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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

Coal Supply Framework Agreements

The Board announces that on 18 December 2013, the Company has entered into (i) CPI Logistics Coal Supply Framework Agreement in relation to the supply of coal from CPI Logistics to the Purchasers, the subsidiaries and an associate of the Company; and (ii) Qinghe Coal Supply Framework Agreement in relation to the procurement and supply of coal by the Company to Qinghe Electric Power, a subsidiary of CPI Holding.

Since CPI Logistics is a subsidiary of CPI Group, the Company's ultimate controlling company and Qinghe Electric Power is a subsidiary of CPI Holding, the Company's controlling company, they both are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the two Coal Supply Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For CPI Logistics Coal Supply Framework Agreement, the Directors estimate that the Proposed Annual Cap for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB450,000,000 (equivalent to approximately HK\$569,620,000). As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Cap of the Continuing Connected Transactions with CPI Logistics are more than 0.1% but fall below 5%, they are therefore subject to the announcement and reporting requirements but exempt from independent shareholders' approval according to Chapter 14A of the Listing Rules.

For Qinghe Coal Supply Framework Agreement, the Directors estimate that the Proposed Annual Cap for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB130,000,000 (equivalent to approximately HK\$164,557,000). As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Cap of the Continuing Connected Transactions with Qinghe Electric Power are more than 0.1% but fall below 5%, they are therefore subject to the announcement and reporting requirements but exempt from independent shareholders' approval according to Chapter 14A of the Listing Rules.

The Board announces that on 18 December 2013, the Company has entered into (i) CPI Logistics Coal Supply Framework Agreement in relation to the supply of coal from CPI Logistics to the Purchasers, the subsidiaries and an associate of the Company; and (ii) Qinghe Coal Supply Framework Agreement in relation to the procurement and supply of coal by the Company to Qinghe Electric Power, a subsidiary of CPI Holding.

CPI LOGISTICS COAL SUPPLY FRAMEWORK AGREEMENT

Date

18 December 2013

Parties

- (i) CPI Logistics (as the supplier); and
- (ii) the Company (as the purchaser, representing its subsidiaries and an associate, collectively the “Purchasers”).

Principal terms

Pursuant to the CPI Logistics Coal Supply Framework Agreement, CPI Logistics will supply coal to the Purchasers. The term of the agreement will commence on 1 January 2014 and expire on 31 December 2016 (both dates inclusive).

The parties agreed that the purchase price of coal shall be determined by both parties after arm’s length negotiations with reference to the following factors:

- (1) the national industrial policy as well as industry and market conditions in the PRC;
- (2) the specified guidelines issued by the National Development and Reform Commission of China setting out the coal purchase prices (if any);
- (3) the current transacted coal prices of the local coal exchange or market in the PRC ;
- (4) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);
- (5) the quantity of coal; and
- (6) the estimated transportation fees involved for delivery of coal to the Purchasers.

The Purchasers will settle the purchase of coal from CPI Logistics on a monthly basis or such other payment terms as both parties will agree from time to time in contracts.

It has also been agreed that the parties thereto will from time to time determine the price, quality, quantity, delivery and transportation methods of the coal to be supplied by CPI Logistics to the Purchasers, and subject to the parties’ discussion and negotiation at arm’s length basis.

Proposed Annual Cap

The aggregate maximum annual amount of coal to be supplied by CPI Logistics is estimated to be up to 750,000 tonnes for each of the financial years ending 31 December 2014, 2015 and 2016.

The Directors estimate that the Proposed Annual Cap for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB450,000,000 (equivalent to approximately HK\$569,620,000).

The Proposed Annual Cap has been determined by both parties after arm's length negotiations with reference to the following factors:

- (a) the estimated amount of coal to be purchased from CPI Logistics based on the estimated amount of electricity to be generated by the Purchasers for each of the three financial years of 2014, 2015 and 2016; and
- (b) the estimated increase in the demand for electricity based on the historical average growth rate in the past few years in China and the forecasts made by China Electricity Council.

QINGHE COAL SUPPLY FRAMEWORK AGREEMENT

Date

18 December 2013

Parties

- (i) the Company (as the agent); and
- (ii) Qinghe Electric Power (as the purchaser).

Principal terms

Pursuant to the Qinghe Coal Supply Framework Agreement, the Company will procure and supply coal to Qinghe Electric Power. The term of the agreement will commence on 1 January 2014 and expire on 31 December 2016 (both dates inclusive).

The parties agreed that the purchase price of coal shall be determined by both parties after arm's length negotiations with reference to the following factors:

- (1) the national industrial policy as well as industry and market conditions in the PRC;
- (2) the specified guidelines issued by the National Development and Reform Commission of China setting out the coal purchase prices (if any);

- (3) the current transacted coal prices of the local coal exchange or market in the PRC;
- (4) the quality of the coal (including the estimated calorific value of coal as required by the coal-fired power generating units of Qinghe Electric Power);
- (5) the quantity of coal; and
- (6) the estimated transportation fees involved for delivery of coal to Qinghe Electric Power.

Qinghe Electric Power will settle the purchase of coal from the Company on a monthly basis or such other payment terms as both parties will agree from time to time in contracts.

It has also been agreed that the parties thereto will from time to time determine the price, quality, quantity, delivery and transportation methods of the coal to be procured by the Company and supply to Qinghe Electric Power, and subject to the parties' discussion and negotiation at arm's length basis.

Proposed Annual Cap

The aggregate maximum annual amount of coal to be procured by the Company is estimated to be up to 500,000 tonnes for each of the financial years ending 31 December 2014, 2015 and 2016.

The Directors estimate that the Proposed Annual Cap for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB130,000,000 (equivalent to approximately HK\$164,557,000).

The Proposed Annual Cap has been determined by both parties after arm's length negotiations with reference to the following factors:

- (a) the estimated amount of coal to be procured based on the estimated amount of electricity to be generated by Qinghe Electric Power for each of the three financial years of 2014, 2015 and 2016; and
- (b) the estimated increase in the demand for electricity based on the historical average growth rate in the past few years in China and the forecasts made by China Electricity Council.

The Group will follow the terms set out in the Coal Supply Framework Agreements, the rationale for the Proposed Annual Caps and all the internal control procedures (including quotations from independent third parties) in order to maintain the fairness of the prices and terms of all coal purchases from CPI Logistics and all coal supplies to Qinghe Electric Power are no less favourable than those available from/to independent third parties.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

In order to cope with the rapid development of the Company as increasing number of high capacity coal-fired power generating units are to commence commercial operation and the expected increase in electricity demand in the coming few years, it is the Company's strategic decision to further secure greater supply of coal for meeting its operational needs.

The entering into the CPI Logistics Coal Supply Framework Agreement will help (i) obtaining continuous and stable coal supply to the coal-fired power generating units of the Group, (ii) getting favourable prices by bulk purchases, and (iii) taking the scale advantages of centralized purchasing, improving the ability to optimize the allocation and co-ordination of internal and external resources, to better control operating costs, improve efficiency, and enhance the competitiveness of the Company.

The procurement and supply of coal for Qinghe Electric Power under the Qinghe Coal Supply Framework Agreement, while making use of the Company's centralized coal purchasing capacity, will also bring in additional income to the Group.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the two Coal Supply Framework Agreements 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 the Shareholders as a whole.

None of the Directors has material interest in the transactions of the two Coal Supply Framework Agreements or is required to abstain from voting on the Board resolutions.

INFORMATION ON THE COMPANY AND THE GROUP

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 coal-fired, hydroelectric and nuclear power plants in various locations in the PRC. CPI Holding is wholly-owned by CPI Group. As at the date of this announcement, CPI Group, through CPI Holding, owns approximately 63.57% 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.

INFORMATION ON CPI LOGISTICS

CPI Logistics Company Limited* (中電投物流有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Group. It is principally engaged in the wholesale of coal, coal processing, investment management of coal mines, ports and railways, and import and export businesses.

INFORMATION ON QINGHE ELECTRIC POWER

Liaoning Qinghe Electric Power Company Limited (遼寧清河發電有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Holding. It is principally engaged in construct, own and operate large power plants in the PRC.

The Company currently manages on behalf of CPI Holding the power plants of Qinghe Electric Power under an assets management agreement (please refer to the Company's announcement dated 17 December 2012).

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Holding owns approximately 63.57% of the issued share capital of the Company. CPI Holding is wholly-owned by CPI Group. Since CPI Logistics is a subsidiary of CPI Group, the Company's ultimate controlling company and Qinghe Electric Power is a subsidiary of CPI Holding, the Company's controlling company, they both are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the two Coal Supply Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Cap of the Continuing Connected Transactions under CPI Logistics Coal Supply Framework Agreement are more than 0.1% but fall below 5%, they are therefore subject to the announcement and reporting requirements but exempt from independent shareholders' approval according to Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Cap of the Continuing Connected Transactions under Qinghe Coal Supply Framework Agreement are more than 0.1% but fall below 5%, they are therefore subject to the announcement and reporting requirements but exempt from independent shareholders' approval according to Chapter 14A of the Listing Rules.

DEFINITIONS

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

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| “Board” | the board of Directors of the Company |
| “Coal Supply Framework Agreements” | CPI Logistics Coal Supply Framework Agreement and Qinghe Coal Supply Framework Agreement |
| “Company” | China Power International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange |
| “Continuing Connected Transactions” | the respective transactions contemplated under the two Coal Supply Framework Agreements |

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| “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), the ultimate controlling company of the Company |
| “CPI Holding” | China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling company of the Company and a wholly-owned subsidiary of CPI Group |
| “CPI Logistics” | CPI Logistics Company Limited* (中電投物流有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Group |
| “CPI Logistics Coal Supply Framework Agreement” | the framework agreement for the supply of coal between the Company and CPI Logistics dated 18 December 2013 |
| “Director(s)” | director(s) 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 |
| “PRC” or “China” | the People’s Republic of China. Geographical references in this announcement to the PRC or China excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Proposed Annual Cap” | the respective maximum amounts payable under CPI Logistics Coal Supply Framework Agreement and Qinghe Coal Supply Framework Agreement for the three financial years ending 31 December 2014, 2015 and 2016 |
| “Purchasers” | Including but not limited to Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司), Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司), Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司), China Power Guorui Logistics Company Limited* (中電國瑞物流有限公 |

司), the subsidiaries of the Company, and Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司), an associate of the Company, collectively the “Purchasers”

- “Qinghe Coal Supply Framework Agreement” the framework agreement for the procurement and supply of coal between the Company and Qinghe Electric Power dated 18 December 2013
- “Qinghe Electric Power” Liaoning Qinghe Electric Power Company Limited (遼寧清河發電有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Holding
- “RMB” Renminbi, the lawful currency of the PRC
- “Shareholders” persons whose names appear on the register of members as registered holders of the shares of the Company
- “Stock Exchange” The Stock Exchange of Hong Kong Limited

* *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, 18 December 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.