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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 2380)

CONTINUING CONNECTED TRANSACTIONS

Composite Support Services Framework Agreement

The Board announces that on 19 December 2013, the Company has entered into the Composite Support Services Framework Agreement with CPI Holding pursuant to which the parties agreed that the Contractors will provide the Employers, subsidiaries of the Company, with various supporting services in relation to their daily power plant operations.

Since the Contractors are subsidiaries of CPI Holding, a controlling shareholder of the Company holding approximately 63.57% of the issued share capital of the Company, the Contractors are therefore connected persons of the Company under the Listing Rules. The transactions contemplated under the Composite Support Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual cap of the Composite Support Services Framework Agreement for each of the three financial years ending 31 December 2014, 2015 and 2016 is RMB95,000,000 (equivalent to approximately HK\$120,253,000). When it aggregated with the maximum annual cap of the Previous Composite Support Services Framework Agreement (which is RMB177,000,000 (equivalent to approximately HK\$224,051,000)), the applicable percentage ratios as defined under Chapter 14 of the Listing Rules fall below 5%, the Framework Agreement is therefore subject to the reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 30 December 2010 in relation to the composite support services agreements which will expire on 31 December 2013.

On 19 December 2013, the Company has entered into the Composite Support Services Framework Agreement with CPI Holding pursuant to which the parties agreed that the Contractors will provide the Employers, subsidiaries of the Company, with various supporting services in relation to their daily power plant operations after the original composite support services agreements expire on 31 December 2013.

COMPOSITE SUPPORT SERVICES FRAMEWORK AGREEMENT

Date

19 December 2013

Parties

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

Principal Terms

The term of the Framework Agreement is three years commencing from 1 January 2013 and ending 31 December 2016.

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

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

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

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

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

Proposed Annual Cap

It is anticipated that the proposed annual cap of the Composite Support Services Framework Agreement for each of the three financial years ending 31 December 2014, 2015 and 2016, is RMB95,000,000 (equivalent to approximately HK\$120,253,000), based on the following factors:

(a) The historical record;

Actual Usage in 2011 (RMB'000)	Actual Usage in 2012 (RMB'000)	Estimated Usage in 2013 (RMB'000)
82,320	87,210	88,880

(b) the supporting services demanded by each power plant to meet the escalating local environmental and safety regulations;

(c) the expected time cost of labour required; and

(d) a moderate inflation expectation.

The Group will follow the terms set out in the Composite Support Services Framework Agreement, the rationale for the proposed annual cap 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 the relevant services provided by CPI Holding are no less favourable than those available from independent third parties.

REASONS AND BENEFITS FOR THE TRANSACTIONS

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

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Composite Support Services Framework Agreement is entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the transaction of the Composite Support Services Framework Agreement or is required to abstain from voting on the Board resolution.

PRINCIPAL BUSINESS OF THE GROUP AND THE CONTRACTORS

The Company is the listed flagship company outside the PRC of CPI Group. The CPI Group is one of the five national power generation groups in China, and operates 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. The Company also manages on behalf of its controlling shareholder a power plant in the PRC.

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

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Holding owns approximately 63.57% of the issued share capital of the Company. As CPI Holding is the controlling shareholder of the Company, CPI Holding, its subsidiaries and associates both are connected persons of the Company within the meaning of the Listing Rules. Since the Contractors are subsidiaries of CPI Holding, the transactions contemplated under the Composite Support Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual cap of the Composite Support Services Framework Agreement for each of the three financial years ending 31 December 2014, 2015 and 2016 is RMB95,000,000 (equivalent to approximately HK\$120,253,000). When it aggregated with the maximum annual cap of the Previous Composite Support Services Framework Agreement (which is RMB177,000,000 (equivalent to approximately HK\$224,051,000)), the applicable percentage ratios as defined under Chapter 14 of the Listing Rules fall below 5%, the Framework Agreement is therefore subject to the reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A 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 with limited liability whose shares are listed on the Main Board of the Stock Exchange

“Composite Support Services Framework Agreement” or “Framework Agreement”	the framework agreement for the provision of various supporting services in relation to daily power plant operations entered into between the Company and CPI Holding dated 19 December 2013
“Continuing Connected Transactions”	the transactions contemplated under the Composite Support Services Framework Agreement
“Contractors”	Including but not limited to Anhui Huainan Pingwei Electric Power Industry Company Limited* (安徽淮南平圩電力實業有限責任公司) and Pingdingshan Yaomeng Power Industrial Co., Ltd.* (平頂山姚孟電力實業有限責任公司), wholly-owned subsidiaries of CPI Holding, collectively the “Contractors” or individually the “Contractor”
“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
“Director(s)”	director(s) of the Company
“Employers”	Including but not limited to Pingwei Power Plant II and Yaomeng Power Plant II, subsidiaries of the Company, collectively the “Employers” or individually the “Employer”
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pingwei Power Plant II”	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), a company incorporated in the PRC with limited liability and a 75%-owned subsidiary of the Company
“PRC” or “China”	the People’s Republic of China. Geographical reference in this announcement to the PRC or China excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Previous Composite Support Services Framework Agreement”	the continuing connected transactions in relation to the composite support services framework agreement entered into between the Company and CPI Holding on 28 December 2012, the details of which was set out in the announcement of the Company dated 28 December 2012
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yaomeng Power Plant II”	Pingdingshan Yaomeng No. 2 Power Company Limited (平頂山姚孟第二發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.79 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, 19 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.