

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **CONNECTED TRANSACTION**

#### **Contracting Agreement for Construction of Denitration System**

The Board announces that on 6 February 2013, the Company has entered into the Contracting Agreement with the Contractor whereby the Employers, subsidiaries of the Company, engaged the Contractor to construct the Denitration System for their power generation units in the Anhui Province of the PRC in order to comply with the mandatory environmental protection requirements set by the PRC Government.

The Contractor is a subsidiary of CPI Group. CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 63.26% of the issued share capital of the Company. As such, the Contractor is a connected person of the Company as defined in the Listing Rules. Accordingly, the Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

The total fee payable by the Employers to the Contractor for the Contracting Agreement amounts to RMB226,490,000 (equivalent to approximately HK\$279,617,000) falls below 5% of the applicable percentage ratios under Rule 14A.32 of the Listing Rules, it is therefore subject to announcement and reporting requirements but is exempted from the independent shareholders' approval requirement. Details of the above connected transaction will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

#### **THE DENITRATION CONTRACTING AGREEMENT**

On 6 February 2013, the Company has entered into the Contracting Agreement with the Contractor whereby the Employers, subsidiaries of the Company, engaged the Contractor to construct the Denitration System for their power generation units in the Anhui Province of the PRC in order to comply with the mandatory environmental protection requirements set by the PRC Government.

**Date**

6 February 2013

**Parties**

- (i) The Company (representing its subsidiaries, individually the “Employer” or collectively the “Employers”); and
- (ii) 中電投遠達環保工程有限公司 (CPI Yuanda Environmental-Protection Engineering Co., Ltd.\*) (the “Contractor”).

**Total contracting fee**

RMB226,490,000 (equivalent to approximately HK\$279,617,000)

Any changes in labour costs, material costs or any other costs incidental to performance of the Contracting Agreement during the contracting period, the contracting fees of the Contracting Agreement shall maintain the same. All taxes incurred in relation to the Contracting Agreement shall be borne and paid by the Contractor according to relevant state tax laws, rules and regulations in the PRC.

**Principal Terms**

Under the Contracting Agreement the Contractor has undertaken to provide the works and services including the full range of design, purchase and supply of equipment, materials, parts and tools, construction and installation, technical advisory and personnel training, system’s performance guarantee and support in relation to the construction of the Denitration System for the power generation units of the Employers located in the Anhui Province of the PRC.

The Contractor has to provide a warranty period for the Denitration System. Warranty period refers to either one year after the date of issuing of the preliminary certificate of acceptance for the Denitration System by the Employers, or twenty-four months after the completion of all the works required under the Contracting Agreement, whichever the earlier. Upon the expiry of the warranty period, the Employers have to issue a final certificate of acceptance for the Denitration System to the Contractor within 15 days. The conditions for the issuance of the final certificate of acceptance are: the Contractor has completed all the replacement/repair or compensation claims (if any) made by the Employers during the warranty period upon its expiry.

The Employers shall pay the Contractor contracting fees by installments in accordance with the specific progresses made by the Contractor through electronic transfer or bank draft.

A 5% remaining balance of the contracting fees will be retained as guarantee for quality insurance until the expiry of the warranty period, and upon which this remaining balance will be settled within one month after the Employer has issued the final certificate of acceptance for the Denitration System. Any cost of defects will be deducted from the remaining balance.

## **REASONS AND BENEFITS FOR THE TRANSACTION**

The construction of Denitration System was tendered by invitation through an agent based on the project companies' specialized technological know-how, equipment, facilities, personnel, practical experience with similar construction system and after sales services as the selection criteria. The final contracting fees were determined after arm's length negotiations with reference to the costs involved, the contracting fees charged by the Contractor in other similar projects, and the prevailing rates charged by other contracting companies in comparable projects. The Directors are of the view that such fees and the other terms of the Contracting Agreement are no less favourable to the Group than the terms available from independent third parties.

The Directors are of the view that the Contractor possesses the relevant experience and expertise in the construction of the denitration systems for large scale power generation plants. The Contractor is one of the leading companies in environmental protection systems contracting and engineering companies in the PRC. The Company believes the Contractor is well positioned to ensure the Denitration System meets the international standards and ensure its reliable operation. The Contracting Agreement is necessary for generation of clean energy and for compliance with the mandatory environmental protection requirements set by the PRC Government.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Contracting Agreement 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 transaction or is required to abstain from voting on the board resolution.

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

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 and CPDL, owns approximately 63.26% 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.

The Contractor is a subsidiary of CPI Group established in 1999 who is principally engaged in coal-fired power plant flue gas desulphurization and denitration, franchise desulphurization, denitration and nuclear power environmental protection and other environmental related project contracting, engineering and technical development

businesses. Its market share is among the top for the environmental protection system construction projects in China. It has won the top ten influential brands of China's environmental protection in innovation technology and various other honours and titles. Its performance is well affirmed by the related Chinese national authorities.

## **COMPLIANCE WITH THE LISTING RULES**

As at the date of this announcement, CPI Group owns approximately 63.26% of the issued share capital of the Company. As CPI Group is the ultimate 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 Contractor is a subsidiary of CPI Group, the Contractor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Contracting Agreement constitutes a connected transaction of the Company.

The total fee payable by the Employers to the Contractor for the Contracting Agreement amounts to RMB226,490,000 (equivalent to approximately HK\$279,617,000) falls below 5% of the applicable percentage ratios under Rule 14A.32 of the Listing Rules, it is therefore subject to announcement and reporting requirements but is exempted from the independent shareholders' approval requirement. Details of the above connected transaction will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

## **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
“Contracting Agreement”	the agreement dated 6 February 2013 entered into between the Company and the Contractor for the construction of the Denitration System for the power generation units of the Employers located in the Anhui Province of the PRC
“Contractor”	中電投遠達環保工程有限公司 (CPI Yuanda Environmental-Protection Engineering Co., Ltd.*), a company incorporated in the PRC and a subsidiary of CPI Group
“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, a company incorporated in Hong Kong and a wholly-owned subsidiary of CPI Group
“Denitration System”	the purifying system for flue gas denitration removing the environmental polluting elements in the process of coal-fired power generation
“Director(s)”	director(s) of the Company
“Employers”	Pingwei Power Plant and Pingwei Power Plant II, subsidiaries of the Company, collectively “Employers” or individually “Employer”
“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
“Pingwei Power Plant”	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Pingwei Power Plant II”	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), a company incorporated in the PRC and a 75%-owned subsidiary of the Company
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC or China excludes Hong Kong, the Special Administrative Region of Macau and Taiwan
“RMB”	Renminbi, the lawful currency of China
“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 RMB0.81 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, 6 February 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.*