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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)

DISCLOSEABLE TRANSACTION

Disposal of Equity Interests in

- (1) Huanggang Dabieshan Power Company Limited* and**
- (2) Huainan Pingwei No.2 Electric Power Generating Company Limited***

CONTINUING CONNECTED TRANSACTIONS

Coal Supply Framework Agreement with Huainan Mining Industry (Group) Company Limited*

Reference is made to the announcement of the Company dated 14 June 2011 relating to the open tender for the proposed disposals of its 42% equity interests in Dabieshan Company and 25% equity interests in Pingwei Company II through the China Beijing Equity Exchange. The Board is pleased to announce that on 26 July 2011, after the tender process has been concluded, the Company has entered into the Share Transfer Agreements with the successful bidder, Huainan Mining. Pursuant to the Share Transfer Agreements, the Company has conditionally agreed to sell and Huainan Mining has conditionally agreed to purchase the above equity interests for a consideration of RMB393,899,000 and RMB350,000,000 respectively (equivalent to HK\$474,577,000 and HK\$421,687,000 respectively).

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules for the Disposal are more than 5%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Upon completion of the Disposal, Dabieshan Company and Pingwei Company II will remain subsidiaries of the Company and Huainan Mining will own 42% and 25% equity interests in Dabieshan Company and Pingwei Company II respectively. As a result, Huainan Mining will become a substantial shareholder of the subsidiaries of the Company and therefore will become a connected person of the Company under the Listing Rules.

Huainan Mining has been one of the major coal suppliers of the Company. In order to better regulate the purchase of coal by the Company from Huainan Mining, the Company entered into the Coal Supply Framework Agreement with Huainan Mining on 26 July 2011. The transactions contemplated under the Coal Supply Framework Agreement constitute continuing connected transactions of the Company. The Directors estimate that the Proposed Annual Caps for the three financial years ending 31 December 2011, 2012 and 2013 will not exceed RMB5,200,000,000, RMB6,400,000,000 and RMB7,300,000,000 respectively.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Continuing Connected Transactions are more than 5%, they constitute non-exempt continuing connected transactions which are subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has obtained written shareholders' approval in accordance with Rule 14A.43 of the Listing Rules from CPI Holding and CPDL, which holds 1,532,827,927 and 1,996,500,000 shares of the Company respectively (together representing approximately 69.11% of the total issued share capital of the Company), approving the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. Accordingly, the Company has made an application to the Stock Exchange for the written shareholders' approval from CPI Holding and CPDL be accepted by the Stock Exchange in lieu of holding a physical shareholders' meeting for the approval of the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Shareholders and an independent financial advisor will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

A circular containing, among other things, (i) further details of the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; (ii) a letter from the independent financial advisor containing its advice to the Independent Board Committee and the Shareholders; and (iii) the recommendation of the Independent Board Committee to the Shareholders is expected to be dispatched by the Company to the Shareholders on or around 16 August 2011.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 June 2011 relating to the open tender for the proposed disposals of its (1) 42% equity interests in Huanggang Dabieshan Power Company Limited* and (2) 25% equity interests in Huainan Pingwei No.2 Electric Power Generating Company Limited* through the China Beijing Equity Exchange. In order to promote coal and electricity joint operation, it was one of the bidder eligibility criteria that the bidder is a large scale state-owned coal production enterprise. Further, it was one of the conditions that the Dabieshan Disposal and the Pingwei Disposal are inter-conditional.

On 26 July 2011, after the tender process has been concluded, the Company entered into the Share Transfer Agreements with the successful bidder, Huainan Mining, pursuant to which the Company has conditionally agreed to sell and Huainan Mining has conditionally agreed to purchase 42% of the equity interests of Dabieshan Company and 25% of the equity interests of Pingwei Company II for a consideration of RMB393,899,000 and RMB350,000,000 respectively (equivalent to HK\$474,577,000 and HK\$421,687,000 respectively).

DISCLOSEABLE TRANSACTION - SHARE TRANSFER AGREEMENTS

Date

26 July 2011

Parties

- (i) The Company (as the seller)
- (ii) Huainan Mining (as the purchaser)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huainan Mining is a third party independent of the Group and connected persons of the Group.

Assets to be disposed of

42% equity interests of Dabieshan Company and 25% equity interests of Pingwei Company II.

Based on the management accounts of Dabieshan Company adjusted in accordance with the Hong Kong Financial Reporting Standards, Dabieshan Company had a net asset value of approximately RMB577,606,000 (equivalent to HK\$695,911,000) as at 31 December 2010. The net loss before and after taxation and extraordinary items attributable to the 42% equity interests held by the Company in Dabieshan Company were RMB959,000 (equivalent to HK\$1,155,000) for the year ended 31 December 2009 and RMB26,475,000 (equivalent to HK\$31,898,000) for the year ended 31 December 2010.

Based on the management accounts of Pingwei Company II adjusted in accordance with the Hong Kong Financial Reporting Standards, Pingwei Company II had a net asset value of approximately RMB804,262,000 (equivalent to HK\$968,990,000) as at 31 December 2010. The net profits before taxation and extraordinary items attributable to the 25% equity interests held by the Company in Pingwei Company II were RMB78,659,000 (equivalent to HK\$94,770,000) for the year ended 31 December 2009 and RMB68,615,000 (equivalent to HK\$82,669,000) for the year ended 31 December 2010. The net profits after taxation and extraordinary items attributable to the 25% equity interests held by the Company in Pingwei Company II were RMB70,971,000 (equivalent to HK\$85,507,000) for the year ended 31 December 2009 and RMB60,175,000 (equivalent to HK\$72,500,000) for the year ended 31 December 2010.

Consideration

The aggregate consideration for the Disposal is RMB743,899,000 (equivalent to HK\$896,264,000) representing RMB393,899,000 for the Dabieshan Disposal and RMB350,000,000 for the Pingwei Disposal. The aggregate consideration of the Disposal was offered as the base price during the tender process and was accepted by Huainan Mining. The base price was arrived at with reference to the asset valuation carried out by an independent valuation firm in the PRC (the appraised value were RMB377,487,936 and RMB335,545,400 in respect of the Dabieshan Disposal and the Pingwei Disposal respectively) and market value of comparable companies.

A bank guarantee was arranged by Huainan Mining for 30% of the aggregate consideration to the China Beijing Equity Exchange as guarantee payment during the tender process. The aggregate consideration is required to be paid in full within five

business days following the signing of the Share Transfer Agreements. Upon receipt in full the aggregate consideration by the Company, Huainan Mining has a right to revoke the above guarantee in accordance with the required procedures of the China Beijing Equity Exchange.

Principal terms and conditions

- Huainan Mining has undertaken to provide not less than 50% of the coal required by Dabieshan Company each year at the most favourable price in the same region.
- Huainan Mining has undertaken to provide not less than seven million tons of the coal required by Pingwei Power Plant I and Pingwei Power Plant II each year at the most favourable price in the same region.
- Huainan Mining has undertaken to participate in the development of Pingwei Power Plant III and other investment projects.
- Huainan Mining has undertaken to acquire from the Company 42% equity interests of Dabieshan Company and 25% equity interests of Pingwei Company II simultaneously.
- Completion of the Disposal is subject to the approvals from the Ministry of Commerce of the PRC and other authorised local approval authorities.
- Within five business days after obtaining the updated certificate of approval for foreign investment enterprise (外商投資企業批准證書), the Company is required to procure Dabieshan Company and Pingwei Company II to complete the formal registration with the State Administration for Industry and Commerce of the PRC and other local authorised bodies for the transfer of 42% equity interests of Dabieshan Company and 25% equity interests of Pingwei Company II to Huainan Mining.

Impact of the Disposal and use of proceeds

As at the date of this announcement, the Company holds 93% equity interests of Dabieshan Company and 100% equity interests of Pingwei Company II. Upon completion of the Disposal, the Company will hold 51% of the equity interests of Dabieshan Company and 75% of the equity interests of Pingwei Company II. Both Dabieshan Company and Pingwei Company II will remain subsidiaries of the Company after the Disposal.

Based on the management accounts of Dabieshan Company and Pingwei Company II as at 31 December 2010 adjusted in accordance with the Hong Kong Financial Reporting Standards, the Group is expected to derive an estimated gain of approximately RMB298,000,000 (equivalent to HK\$359,036,000) from the transactions under the Share Transfer Agreements, which is derived from the consideration less the total of: (i) the net asset value; (ii) estimated expenses; and (iii) taxes relating to transactions under the Share Transfer Agreements. Since the Group will retain the ownership of Dabieshan Company and Pingwei Company II, the Disposal will not result in a loss of control by the Group and any gain as a result of the Disposal will be recognised directly in the equity of the Group.

The Company intends to use the net proceeds from the Disposal for future business development and general working capital.

The Directors (including the independent non-executive Directors) are of the view that the Share Transfer Agreements were entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS - COAL SUPPLY FRAMEWORK AGREEMENT

Upon completion of the Disposal, Dabieshan Company and Pingwei Company II will remain subsidiaries of the Company and Huainan Mining will own 42% and 25% equity interests in Dabieshan Company and Pingwei Company II respectively. As a result, Huainan Mining will become a substantial shareholder of the subsidiaries of the Company and therefore will become a connected person of the Company under the Listing Rules.

Huainan Mining has been one of the major coal suppliers of the Company. In order to better regulate the purchase of coal by the Company from Huainan Mining, the Company entered into the Coal Supply Framework Agreement with Huainan Mining on 26 July 2011.

Date

26 July 2011

Parties

- (i) The Company (as the purchaser)
- (ii) Huainan Mining (as the supplier)

Principal terms

Pursuant to the Coal Supply Framework Agreement, Huainan Mining will supply coal to Pingwei Power Plant I, Pingwei Power Plant II and Dabieshan Power Plant. The term of the Coal Supply Framework Agreement will commence on the date when the Coal Supply Framework Agreement is signed and sealed and all the approvals and waivers required under the Listing Rules are obtained (if necessary) and expire on 31 December 2013 (both dates inclusive).

The parties agreed that the purchase price of coal shall be determined with reference to national industrial policy as well as industry and market conditions. It has also been agreed that the parties thereto will from time to time determine the price, quality, quantity and the transportation method of the coal to be supplied by Huainan Mining, and subject to the parties' discussion and negotiation.

Proposed Annual Caps and rationale

The aggregate annual amount of coal to be supplied by Huainan Mining is estimated to be up to (1) 8,500,000 tonnes for the financial year ending 31 December 2011, (2) 9,000,000 tonnes for the financial year ending 31 December 2012 and (3) 10,000,000 tonnes for the financial year ending 31 December 2013.

The Directors estimate that the Proposed Annual Caps for the three financial years ending 31 December 2011, 2012 and 2013 will not exceed RMB5,200,000,000, RMB6,400,000,000 and RMB7,300,000,000 respectively.

The Proposed Annual Caps have been determined with reference to the following factors:

- (1) historical figures of coal purchase from Huainan Mining. During the years ended 31 December 2009 and 2010 and the period from 1 January 2011 to 30 June 2011, the Company's purchase of coal from Huainan Mining amounted to approximately RMB3,500,000,000, RMB3,800,000,000 and RMB2,300,000,000 respectively;
- (2) estimated increase in coal prices;
- (3) estimated increase in the demand for electricity;
- (4) estimated transportation fees; and
- (5) estimated decrease in the calorific value of coal.

The Directors (including the independent non-executive Directors) are of the view that the Coal Supply Framework Agreement was 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 the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE CONTINUING CONNECTED TRANSACTIONS

Coal price has been increasing continuously as the rapid development of the domestic economy has resulted in a continuous increase in the demand for primary energy by all industries. Due to the present inflation forecast, it is difficult to rationalise the coal and electricity pricing system in the short run.

The State encourages joint operation of coal and electricity enterprises so as to establish a stable demand and supply relationship, and achieve a reasonable allocation of benefits and sharing of market risks.

Due to present internal and external conditions, the promotion by the Company of coal and electricity joint operation is beneficial in respect of ensuring fuel supply, the dilution of operational risk and increasing the current and long term profitability of our power plants within the relevant regions.

The Company's entry into the Coal Supply Framework Agreement will help Pingwei Power Plant I and Pingwei Power Plant II in obtaining continuous and stable coal supply at favourable prices and ensuring the profitability of their operating companies. It is also expected that due to the favourable coal prices, the volume of coal supply to Dabieshan Company will improve substantially, which will effectively alleviate its operational pressure.

The model of coal and electricity joint operation will maintain the competitive advantage of the Company as a whole and therefore will be beneficial to the future development of Pingwei Power Plant III.

The proceeds from the Disposal will further improve the liquidity and financial position of the Group.

COMPLIANCE WITH THE LISTING RULES

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules for the Disposal are more than 5%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Upon completion of the Disposal, Dabieshan Company and Pingwei Company II will remain subsidiaries of the Company and Huainan Mining will own 42% and 25% equity interests in Dabieshan Company and Pingwei Company II respectively. As a result, Huainan Mining will become a substantial shareholder of the subsidiaries of the Company and therefore will become a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Coal Supply Framework Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Continuing Connected Transactions are more than 5%, they constitute non-exempt continuing connected transactions which are subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Directors, neither Huainan Mining nor any of its associates holds any shares of the Company at the date of this announcement and no Shareholder and its associates (as defined under the Listing Rules) is required to abstain from voting if the Company were to convene a general meeting for the approval of the Coal Purchase Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

The Company has obtained written shareholders' approval in accordance with Rule 14A.43 of the Listing Rules from CPI Holding and CPDL, which holds 1,532,827,927 and 1,996,500,000 shares of the Company respectively (together representing approximately 69.11% of the total issued share capital of the Company), approving the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. Accordingly, the Company has made an application to the Stock Exchange for the written shareholders' approval from CPI Holding and CPDL be accepted by the Stock Exchange in lieu of holding a physical shareholders' meeting for the approval of the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Shareholders and an independent financial advisor will be appointed to advise the Independent Board Committee and the Shareholders in relation to the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

A circular containing, among other things, (i) further details of the Coal Supply Framework Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; (ii) a letter from the independent financial advisor containing its advice

to the Independent Board Committee and the Shareholders; and (iii) the recommendation of the Independent Board Committee to the Shareholders is expected to be dispatched by the Company to the Shareholders on or around 16 August 2011.

INFORMATION ON DABIESHAN COMPANY

Dabieshan Company was incorporated on 17 December 2003 in the PRC with limited liability. It has a registered capital of RMB815,526,000. Dabieshan Company is held by the Company, 湖北省能源集團有限公司 (Hubei Energy Group Company Limited*), 麻城市國有資產經營有限公司 (Macheng State-owned Assets Management Company Limited*) and 黃岡市投資公司 (Huanggang City Investment Company*) as to 93%, 3%, 2% and 2% respectively.

Dabieshan Company is principally engaged in the generation and sale of electricity. It holds and operates Dabieshan Power Plant, a coal-fired power plant located in Huanggang city, Hubei Province. As at 31 December 2010, it has a total installed capacity of 1,280 MW. Its gross generation for the years ended 31 December 2010, 2009 and 2008 was 5,436,057MWh, 4,957,139MWh and 1,589,526MWh respectively.

INFORMATION ON PINGWEI COMPANY II

Pingwei Company II was incorporated on 17 November 2003 in the PRC with limited liability. It has a registered capital of US\$104,153,000. Pingwei Company II is principally engaged in the generation and sale of electricity. It holds and operates Pingwei Power Plant II, a coal-fired power plant located in Huainan city, Anhui Province. As at 31 December 2010, it has a total installed capacity of 1,280 MW. Its gross generation for the years ended 31 December 2010, 2009 and 2008 was 7,284,690MWh, 6,929,600MWh and 7,633,850MWh respectively.

INFORMATION ON HUAINAN MINING

Huainan Mining was formed in March 1998 upon restructure of 淮南礦務局 (Huainan Ministry of Mines*). It principally engages in coal mining and production and is among the 500 top group companies in the PRC (ranked the 183rd in 2010) and one of the 17 key enterprises in Anhui Province.

Since 2002, Huainan Mining pursues the objective of “all for development and employees” and the development strategy of “building large mines, running huge electricity business and generating capital”, and upholds the development mode of “developing advanced production, safety first, preserving resources and protecting environment”. With Huainan Mining’s achievements in various industries such as

coal, electricity, real estate, logistics and finance, it is ranked one of the 14 coal bases of 100-million-ton level and one of the six large coal-electricity bases in the PRC. Huainan Mining is also among the first batch of pilot enterprises under circular economy in the PRC, an environmental friendly enterprise, and an innovative pilot enterprise at state level.

INFORMATION ON 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 power plants of CPI Group spread across 28 provinces, municipalities and autonomous regions in the PRC. CPI Holding is wholly-owned by CPI Group and owns and operates coal-fired and hydroelectric power plants in the PRC. As at the date of this announcement, CPI Group, through CPI Holding, owns approximately 69.11% 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 shareholders two other power plants, which are situated in the PRC.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“China Beijing Equity Exchange”	北京產權交易所 (China Beijing Equity Exchange)
“Coal Supply Framework Agreement”	the coal supply framework agreement between the Company and Huainan Mining dated 26 July 2011
“Company”	China Power International Development Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
“Continuing Connected Transactions”	the transactions contemplated under the Coal Supply Framework Agreement

“CPDL”	China Power Development Limited (中國電力發展有限公司*), a company incorporated in British Virgin Islands with limited liability 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 SASAC
“CPI Holding”	China Power International Holding Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CPI Group
“Dabieshan Company” or “Dabieshan Power Plant”	黃岡大別山發電有限責任公司 (Huanggang Dabieshan Power Company Limited*)
“Dabieshan Disposal”	the disposal by the Company of 42% of the equity interests of Dabieshan Company pursuant to the Dabieshan Share Transfer Agreement
“Dabieshan Share Transfer Agreement”	the share transfer agreement between the Company and Huainan Mining in relation to the 42% equity interests of Dabieshan Company dated 26 July 2011
“Director(s)”	director(s) of the Company
“Disposal”	the Dabieshan Disposal and the Pingwei Disposal
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huainan Mining”	淮南礦業(集團)有限責任公司 (Huainan Mining Industry (Group) Company Limited*)
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MWh”	megawatt-hour, which is equal to one thousand kilowatt-hours
“Pingwei Company II” or “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*)
“Pingwei Disposal”	the disposal by the Company of 25% of the equity interests of Pingwei Company II pursuant to the Pingwei Share Transfer Agreement
“Pingwei Power Plant I”	the phase I power plant under 淮南平圩發電有限責任公司 (Huainan Pingwei Electric Power Generating Company Limited*)
“Pingwei Power Plant III”	the proposed phase III power plant development project in the region of Huainan city, Anhui Province
“Pingwei Share Transfer Agreement”	the share transfer agreement between the Company and Huainan Mining in relation to the 25% equity interests of Pingwei Company II dated 26 July 2011
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Proposed Annual Caps”	the maximum amounts payable under the Coal Supply Framework Agreement for the three financial years ending 31 December 2011, 2012 and 2013
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	中華人民共和國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC*)
“Share Transfer Agreements”	the Dabieshan Share Transfer Agreement and the Pingwei Share Transfer Agreement

“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
“%”	per cent.

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

This announcement contains translation of RMB into HK\$ at the rate of RMB0.83 to HK\$1.00. The translation shall not be taken as representation that any amounts in RMB or HK\$ could be converted at such rate or at any other rate.

By order of the Board
China Power International Development Limited
LI Xiaolin
Chairman

Hong Kong, 26 July 2011

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 Gu Zhengxing, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.