are of the view that the service fee charged by the Third

Manager and the terms of the Project Material Management Agreement are no less favourable to the Group than those available from independent third parties.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors are of the view that the Managers possess the relevant experience and expertise in provision of relevant management and services for large scale power plants and ancillary facilities construction projects. The First Manager and the Second Manager are both leading companies in their own fields in the PRC. All three Service Agreements are essential to ensure the successful completion of the Project.

It is the Company's development strategy to promote expansion of large capacity, low energy consumption and less emission coal-fired power generating projects in the long-run. The construction of two new 1,000 MW ultra super-critical coal-fired power generating units of Pingwei Power Plant III will increase the power generating capacity and raise competitiveness of the Group in the coming future.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Construction Project Management Agreement, the Project Tender and Facilities Service Agreement, and the Project Material Management Agreement are 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 or is required to abstain from voting on the board resolution.

PRINCIPAL BUSINESS OF THE GROUP AND THE MANAGERS

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 of CPI Group 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 61.50% 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 First Manager is a subsidiary of CPI Group established in 2006 which is principally engaged in engineering and construction project management, surveying, project supervision and consultation and international projects contracting. It is qualified as the First Class power engineering contractor and Grade A power project supervisor in China. It won the China Construction Engineering Luban Prize (中國建設工程魯班獎) in 2008 awarded by the PRC government.

The Second Manager is a subsidiary of CPI Group established in 1993 which is principally

engaged in provision of technical assistance and consultancy for tendering, procurement, production supervision, general power facilities contracting and other agency services for use in the power industry in China. It is qualified as a Grade A certified International Tendering Agent of the PRC. It is a reputable power plant complete facilities manufacturing and supervision company in China.

The Third Manager is a subsidiary of CPI Holding (wholly-owned by CPI Group) which is principally engaged in provision of technical repair and maintenance services and material management for the power generating units and related power generation facilities.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Group owns approximately 61.50% of the issued share capital of the Company. As CPI Group is the ultimate controlling shareholder of the Company, CPI Group, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

The Managers are subsidiaries of CPI Group. CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 61.50% of the issued share capital of the Company. As such, the Managers are connected persons of the Company as defined in the Listing Rules. Accordingly, the Service Agreements constitute connected transactions of the Company under the Listing Rules.

The total fees payable by Pingwei Power Plant III to the Managers for the Service Agreements amount to RMB98,958,000 (equivalent to approximately HK\$125,263,291), falls below 5% of the applicable percentage ratios under Rule 14A.32 of the Listing Rules, it is therefore subject to announcement and reporting requirements but is exempted from the independent shareholders' approval requirement. Details of the above connected transactions 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
“Construction Project Management Agreement”	the construction project management agreement in relation to the Project dated 28 June 2013 entered into between Employer and the First Manager
“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
“Director(s)”	director(s) of the Company
“Employer” or “Pingwei Power Plant III”	Huainan Pingwei No. 3 Electric Power Co., Ltd. (淮南平圩第三發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“First Manager”	CPI Engineering Company Limited* (中電投電力工程有限公司), a company incorporated in the PRC and a subsidiary of CPI Group
“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
“Managers”	the First Manager, the Second Manager and the Third Manager, collectively the “Managers”
“MW”	Megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC or China excludes Hong Kong, the Special Administrative Region of Macau and Taiwan
“Project”	the project being carried out by Pingwei Power Plant III which involves the construction of two 1,000MW ultra super-critical coal-fired power generating units in Anhui Province of the PRC
“Project Material Management Agreement”	the project material management agreement in relation to the Project dated 28 June 2013 entered into between Employer and the Third Manager
“Project Tender and Facilities Service Agreement”	the project tender and facilities service agreement in relation to the Project dated 28 June 2013 entered into between Employer and the Second Manager

“RMB”	Renminbi, the lawful currency of the PRC
“Second Manager”	CP Complete Facilities Company Limited* (中國電能成套設備有限公司), a company incorporated in the PRC and a subsidiary of CPI Group
“Service Agreements”	the Construction Project Management Agreement, the Project Tender and Facilities Service Agreement and the Project Material Management Agreement, collectively the “Service Agreements”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Manager”	Anhui Huainan Pingwei Power Engineering Maintenance Company Limited* (安徽淮南平圩電力檢修工程有限責任公司), a company incorporated in the PRC and a subsidiary of CPI Holding

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.79 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 June 2013

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.