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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

Assets Management Agreement

The Board announces that the Company has entered into the Supplemental Assets Management Agreement VII on 17 December 2012 with CPI Holding to amend certain terms in the Assets Management Agreement, including, inter alia, making changes to the total installed capacity of the managed power plants and adjustments to the management fee.

As at the date of this announcement, CPI Holding is the controlling shareholder of the Company which is interested in approximately 63.59% of the issued share capital of the Company. As such, CPI Holding is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the entering into the Supplemental Assets Management Agreement VII constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The maximum annual management fee (including the assumed profit margin component and increment of the management fee) payable by CPI Holding to the Company under the Supplemental Assets Management Agreement VII amounts to RMB22,892,800 (equivalent to approximately HK\$28,262,716), the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but less than 5%. Accordingly, the Supplemental Assets Management Agreement VII is subject to announcement and reporting requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Supplemental Assets Management Agreement VII will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 of the Listing Rules.

Reference is made to the announcement of the Company dated 30 April 2008 in relation to the renewal of the fourth supplemental assets management agreement and the original Assets Management Agreement, pursuant to which the Company would manage certain power plants for CPI Holding in return for a management fee. The Company made no further announcement after the fourth supplemental assets management agreement, as the

subsequent renewals of the maximum annual management fee since then their applicable percentage ratios were below the disclosure thresholds of less than 0.1% under the Listing Rules.

On 17 December 2012, the Company has entered into the Supplemental Assets Management Agreement VII with CPI Holding to reflect the recent changes in the scope of services in respect of the managed power plants, namely Qinghe Power Plant and Wuhu Power Plant, thus amending certain terms in the original Assets Management Agreement, including, inter alia, making changes to the total installed capacity of the managed power plants and adjustments to the management fee.

SUPPLEMENTAL ASSETS MANAGEMENT AGREEMENT VII

Date

17 December 2012

Parties

- (i) the Company (as the manager); and
- (ii) CPI Holding (as the employer).

Principal Terms and Proposed Annual Caps

The term lasts for 3 years from 1 January 2013 to 31 December 2015.

Under the original Assets Management Agreement, the scope of services includes:

- planning and implementing new developments and the yearly budgets of the respective power plants; and
- production management, sales management, engineering management, financial management and human resources management of the respective power plants.

The management fee payable by CPI Holding to the Company consists of the following three components:

1. management costs in the sum of RMB16,352,000 (covering the set-up, operational and other recurrent items to be incurred by the Company in management the power plants) (the “Management Costs”);
2. a fixed premium to cover estimated risks set at 15% of the Management Costs; and
3. a profit/loss margin which is an incentive/penalty calculated by reference to the confirmed results of the power plants under management but which shall not exceed 15% of the Management Costs.

The first two components of the management fee are payable monthly in arrears. The profit/loss margin component is payable based on the annual evaluation of performance of the management but no later than 90 days after the end of each year.

The management fee (excluding the profit/loss margin component) payable by CPI Holding may be adjusted according to the following conditions:

- (i) changes in the total installed capacity of the power plants under management; and
- (ii) changes in the Management Costs shall be determined by the parties each year by reference to the following factors:
 - the inflation rate of the previous year as published by the National Bureau of Statistics of China;
 - the average percentage increase in salaries of the Company's employees as approved by the Board; and
 - any change in the scope or nature of the management services.

During the management term, if the circumstances warrant an adjustment in the Management Costs, the increment shall not exceed 10% of the Management Costs set by the Supplemental Assets Management Agreement VII, which will be negotiated between the parties at arm's length.

Under the Supplemental Assets Management Agreement VII, the total installed capacity of the managed power plants was revised to 2,290MW (Qinghe Power Plant of 1,600MW and Wuhu Power Plant of 1,320MW) and the Management Costs was revised to RMB5,600 per MW according to the aforesaid bases. It is anticipated that the maximum annual management fee (including an assumed profit margin of 15% on Management Costs and an assumed increment in Management Costs of 10%) for each of the three financial years ended 31 December 2013, 2014 and 2015 shall not exceed RMB22,892,800 (equivalent to approximately HK\$28,262,716).

REASONS AND BENEFITS FOR THE TRANSACTION

The purpose of the Supplemental Assets Management Agreement VII is to reflect the fundamental changes in the scope of services in respect of the managed power plants. The Company with its expertise in operating power plants, the Assets Management Agreement helps to bring in additional revenue to the Group. As the management fee has been adjusted in accordance with the provisions contained in the original Assets Management Agreement, the Directors (including independent non-executive Directors) concur that such fee and the other terms of the Supplemental Assets Management Agreement VII are no less favourable to the Group than the terms available from independent third parties.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Supplemental Assets Management Agreement VII 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 Supplemental Assets Management Agreement VII or is required to abstain from voting on the Board resolutions.

PRINCIPAL BUSINESS OF THE GROUP AND CPI HOLDING

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 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 and CPDL, owns approximately 63.59% 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 two other power plants in the PRC, namely Qinghe Power Plant and Wuhu Power Plant under the Supplemental Assets Management Agreement VII.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Holding is the controlling shareholder of the Company which is interested in approximately 63.59% of the issued share capital of the Company. As such, CPI Holding is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the entering into the Supplemental Assets Management Agreement VII constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The maximum annual management fee (including the assumed profit margin component and increment of the management fee) payable by CPI Holding to the Company under the Supplemental Assets Management Agreement VII amounts to RMB22,892,800 (equivalent to approximately HK\$28,262,716), the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but less than 5%. Accordingly, the Supplemental Assets Management Agreement VII is subject to announcement and reporting requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Supplemental Assets Management Agreement VII will be included in the next published annual report and accounts of the Company pursuant to Rules 14A.45 of the Listing Rules.

DEFINITIONS

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

“Assets Management Agreement”	the agreement entered into by the Company, CPI Group and CPI Holding on 27 August 2004 pursuant to which the Company manages certain power plants for CPI Holding as amended by the subsequent supplemental management agreements
“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”	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)
“CPI Holding”	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
“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
“MW”	megawatt, that is, one million watts
“PRC” or “China”	the People’s Republic of China (for the purpose of the announcement excluding the Special Administrative Regions of Hong Kong and Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Qinghe Power Plant”	Liaoning Qinghe Electric Power Company Limited (遼寧清河發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPI Holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Assets Management Agreement VII”	a supplemental agreement to the Assets Management Agreement entered into between the Company and CPI Holding on 17 December 2012

“Wuhu Power Plant”

Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司), a company incorporated in the PRC and a wholly-owned 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 RMB0.81 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, 17 December 2012

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.