

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

The Board announces that Shentou I Power Plant (a subsidiary of the Company) and Shentou Engineering Company entered into the Equipment and Materials Management Agreement on 26 August 2010 whereby Shentou I Power Plant engaged Shentou Engineering Company to provide equipment and materials management services for the Project.

Further, Shentou I Power Plant and Shentou Engineering Company entered into the Start-up Boiler Agreement on 26 August 2010 whereby Shentou I Power Plant engaged Shentou Engineering Company to carry out certain construction works for the Project.

As at the date of this announcement, CPI Group, through its subsidiaries CPI Holding and CPDL, owns approximately 69% of the issued share capital of the Company. As CPI Group is the controlling shareholder of the Company, CPI Group, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Shentou Engineering Company is a subsidiary of CPI Holding. As such, Shentou Engineering Company is a connected person of the Company as defined in the Listing Rules. Accordingly, the Equipment and Materials Management Agreement and the Start-up Boiler Agreement constitute connected transactions of the Company under the Listing Rules.

The total fees payable by Shentou I Power Plant to Shentou Engineering Company under the Equipment and Materials Management Agreement amount to RMB11.88 million (equivalent to approximately HK\$13.48 million). Depending on its performance, Shentou Engineering Company may be entitled to additional bonus management fees estimated not to exceed RMB0.24 million (equivalent to approximately HK\$0.27 million) in total under the Equipment and Materials Management Agreement. The maximum service fees payable by Shentou I Power Plant to Shentou Engineering Company under the Start-up Boiler Agreement amount to approximately RMB4.6 million (equivalent to approximately HK\$5.22 million). The total fees and the estimated bonus fees payable by Shentou I Power Plant to Shentou Engineering Company under the Equipment and Materials Management Agreement and the Start-up Boiler Agreement, when aggregated with the Previous Connected Transactions (the value under which is RMB62.92 million (equivalent to approximately HK\$71.41 million)), fall below 5% of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules. Accordingly, the transactions contemplated under the Equipment and Materials Management Agreement and the Start-up Boiler Agreement fall within Rule 14A.32 of the Listing Rules and are exempted from the independent shareholders' approval requirement under the Listing Rules. 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 Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Equipment and Materials Management Agreement and the Start-up Boiler Agreement are entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its shareholders as a whole.

1. THE EQUIPMENT AND MATERIALS MANAGEMENT AGREEMENT

Shentou I Power Plant (a subsidiary of the Company) and Shentou Engineering Company entered into the Equipment and Materials Management Agreement on 26 August 2010. Under the terms of the agreement, Shentou Engineering Company agrees to manage the equipment and materials procured by Shentou I Power Plant for the construction of the Project. The services to be provided under the agreement include: unloading of equipment and materials, transportation to warehouse, warehouse planning and design, unpacking and inspection, management of inventory control system and custody and maintenance of materials and equipment.

Terms of the Equipment and Materials Management Agreement

Date:	26 August 2010
Parties:	(1) Shentou I Power Plant and (2) Shentou Engineering Company
Management fees:	RMB11.88 million (equivalent to approximately HK\$13.48 million)
Bonus management fees:	Not exceeding RMB0.24 million (equivalent to approximately HK\$0.27 million)

Other principal terms

The management fee is payable in cash by seven instalments after specific progresses have been made, namely, as follows:

Installment Progress made	% of total payable
1 14 days after the agreement becomes effective, all the relevant staff is in place, and the management plan is approved	15%
2 Within 1 month after hoisting the top plate of boiler No.1	15%
3 Within 1 month of the date of passing of certain test for the generation unit No.1	15%
4 Within 1 month after the water pressure test on the boiler No.1 is completed	10%
5 Within 1 month of the date of passing of certain specified trial runs of the generation unit No.1	15%
6 Within 1 month of the date of passing of certain specified trial runs of the generation unit No.2	20%
7 Within 1 month after the project is completed and after Shentou Engineering Company delivers all the data, information and remaining equipment and materials to Shentou I Power Plant	10%

Shentou Engineering Company will also be entitled to bonus management fees if it can provide efficient management services so as to improve the construction progress of the Project. Such bonus management fees will be 1.5% to 2% of the total management fees payable and such bonus management fees will not exceed the amount of RMB0.24 million (equivalent to approximately HK\$0.27 million).

The award of the Equipment and Materials Management Agreement is determined by a competitive tendering process. The Company had invited tenders for the job and three tenders were received and the bid by Shentou Engineering Company was the lowest bid received by the Company. As such, the Directors are of the view that the management fees being charged by Shentou Engineering Company and the other terms of the Equipment and Materials Management Agreement are no less favourable to the Group than the terms available from independent third parties.

Save as disclosed in this announcement, the Group does not have any prior transaction with CPI Holding and its associates which requires aggregation under Rule 14A.25 of the Listing Rules.

2. THE BOILER START-UP AGREEMENT

Shentou I Power Plant and Shentou Engineering Company entered into the Equipment Agreement on 26 August 2010. Under the terms of the agreement, Shentou Engineering Company agrees to carry out certain construction works in relation to the Project. The construction works to be carried out by Shentou Engineering Company include boiler room start-up installation works, the relevant heating pipelines installation works, fuel pump station, fuel tanks and the common pipeline system installation works.

Terms of the Start-up Boiler Agreement:

Date:	26 August 2010
Parties:	(1) Shentou I Power Plant and (2) Shentou Engineering Company
Contract sum:	Not exceeding RMB4.6 million (equivalent to approximately HK\$5.22 million). The final contract sum will be determined by actual work done.
Completion Date:	Shentou Engineering Company is required to commence the boiler start-up works on 1 September 2010 and complete the works on 1 June 2011. It is also required to commence the fuel system installation works on 1 November 2011 and complete the works on 30 March 2012.

Other principal terms

After the commencement of works, Shentou Engineering is required to submit every month a progress payment application to Shentou I Power Plant for approval. After the application is approved, Shentou I Power Plant will pay Shentou Engineering Company the progress payment in cash within 30 days subject to a hold-back of an amount equal to 10% on every progress payment. The retention money will be released to Shentou Engineering Company after the completion of works.

The award of the Start-up Boiler Agreement is determined by a competitive tendering process. The Company had invited tenders for the job and three tenders were received and the bid by Shentou Engineering Company was the lowest bid received by the Company. As such, the Directors are of the view that such management fees being charged by Shentou Engineering Company and the other terms of the Start-up Boiler Agreement are no less favourable to the Group than the terms available from independent third parties.

Save as disclosed in this announcement, the Group does not have any prior transaction with CPI Holding and its associates which requires aggregation under Rule 14A.25 of the Listing Rules.

3. REASONS AND BENEFITS FOR THE TRANSACTIONS

Efficient management of the equipment and materials procured for the Project is essential to ensure that the Project is completed on time and on budget. With respect to the Start-up Boiler Agreement, the services to be provided under the agreement are highly-technical in nature and can only be carried out by engineers and skilled technicians equipped with the relevant technical skills and specialised knowledge. In light of these requirements, the Company believes that it is in the best interests of Shentou I Power Plant to procure these services from Shentou Engineering Company as it has experienced engineers and skilled technicians to carry out the works and it also has special strengths that independent third-party services providers generally do not possess, such as having the requisite power industrial knowledge and understanding of Shentou I Power Plant's facilities and being conveniently located in close proximity to Shentou I Power Plant to enable efficient and timely services.

4. PRINCIPAL BUSINESS OF SHENTOU ENGINEERING COMPANY AND THE GROUP

The Company is the listed flagship company of CPI Group outside the PRC. 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 and owns and operates coal-fired and hydroelectric power plants in the PRC. Shentou Engineering Company is a subsidiary of CPI Holding whose principal businesses are provision of repair and maintenance services for power generation units and equipment.

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 two other power plants, which are situated in Liaoning and Anhui on behalf of its controlling shareholder.

5. COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Group, through its subsidiaries CPI Holding and CPDL, owns approximately 69% of the issued share capital of the Company. As CPI Group is the controlling shareholder of the Company, CPI Group, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Shentou Engineering Company is a subsidiary of CPI Holding. As such, Shentou Engineering Company is a connected person of the Company as defined in the Listing Rules. Accordingly, the Equipment and Materials Management Agreement and the Start-up Boiler Agreement constitute connected transactions of the Company under the Listing Rules.

The total fees payable by Shentou I Power Plant to Shentou Engineering Company under the Equipment and Materials Management Agreement amount to RMB11.88 million (equivalent to approximately HK\$13.48 million). Depending on its performance, Shentou Engineering Company may be entitled to additional bonus management fees estimated not to exceed RMB0.24 million (equivalent to approximately HK\$0.27 million) in total under the Equipment and Materials Management Agreement. The maximum service fees payable by Shentou I Power Plant to Shentou Engineering Company under the Start-up Boiler Agreement amount to approximately RMB4.6 million (equivalent to approximately HK\$5.22 million). The total fees and the estimated bonus fees payable by Shentou I Power Plant to Shentou Engineering Company under the Equipment and Materials Management Agreement and the Start-up Boiler Agreement, when aggregated with the Previous

Connected Transactions (the value under which is RMB62.92 million (equivalent to approximately HK\$71.41 million)), fall below 5% of the applicable percentage ratios calculated under chapter 14 of the Listing Rules. Accordingly, the transactions contemplated under the Equipment and Materials Management Agreement and the Start-up Boiler Agreement fall within Rule 14A.32 of the Listing Rules and are exempted from the independent shareholders' approval requirement under the Listing Rules. 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 Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Equipment and Materials Management Agreement and the Start-up Boiler Agreement are entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Further, none of the Directors has material interest in the Equipment and Materials Management Agreement and the Start-up Boiler Agreement or is required to abstain from voting on the Board resolutions in respect of such agreements.

DEFINITIONS

Unless otherwise stated, the following words and phrases have the following meanings in this announcement:

“Board”	the board of Directors
“Start-up Boiler Agreement”	the Start-up Boiler and Fuel System Installation Agreement dated 26 August 2010 entered into between Shentou I Power Plant and Shentou Engineering Company
“Company”	China Power International Development Limited, a company incorporated in Hong Kong with limited liability
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of CPI Holding

“CPI Group”	中國電力投資集團公司 (China Power Investment Corporation*), a wholly State-owned enterprise established by the State Council of the PRC
“CPI Holding”	中國電力國際有限公司 (China Power International Holding Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CPI Group
“Director(s)”	the director(s) of the Company
“Equipment and Materials Management Agreement”	the Equipment and Materials Management Agreement dated 26 August 2010 entered into between Shentou I Power Plant and Shentou Engineering Company.
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	megawatt, that is, one million watts
“PRC” or “China”	the People’s Republic of China
“Previous Connected Transactions”	the connected transactions in relation to the construction project management agreement and the equipment agreement, the details of which are set out in the announcement of the Company dated 29 April 2010
“Project”	the project being carried out by Shentou I Power Plant which involves the construction of two 600 MW super-critical coal-fired power generation units in Ping Lu District, Shou Zhou City, Shanxi, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shentou Engineering Company”	山西神頭電力檢修有限責任公司 (Shanxi Shentou Engineering Company Limited*), a wholly-owned subsidiary of CPI Holding

“Shentou I Power Plant” 山西神頭發電有限責任公司 (Shanxi Shentou Power Generating Company Limited*), a wholly owned subsidiary 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 RMB1 to HK\$1.135. 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, 26 August 2010

As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Liu Guangchi, non-executive directors Gao Guangfu and Guan Qihong, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.