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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)

(Stock Code: 2380)

CONNECTED TRANSACTIONS

Project Tender and Facilities Services Agreement and Power Pipelines Procurement Agreement

Project Tender and Facilities Services Agreement

On 16 March 2018, Dabieshan Power Plant entered into the Project Tender and Facilities Services Agreement with CEC pursuant to which the Agent has been engaged to provide project tender and facilities services for Project Dabieshan at the consideration of RMB13,500,000 (equivalent to approximately HK\$16,667,000).

Power Pipelines Procurement Agreement

On 16 March 2018, Dabieshan Power Plant entered into the Power Pipelines Procurement Agreement with SEC pursuant to which the parties agreed that the Purchaser will purchase from the Supplier power pipes and ancillary equipment for Project Dabieshan at the consideration of RMB119,892,300 (equivalent to approximately HK\$148,015,000).

SEC is a wholly-owned subsidiary of CEC and CEC is a wholly-owned subsidiary of SPIC, the ultimate controlling shareholder of the Company holding indirectly approximately 55.61% of the issued share capital of the Company as at the date of this announcement. As such, CEC and SEC are connected persons of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement constitute connected transactions of the Company under the Listing Rules.

The total consideration payable for the Transactions is RMB133,392,300 (equivalent to approximately HK\$164,682,000). When it is aggregated with the total consideration payable under the Previous Project Tender and Facilities Services Agreements according to Rule 14A.81 of the Listing Rules, it amounts to RMB156,892,300 (equivalent to approximately HK\$193,694,000). As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Agreements in aggregate exceed 0.1% but all are less than 5%, the Transactions are subject to announcement and reporting requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 16 March 2018, Dabieshan Power Plant entered into the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement for Project Dabieshan.

PROJECT TENDER AND FACILITIES SERVICES AGREEMENT

Principal terms

Date:

16 March 2018

Parties:

- (i) Dabieshan Power Plant (the "Employer"); and
- (ii) CEC (the "Agent").

Services to be provided by the Agent:

The services provided by the Agent include technical assistance and consultancy relating to: (i) calling of tenders for the construction of the main power generating units, all their ancillary facilities, machinery and equipment; (ii) supervising the construction of the ancillary facilities and manufacture of machinery and equipment; and (iii) acting as the agent for tendering and purchasing of imported machinery, equipment and materials.

Consideration:

The service fee payable by the Employer to the Agent pursuant to the Project Tender and Facilities Services Agreement amounted to RMB13,500,000 (equivalent to approximately HK\$16,667,000). All taxes incurred in relation to Project Dabieshan under the Project Tender and Facilities Services Agreement shall be borne and paid by the Agent according to the relevant tax laws, rules and regulations in the PRC.

Payment terms:

The service fee is payable by installments as follows:

<i>Installments</i>	<i>Progress made</i>	<i>% of service fee payable</i>
1.	After the Project Tender and Facilities Services Agreement has been signed and becomes effective	30%
2.	Within one month after completing the tender for the last batch of ancillary facilities, machinery and equipment	10%
3.	Within one month after the date of completion of the manufacturing of the first mainframe of the first power generating unit	20%
4.	Within one month after the date of completion of the manufacturing of the last mainframe of the second power generating unit	20%
5.	Within one month after the date of passing of certain specified trial runs of the first power generating unit	5%
6.	Within one month after the date of passing of certain specified trial runs of the second power generating unit	5%
7.	After the expiry of the warranty period for the first power generating unit	5%
8.	After the expiry of the warranty period for the second power generating unit	5%

POWER PIPELINES PROCUREMENT AGREEMENT

Principal terms

Date:

16 March 2018

Parties:

- (i) Dabieshan Power Plant (the “Purchaser”); and
- (ii) SEC (the “Supplier”).

Purpose:

The Purchaser agrees to purchase, and the Supplier agrees to sell, all power pipes and ancillary equipment, including provision of technical information, special tools, spare items and spare parts, staff technical training, technical supporting services and technical guidance, and equipment transportation and transport insurance for Project Dabieshan.

Consideration:

The price payable by the Purchaser under the Power Pipelines Procurement Agreement is RMB119,892,300 (equivalent to approximately HK\$148,015,000). All taxes incurred in relation to Project Dabieshan under the Power Pipelines Procurement Agreement shall be borne and paid by the Supplier according to the relevant tax laws, rules and regulations in the PRC.

Payment terms:

The price is payable by installments as follows:

<i>Installments</i>	<i>Timing</i>	<i>% of price payable</i>
1.	Within one month after the Purchaser has approved the invoice and performance undertaking letter relating to an amount equal to 10% of the price (the financial receipt and performance undertaking letter shall be submitted by the Supplier to the Purchaser within one month after the Power Pipelines Procurement Agreement becomes effective)	10%
2.	Within one month after the Purchaser has approved (i) the Supplier's proof (in the case of imported pipes) of completion of 60% of a set of equipment or (in the case of domestically produced pipes) that the whole set of equipment is being processed and (ii) invoice relating to an amount equal of 30% of the price of that set of equipment	30% of the price of the relevant set of equipment
3.	Within one month after the Purchaser has received the invoice relating to 50% of the price of that set of equipment (such receipt shall be provided after the whole set of equipment has been delivered)	50% of the price of the relevant set of equipment
4.	Within one month after passing of the 168-hour-trial run of each power generating unit	10%

At the same time the payment is made in stage 4, the Supplier shall provide a letter giving a one-year warranty on the standard of quality of the pipes and the ancillary equipment for an amount equal to 10% of the price. After the expiration of the one-year warranty period, the Purchaser shall return the original of the letter to the Supplier.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

The awards of the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement were determined by a competitive tendering process. The consideration for each of the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement is compatible to the prevailing rates or is at better terms than those charged by other service companies or suppliers for comparable jobs or products in the market. The Directors are of the view that the consideration and the terms of the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement are no less favourable to the Group than those available from independent third parties.

The Directors are of the view that CEC possesses the relevant experience and expertise in the provision of relevant services for large scale power plants and ancillary facilities construction projects, and that SEC possesses the relevant experience and expertise in power pipelines procurement and production for the construction of energy projects. CEC and SEC are among the leading power plant contracting and equipment tender agent service companies in the PRC. Also, the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement are essential to ensure the successful completion of the Project Dabieshan.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement are entered into in the ordinary course of the business of the Company, 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 transactions contemplated under the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement or is required to abstain from voting on the Board resolution.

INFORMATION ON THE GROUP

The Company is a core subsidiary of SPIC for conventional energy business. SPIC (together with its subsidiaries) is the only one integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC.

The Group is principally engaged in generation and sale of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

INFORMATION ON THE AGENT

CEC is a subsidiary of SPIC established in 1993 which is principally engaged in provision of technical assistance and consultancy for tendering, procurement, production supervision, general power facilities contracting and other agency services for use in the power industry in China. CEC is qualified as a Grade A certified Central Investment Project Tendering Agent, a Grade A project tendering agent and a Grade A certified project consulting firm in China. CEC is a reputable power plant complete facilities manufacturing and supervision company in the PRC.

INFORMATION ON THE SUPPLIER

SEC is a subsidiary of CEC and an indirect subsidiary of SPIC established in 2007 which is principally engaged in the production and sale of power pipelines and ancillary equipment for power generating units. SEC possess advanced pipes production equipment and technology, and holds a quality management system certificate for complete equipment and technical service of power piping and fittings, valve distribution and procurement in the PRC.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, SPIC owns approximately 55.61% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

As CEC and SEC are subsidiaries of SPIC, CEC and SEC are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement constitute connected transactions of the Company under the Listing Rules.

The total consideration payable for the Transactions is RMB133,392,300 (equivalent to approximately HK\$164,682,000). When it is aggregated with the total consideration payable under the Previous Project Tender and Facilities Services Agreements according to Rule 14A.81 of the Listing Rules, it amounts to RMB156,892,300 (equivalent to approximately HK\$193,694,000). As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Agreements in aggregate exceed 0.1% but all are less than 5%, the Transactions are subject to announcement and reporting requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreements”	the Project Tender and Facilities Services Agreement, the Power Pipelines Procurement Agreement and the Previous Project Tender and Facilities Services Agreements
“Board”	the board of Directors of the Company
“CEC” or “Agent”	China Power Complete Equipment Co., Ltd.* (中國電能成套設備有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SPIC
“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
“Dabieshan Power Plant” or “Employer” or “Purchaser”	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司), a company incorporated in the PRC with limited liability and a 51%-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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Power Pipelines Procurement Agreement”	the power pipelines procurement agreement in relation to Project Dabieshan dated 16 March 2018 entered into between Dabieshan Power Plant and SEC
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Previous Project Tender and Facilities Services Agreements”	the two project tender and facilities services agreements dated 15 August 2017 entered into between the CEC and Pu’an Power Plant and Shangqiu Power Plant, respectively for a total consideration of RMB23,500,000 (equivalent to approximately HK\$29,012,000), the details of which were set out in the announcement of the Company dated 15 August 2017
“Project Dabieshan”	the project being carried out by Dabieshan Power Plant which involves the construction of two 660MW ultra super-critical coal-fired power generating units in Hubei Province of the PRC
“Project Tender and Facilities Services Agreement”	the project tender and facilities services agreement in relation to Project Dabieshan dated 16 March 2018 entered into between Dabieshan Power Plant and the Agent
“Pu’an Power Plant”	China Power (Pu’an) Power Generating Company Limited* (中電(普安)發電有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SEC” or “Supplier”	Shanghai Power Investment Complete Equipment Co., Ltd.* (上海電投電能成套設備有限公司), a company incorporated in the PRC with limited liability, a directly wholly-owned subsidiary of CEC and an indirectly wholly-owned subsidiary of SPIC
“Shangqiu Power Plant”	China Power (Shang Qiu) Cogeneration Company, Limited* (中電(商丘)熱電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SPIC”	State Power Investment Corporation Limited* (國家電力投資集團有限公司), the ultimate controlling company of the Company, a wholly State-owned enterprise established by the approval of 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

“Transactions” the transactions contemplated under the Project Tender and Facilities Services Agreement and the Power Pipelines Procurement Agreement

* *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
Yu Bing
Chairman

Hong Kong, 16 March 2018

As at the date of this announcement, the directors of the Company are: executive directors Yu Bing and Tian Jun, non-executive directors Guan Qihong and Wang Xianchun, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.