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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

Coal Supply Framework Agreements

The Board announces that on 6 December 2013, the Company has separately entered into Coal Supply Framework Agreements with Huainan Mining and China Coal Energy in relation to the supply of coal to the Purchasers, the subsidiaries and an associate of the Company.

Since Huainan Mining and China Coal Energy are both substantial shareholders of certain subsidiaries of the Company, they both are connected persons of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the two Coal Supply Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For Huainan Mining Coal Supply Framework Agreement, the Directors estimate that the Proposed Annual Caps for the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB5,694,000,000, RMB7,388,000,000 and RMB9,082,000,000 (equivalent to approximately HK\$7,207,595,000, HK\$9,351,899,000 and HK\$11,496,203,000) respectively. As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Caps of the Continuing Connected Transactions with Huainan Mining 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.

For China Coal Energy Coal Supply Framework Agreement, the Directors estimate that the Proposed Annual Caps for the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB729,000,000, RMB855,000,000 and RMB855,000,000 (equivalent to approximately HK\$922,785,000, HK\$1,082,278,000 and HK\$1,082,278,000) respectively. As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Caps of the Continuing Connected Transactions with China Coal Energy 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 two joint written shareholders' approvals in accordance with Rule 14A.43 of the Listing Rules from CPI Holding and CPDL, which held 2,074,538,546 and 1,996,500,000 shares of the Company respectively (together representing approximately 63.57% of the total issued share capital of the Company as at the date of this announcement), approving each of the two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and Proposed Annual Caps. Accordingly, the Company has made an application to the Stock Exchange for accepting the joint written shareholders' approvals from CPI Holding and CPDL in lieu of holding a physical shareholders' meeting for approving each of the two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and 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 two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and Proposed Annual Caps.

A circular containing, among other things, (i) further details of the two Coal Supply Framework Agreements, their respective Continuing Connected Transactions and 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 before 31 December 2013.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 26 July 2011 in relation to the coal supply framework agreement with Huainan Mining for supplying coal to certain subsidiaries of the Company which will expire on 31 December 2013; and (ii) the announcement of the Company dated 16 May 2013 in relation to the coal supply framework agreement with China Coal Energy for supplying coal to CP Shentou, a subsidiary of the Company.

The Board announces that on 6 December 2013, the Company has separately entered into Coal Supply Framework Agreements with Huainan Mining and China Coal Energy in relation to the supply of coal to the Purchasers, the subsidiaries and an associate of the Company.

HUAINAN MINING COAL SUPPLY FRAMEWORK AGREEMENT

Date

6 December 2013

Parties

- (i) Huainan Mining (as the supplier); and
- (ii) the Company (as the purchaser, representing its subsidiaries and an associate, collectively the "Purchasers").

Principal terms

Pursuant to the Huainan Mining Coal Supply Framework Agreement, Huainan Mining will supply coal to the Purchasers. The term of the agreement will commence on 1 January 2014, subject to the approvals and waivers required under the Listing Rules are obtained (if necessary) and expire on 31 December 2016 (both dates inclusive).

The parties agreed that the purchase price of coal shall be determined by both parties after arm's length negotiations with reference to the following factors:

- (1) the national industrial policy as well as industry and market conditions in the PRC;
- (2) the specified guidelines issued by the National Development and Reform Commission of China setting out the coal purchase prices (if any);
- (3) the current transacted coal prices of the local coal exchange or market in the PRC ;
- (4) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);
- (5) the quantity of coal; and
- (6) the estimated transportation fees based on the distance between the relevant coal mines of Huainan Mining and the Purchasers.

The Purchasers will settle the purchase of coal from Huainan Mining on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

It has also been agreed that the parties thereto will from time to time determine the price, quality, quantity, delivery and transportation methods of the coal to be supplied by Huainan Mining to the Purchasers, and subject to the parties' discussion and negotiation at arm's length basis.

Proposed Annual Caps

The aggregate annual amount of coal to be supplied by Huainan Mining is estimated to be up to (1) 9,300,000 tonnes for the financial year ending 31 December 2014, (2) 12,100,000 tonnes for the financial year ending 31 December 2015 and (3) 14,900,000 tonnes for the financial year ending 31 December 2016.

The Directors estimate that the Proposed Annual Caps for the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB5,694,000,000, RMB7,388,000,000 and RMB9,082,000,000 (equivalent to approximately HK\$7,207,595,000, HK\$9,351,899,000 and HK\$11,496,203,000) respectively.

The Proposed Annual Caps have been determined by both parties after arm's length negotiations with reference to the following factors:

- (a) the historical figures of coal purchase from Huainan Mining. The Company's purchase of coal from Huainan Mining for the years ended 31 December 2011, 2012 and as estimated for 2013 amounted to approximately RMB4,400,000,000, RMB4,900,000,000 and RMB4,100,000,000 respectively;
- (b) the estimated amount of coal to be purchased from Huainan Mining based on the estimated amount of electricity to be generated by the Purchasers for each of the three financial years of 2014, 2015 and 2016; and
- (c) the estimated increase in the demand for electricity based on the historical average growth rate in the past few years in China and the forecasts made by China Electricity Council.

CHINA COAL ENERGY COAL SUPPLY FRAMEWORK AGREEMENT

Date

6 December 2013

Parties

- (i) China Coal Energy (as the supplier); and
- (ii) the Company (as the purchaser, representing its subsidiaries and an associate, collectively the "Purchasers").

Principal terms

Pursuant to the China Coal Energy Coal Supply Framework Agreement, China Coal Energy will supply coal to the Purchasers. The term of the agreement will commence on 1 January 2014, subject to the approvals and waivers required under the Listing Rules are obtained (if necessary) and expire on 31 December 2016 (both dates inclusive).

The parties agreed that the purchase price of coal shall be determined by both parties after arm's length negotiations with reference to the following factors:

- (1) the national industrial policy as well as industry and market conditions in the PRC;
- (2) the specified guidelines issued by the National Development and Reform Commission of China setting out the coal purchase prices (if any);
- (3) the current transacted coal prices of the local coal exchange or market in the PRC;
- (4) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);

- (5) the quantity of coal; and
- (6) the estimated transportation fees based on the distance between the relevant coal mines of China Coal Energy and the Purchasers.

The Purchasers will settle the purchase of coal from China Coal Energy on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

It has also been agreed that the parties thereto will from time to time determine the price, quality, quantity, delivery and transportation methods of the coal to be supplied by China Coal Energy to the Purchasers, and subject to the parties' discussion and negotiation at arm's length basis.

Proposed Annual Caps

The aggregate annual amount of coal to be supplied by China Coal Energy is estimated to be up to (1) 1,200,000 tonnes for the financial year ending 31 December 2014, (2) 1,400,000 tonnes for the financial year ending 31 December 2015 and (3) 1,400,000 tonnes for the financial year ending 31 December 2016.

The Directors estimate that the Proposed Annual Caps for the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB729,000,000, RMB855,000,000 and RMB855,000,000 (equivalent to approximately HK\$922,785,000, HK\$1,082,278,000 and HK\$1,082,278,000) respectively.

The Proposed Annual Caps have been determined by both parties after arm's length negotiations with reference to the following factors:

- (a) the historical figures of coal purchase from China Coal Energy. The Company's purchase of coal from China Coal Energy (including the amounts for an associate of the Company) for the years ended 31 December 2011, 2012 and as estimated for 2013 amounted to approximately RMB500,000,000, RMB600,000,000 and RMB685,000,000 respectively;
- (b) the estimated amount of coal to be purchased from China Coal Energy based on the estimated amount of electricity to be generated by the Purchasers for each of the three financial years of 2014, 2015 and 2016; and
- (c) the estimated increase in the demand for electricity based on the historical average growth rate in the past few years in China and the forecasts made by China Electricity Council.

The Group will follow the terms set out in the Coal Supply Framework Agreements, the rationale for the Proposed Annual Caps and all the internal control procedures (including quotations from independent third parties) in order to maintain the fairness of the prices and terms of all coal purchases from Huainan Mining and China Coal Energy are no less favourable than those available from independent third parties.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The entering into the two Coal Supply Framework Agreements will help (i) obtaining continuous and stable coal supply to the coal-fired power generating units of the Group, (ii) getting favourable prices by bulk purchases, and (iii) minimizing transportation costs as some of the relevant coal mines of Huainan Mining are located in the closest proximity of the Purchasers and thus maintaining its competitive advantage in terms of operational efficiency.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the two Coal Supply Framework Agreements are 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 the Shareholders as a whole.

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. It is a wholly State-owned enterprise established by the People's Government of Anhui Province of China (中國安徽省人民政府).

Huainan Mining is principally engaged 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 the State level.

Huainan Mining is a substantial shareholder of Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司) and Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), both are subsidiaries of the Company.

INFORMATION ON CHINA COAL ENERGY

China Coal Energy is a joint stock company incorporated in the PRC with limited liability. Its shares are listed on both the Stock Exchange and the Shanghai Stock Exchange. It is the second largest coal enterprise and the largest manufacturer of coal mining equipment in China and is mainly engaged in coal production and trade, coal chemical, power generation and coal mining equipment manufacturing. Its ultimate holding company is China National Coal Group Corporation* (中國中煤能源集團公司) which was established in July 1982, is one of the key State-owned enterprises under the State-owned Assets Supervision and Administration Commission of the State Council of the PRC* (中華人民共和國國務院).

China Coal Energy is a substantial shareholder of CP Shentou, a subsidiary of the Company.

INFORMATION ON THE COMPANY 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. As at the date of this announcement, CPI Group, through CPI Holding, owns approximately 63.57% 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.

COMPLIANCE WITH THE LISTING RULES

Huainan Mining and China Coal Energy are both substantial shareholders of certain subsidiaries of the Company, and both are therefore connected persons of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the two Coal Supply Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Caps of the Continuing Connected Transactions under Huainan Mining Coal Supply Framework Agreement 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.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in respect of the Proposed Annual Caps of the Continuing Connected Transactions under China Coal Energy Coal Supply Framework Agreement 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.

Under Rule 14A.25 of the Listing Rules, the Company is required to aggregate the China Coal Energy Coal Supply Framework Agreement with the continuing connected transactions of a similar nature with the same connected party, China Coal Energy under the coal supply framework agreement dated 16 May 2013 (the "First Transactions"). As the Company had already complied with all the connected transaction requirements for the First Transaction, the Stock Exchange would not require the Company to aggregate the China Coal Energy Coal Supply Framework Agreement with the First Transactions.

To the best knowledge, information and belief of the Directors, neither Huainan Mining nor any of its associates holds any shares of the Company as 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 Huainan Mining Coal Supply Framework Agreement, its Continuing Connected Transactions and Proposed Annual Caps.

To the best knowledge, information and belief of the Directors, neither China Coal Energy nor any of its associates holds any shares of the Company as 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 China Coal Energy Coal Supply Framework Agreement, its Continuing Connected Transactions and Proposed Annual Caps.

The Company has obtained two joint written shareholders' approvals in accordance with Rule 14A.43 of the Listing Rules from CPI Holding and CPDL, which held 2,074,538,546 and 1,996,500,000 shares of the Company respectively (together representing approximately 63.57% of the total issued share capital of the Company as at the date of this announcement), approving each of the two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and Proposed Annual Caps. Accordingly, the Company has made an application to the Stock Exchange for accepting the joint written shareholders' approvals from CPI Holding and CPDL in lieu of holding a physical shareholders' meeting for approving each of the two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and 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 two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and Proposed Annual Caps.

A circular containing, among other things, (i) further details of the two Coal Supply Framework Agreements, and their respective Continuing Connected Transactions and 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 before 31 December 2013.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“China Coal Energy”	China Coal Energy Company Limited* (中國中煤能源股份有限公司), a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange
“China Coal Energy Coal Supply Framework Agreement”	the framework agreement for the supply of the coal between the Company and China Coal Energy dated 6 December 2013
“Coal Supply Framework Agreements”	Huainan Mining Coal Supply Framework Agreement and China Coal Energy Coal Supply Framework Agreement
“Company”	China Power International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Continuing Connected Transactions”	the respective transactions contemplated under the two Coal Supply Framework Agreements

“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), the ultimate controlling company of the Company
“CPI Holding”	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling company of the Company and a wholly-owned subsidiary of CPI Group
“CP Shentou”	China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司), a company incorporated in the PRC with limited liability and a 80%-owned subsidiary of the Company
“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
“Huainan Mining”	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司), a wholly State-owned enterprise established by the People’s Government of Anhui Province of China (中國安徽省人民政府)
“Huainan Mining Coal Supply Framework Agreement”	the framework agreement for the supply of the coal between the Company and Huainan Mining dated 6 December 2013
“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
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC or China excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Proposed Annual Caps”	the respective maximum amounts payable under Huainan Mining Coal Supply Framework Agreement and China Coal Energy Coal Supply Framework Agreement for the three financial years ending 31 December 2014, 2015 and 2016
“Purchasers”	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司), Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司), Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司), China Power Guorui Logistics Company Limited* (中電國瑞物流有限公司), the subsidiaries of the Company, and Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司), an associate of the Company, collectively the “Purchasers”
“RMB”	Renminbi, the lawful currency of the PRC
“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

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.79 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, 6 December 2013

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.