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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

The Board announces that on 30 December 2010, the Company has entered into the Framework Agreement with CPI Holding pursuant to which the parties agree that the Suppliers, subsidiaries of CPI Holding, will provide the Services to the Employers, subsidiaries of the Company. Details of the arrangements are set out in the section headed “Continuing Connected Transaction”.

Since CPI Holding is a substantial shareholder of the Company holding approximately 69% of the issued share capital of the Company, CPI Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Framework Agreement constitutes a continuing connected transaction of the Company.

As the annual cap of the Continuing Connected Transaction for each of the three years ending 31 December 2013, namely RMB300 million (equivalent to approximately HK\$348 million), falls below 5% of the applicable ratio under 14A.34 of the Listing Rules, the Continuing Connected Transaction is only subject to reporting and announcement requirements but exempt from the independent shareholders’ approval. Details of the Framework Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and 14A.46 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 Framework Agreement is 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. CONTINUING CONNECTED TRANSACTION

On 30 December 2010, the Company has entered into the Framework Agreement with CPI Holding pursuant to which the parties agree that the Suppliers, subsidiaries of CPI Holding, will provide the Services to the Employer, subsidiaries of the Company.

Date: 30 December 2010.

(1) Parties and term:

- (a) CPI Holding; and
- (b) the Company.

The term of the Framework Agreement is three years and the term will commence from 1 January 2011 and end on 31 December 2013.

(2) Other principle terms of the Framework Agreement:

According to the Framework Agreement, if any Employer decides to retain the Suppliers to provide the Services, the relevant Employer and Supplier will enter into a separate Service Agreement and the terms of such agreement will be determined in accordance with the following principles:

(a) Parties

- Relevant Supplier; and
- Relevant Employer.

(b) Fee Payable

The fee payable under the Service Agreements will be determined by the following mechanism:

- the applicable State tariffs set by the PRC government, if any;
- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;
- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the prevailing market prices; and
- in the absence of the above, an agreed price reflecting the reasonable cost incurred by the relevant Suppliers in providing the services.

The Employer will settle the fees payable pursuant to the Service Agreements by way of cash payments monthly in arrear or within three months after provision of the Services.

(c) Services To Be Provided

Depending on the requirements of respective Employer, the Services to be provided under the Service Agreement can be classified into the following categories;

(i) Composite Repair and Maintenance Services

The Supplier will provide repair and maintenance services for the power generation units and related power equipment of the Employer, including annual maintenance of generation units; annual planned inspection and repair of generation units, etc.

(ii) Fuel Related Services

The Supplier will provide the Employers with fuel related services for the operations of their power plants which include: processing of coal, transportation and unloading of coal from trains, and etc.

(iii) Cleaning, Repair and Maintenance Services in relation to Power Plants

The Supplier will provide the Employer with the services of cleaning and maintenance of production facilities, maintenance of public facilities in the production site, etc.

(iv) Composite Services

The Supplier will provide the Employer with the services in relation to transportation of special vehicles and goods, security and fire safety management, etc.

(v) Other Services

Such other services for the operation of the power plants as agreed between the Suppliers and the Employers from time to time.

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

2. REASONS AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The services to be provided under the Service Agreement are necessary for the normal and day to day operations of the Employers. The Company believes that it is in its best interests to procure these Services from the Suppliers as they have special strengths that independent third-party services providers generally do not possess, such as having the requisite power industrial knowledge and understanding of the facilities of the relevant Employers and being conveniently located in close proximity to their power plants to enable efficient and timely services.

3. ESTIMATED ANNUAL CAPS

(1) Estimated Annual Caps for the Framework Agreement

The estimated annual caps for the consideration payable under the Framework Agreement for the three financial years ending 31 December 2011, 2012 and 2013 are estimated to be RMB300 million (equivalent to approximately HK\$348 million).

(2) Basis of Determining the Annual Caps

As the Services to be provided are similar to those services provided to Pingwei Power Plant II, Yaomeng Power Plant II, Huangguang Dabieshan Power Plant and Shentou I Power Plant mentioned in the Company's announcement dated 22 November 2007 (the "Announcement"), the annual cap for the Framework Agreement is determined with reference to the previous annual caps for the continuing connected transactions mentioned in the Announcement (the "Approved Annual Caps") and with reference to the following historical amounts of such transactions:

Historical amounts (in Million RMB):

	Aggregate Approved Annual Caps	Actual amounts for the year ended 31 December 2008	Actual amounts for the year ended 31 December 2009	Estimated amounts for the year ended 31 December 2010
Power Plants				
Pingwei Power Plant II	76	65.25	72.82	62.47
Yaomeng Power Plant II	78	39.17	48.45	49.5
Huangguang Dabieshan Power Plant	78	19.82	22.06	21.03
Shentou I Power Plant	150	122.85	115.33	121
Total	382	247.09	258.66	254

The Directors (including the independent non-executive Directors) of the Company are of the view that the annual cap for the Continuing Connected Transaction is fair and reasonable.

4. PRINCIPAL BUSINESS OF THE CPI HOLDING 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 which 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 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 CPDL and CPI Holding, owns approximately 69% of the issued share capital of the Company. As CPI Holding is a substantial shareholder of the Company, CPI Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Framework Agreement constitutes a continuing connected transaction of the Company.

Further, as the annual cap of the Continuing Connected Transaction for each of the three years ending 31 December 2013, namely RMB300 million (equivalent to approximately HK\$348 million), falls below 5% of the applicable ratio under 14A.34 of the Listing Rules, the Continuing Connected Transaction is only subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Framework Agreement will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 and 14A.46 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 Framework Agreement is 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 agreements relating to the Continuing Connected Transactions or is required to abstain from voting on the Board resolutions in respect of such agreements.

DEFINITIONS

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

“Associate”	has the meaning given to it by the Listing Rules
“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
“Continuing Connected Transaction”	the transactions in relation to the Framework Agreement and the Service Agreements, the details of which are set out in section 1 of this announcement
“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-owned Assets Supervision and Administration Commission of 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 and a wholly-owned subsidiary of CPI Group
“Director(s)”	director(s) of the Company
“Employers”	Pingwei Power Plant II, Yaomeng Power Plant II, Huangguang Dabieshan Power Plant and Shentou I Power Plant, collectively “Employers” or individually “Employer”
“Framework Agreement”	the framework agreement between CPI Holding and the Company which is described in section 1 of this announcement
“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
“Huanggang Dabieshan Power Plant”	黃岡大別山發電有限責任公司 (Huanggang Dabieshan Power Company Limited*), a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pingwei Industry Company”	淮南平圩電力實業有限責任公司 (Huainan Pingwei Electric Power Industry Company Limited*), a subsidiary of CPI Holding
“Pingwei Maintenance Company”	安衛淮南平圩電力檢修工程有限責任公司 (Anhui Huainan Pingwei Power Engineering Maintenance Company Limited*), a subsidiary of CPI Holding
“Pingwei Power Plant II”	淮南平圩第二發電有限責任公司 (Huainan Pingwei No.2 Electric Power Generating Company Limited*), a subsidiary of the Company
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of China

“Shentou I Power Plant”	山西神頭發電有限責任公司 (Shanxi Shentou Power Generating Company Limited*), a subsidiary of the Company
“Shentou Industrial Company”	山西神頭電力實業有限責任公司 (Shanxi Shentou Industrial Company Limited*), a subsidiary of CPI Holding
“Shentou Engineering Company”	山西神頭電力檢修有限責任公司 (Shanxi Shentou Engineering Company Limited*), a subsidiary of CPI Holding
“State Council”	the State Council of the PRC* (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Services”	the services to be provided by the Suppliers to the Employers pursuant to the Service Agreements, the details of which are set out in section 1(2)(c) of this announcement
“Service Agreement”	the service agreements to be entered into between the Employer and the Supplier which are described in Section 1 of this announcement
“Suppliers”	Pingwei Maintenance Company, Yaomeng Engineering Company, Shentou Engineering Company, Pingwei Industry Company, Yaomeng Industrial Company, Shentou Industrial Company, collectively “Suppliers” or individually “Supplier”
“Yaomeng Engineering Company”	平頂山姚孟電力工程有限責任公司 (Pingdingshan Yaomeng Power Engineering Co., Ltd.*), a subsidiary of CPI Holding
“Yaomeng Industrial Company”	平頂山姚孟電力實業有限責任公司 (Pingdingshan Yaomeng Power Industrial Co., Ltd.*), a subsidiary of CPI Holding

“Yaomeng Power Plant II” 平頂山姚孟第二發電有限公司 (Pingdingshan Yaomeng No.2 Power Generating Company Limited*), a subsidiary of the Company

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

This announcement contains translation between Renminbi amounts and Hong Kong dollars at RMB1.00 to HK\$1.16. 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, 30 December 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.