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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 TRANSACTION**

The Board announces that on 6 May 2011, Fuxi Power Company (a non-wholly owned subsidiary of the Company) has entered into the Fuxi Purchase Agreement with the Supplier pursuant to which Fuxi Power Company agrees to purchase from the Supplier the Materials.

Since the Supplier is an indirect subsidiary of the CPI Holding, a substantial shareholder of the Company holding approximately 69% of the issued share capital of the Company, the Supplier is a connected person of the Company under Chapter 14A of the Listing Rules. The Fuxi Purchase Agreement constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios under Rule 14A.34 of the Listing Rules in respect of the maximum annual cap for the purchase of the Materials under the Fuxi Purchase Agreement, namely RMB39,875,000 (approximately HK\$47,451,250), when aggregated together with the Pingwei and Yaomeng Purchase Agreements (the annual cap under which is RMB21,160,000 (equivalent to approximately HK\$25,180,400)) falls below 5%, the Purchase Agreement is only subject to reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Purchase Agreements 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.

## **FUXI PURCHASE AGREEMENT**

Date: 6 May 2011

Parties: Supplier: 四川宜賓中電環境工程有限公司 (Sichuan Yibin China Power Environmental Engineering Company Limited\*), an indirect subsidiary of CPI Holding

Purchaser: Fuxi Power Company, a 51%-owned subsidiary of the Company.

### **Terms of the Fuxi Purchase Agreement and Annual Caps**

Under the Fuxi Purchase Agreement, Fuxi Power Company agrees to purchase from the Supplier the Materials for a term commencing from 1 December 2011 or any other day (whichever the earlier) as mutually agreed between the parties and ending on 31 December 2012.

The purchase price of the Materials is calculated on a cost plus profit basis and shall be determined by the parties each year by reference to the market conditions, transportation cost and costs of production. It is agreed that during the contract period, the purchase price of the Materials shall be RMB145 (inclusive of tax) (equivalent to approximately HK\$173) per ton. If the circumstances warrant an adjustment in the purchase price of the Materials due to objective market factors, the increment shall not exceed 10% of the original price of RMB145, which will be negotiated between the parties on an arm's length.

Since the maximum amount of the Materials to be purchased for each of the two years ending on 31 December 2011 and 2012 shall not exceed 250,000 tons, it is anticipated that the annual cap will be RMB39,875,000 (equivalent to approximately HK\$47,451,250).

The construction of the power plant of Fuxi Power Company is to be completed and starts running in the second half of this year. As such, there is no historical value for the transaction in relation to the purchase of the Materials. The annual cap under the Fuxi Purchase Agreement is determined by the Company after taking into account the expected total number of hours of operation of the generating units, the composition of the coal, the specifications of the Materials and the expected requirements of the desulphurization facilities in the power plant of Fuxi Power Company.

Pursuant to the Fuxi Purchase Agreement, Fuxi Power Company will deposit RMB10,000,000 (equivalent to approximately HK\$11,900,000) as prepayment for the purchase of the Materials to the Supplier. Half of the prepayment will be paid upon within 30 days after signing of the Fuxi Purchase Agreement and the other half will be paid within 90 days after the signing of the agreement. The prepayment may be used (i) to procure raw materials, equipment and tools for the production of the Materials by the Supplier and (ii) to settle the purchase price of the Materials supplied.

The prepaid amounts will be deposited in a designated account of the Supplier. The account will be subject to the supervision of Fuxi Power Company over the use of the prepaid amounts in the following manner:

- (i) the Supplier will provide accounts and documents relating to the procurement of raw materials to Fuxi Power Company on a monthly basis. Fuxi Power Company will monitor the use of the prepaid amounts on the basis of the accounting entries and/or appoint its representative to conduct on-site inspection; and
- (ii) in the event that the Supplier has misused any portion of the prepayment, the Supplier shall be required to make up the shortfall, failing which Fuxi Power Company has the right to demand for the repayment of the whole or part of the prepaid amounts.

Fuxi Power Company shall settle the purchase price of the Materials on a monthly basis. Payment can be settled by offsetting the prepayment within 12 months after the supply of the Materials begins and until the prepaid amount has been fully deducted.

#### **REASONS FOR AND BENEFITS OF THE PURCHASE AGREEMENT**

The Materials are required for the operation of the desulphurization systems of Fuxi Power Company. The Supplier is the available producer of the Materials located only 3 kilometres from Fuxi Power Company. The Directors are of the view that purchasing the Materials from a supplier within just 3 kilometres will save much transportation costs and is cost effective.

The Fuxi Purchase Agreement contains the prepayment provisions which will secure reliable and timely supply of quality Materials to the Group from the Supplier and the efficient operations of desulphurisation facilities of Fuxi Power Company. The Directors consider that in view of the high level of the costs of investment of the production facilities and the unique application of the Materials, prepayment provisions are normal commercial terms of any agreements for the purchase of the same.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Fuxi Purchase 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.

## **PRINCIPAL BUSINESS OF THE GROUP AND THE SUPPLIER**

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 and owns and operates coal-fired and hydroelectric power plants in the PRC.

The principal business activities of the Group are to develop, construct, own, operate and manage large power plants supplying both coal-fired and hydro-electricity in the PRC and engage in investment holdings.

The Supplier, an indirect subsidiary of CPI Holding, is principally engaged in the development, production and sale of environmentally-friendly materials used in power generation-related processes including desulphurisation and the provision of technical consultancy services and technical training.

## **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 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.

Since the Supplier is an indirect subsidiary of CPI Holding, the Supplier is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Fuxi Purchase Agreement constitutes a continuing connected transaction of the Company.

Further, as the applicable percentage ratios under Rule 14A.34 of the Listing Rules in respect of maximum annual cap for the purchase of the Materials under the Fuxi Purchase Agreement, namely RMB39,875,000 (approximately HK\$47,451,250), when aggregated together with the Pingwei and Yaomeng Purchase Agreements (the annual cap under which is RMB21,160,000 million (equivalent to approximately HK\$25,180,400)) falls below 5%, the Fuxi Purchase Agreement is only subject to

reporting and announcement requirements but exempt from the independent shareholders' approval. Details of the Fuxi Purchase 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.

None of the Directors has material interest in the transaction or is required to abstain from voting on the board resolution.

## 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
“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* (中華人民共和國國務院)
“CPI Holding”	China Power International Holding Limited (中國電力國際有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of CPI Group
“Director(s)”	director(s) of the Company
“Fuxi Power Company”	四川中電福溪電力開發有限公司 (Sichuan CPI Fuxi Power Company Limited*), a 51%-owned subsidiary of the Company
“Fuxi Purchase Agreement”	The agreement for the purchase of the Materials dated 6 May 2011 entered into between Fuxi Power Company and the Supplier
“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
“Materials”	limestone powder for desulphurization
“Pingwei and Yaomeng Purchase Agreements”	The continuing connected transactions in relation to the agreements for the purchase of the Materials dated 28 December 2010 entered into between Beijing China Power Environmental Engineering Company Limited* and Anhui Huainan Pingwei Electric Power Generating Company Limited* and Pingdingshan Yaomeng Power Generating Company Limited* respectively, the details of which were set out in the announcement of the Company dated 28 December 2010
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes the Special Administrative Regions of Hong Kong and Macau and Taiwan
“RMB”	Renminbi, the lawful currency of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	四川宜賓中電環境工程有限公司 (Sichuan Yibin China Power Environmental Engineering Company Limited*), an indirect 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 RMB1.00 to HK\$1.19. 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, 6 May 2011

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