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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 TRANSACTION

Deemed Disposal of Interest in a Subsidiary

On 7 November 2014, the Company and Huainan Mining entered into the Capital Contribution Agreement, pursuant to which Huainan Mining has agreed to make a capital contribution of RMB628,720,000 (equivalent to approximately HK\$795,848,101) in cash to the registered capital of Pingwei III.

As at the date of this announcement, the Company holds 100% interest in Pingwei III. Upon Completion, the shareholding of the Company in Pingwei III will be diluted from 100% to 60% of the enlarged registered capital. The equity interest of Pingwei III will then be owned as to 60% by the Company and 40% by Huainan Mining accordingly. Pingwei III will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Company.

The dilution of the Company's interest in Pingwei III constitutes a deemed disposal of 40% of the equity interest of Pingwei III by the Company within the meaning of Rule 14.29 of the Listing Rules. Huainan Mining is currently a substantial shareholder of two subsidiaries of the Company, it therefore is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Capital Contribution Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the Proposed Capital Injection exceed 1% but are less than 5%, it is therefore subject to the announcement and reporting requirements but is exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

In July 2011, the Company disposed 25% equity interest of Pingwei II, a fellow subsidiary of Pingwei III, to Huainan Mining for realization of the Company's strategy in promoting the integration and cooperation of coal and electricity joint operation. Since then, it has been the common intention of both the Company and Huainan Mining to participate together in the development of Pingwei III and other investment projects in the coming future. For details, please refer to the Company's announcement dated 26 July 2011.

On 7 November 2014, the Company and Huainan Mining entered into the Capital Contribution Agreement.

THE CAPITAL CONTRIBUTION AGREEMENT

Date

7 November 2014

Parties

The Company and Huainan Mining

Pingwei III and the Project

Pingwei III currently is a wholly-owned subsidiary of the Company. It was incorporated in January 2013 in the PRC with limited liability and has a registered capital of USD99,990,000 (equivalent to approximately RMB616,728,730 or HK\$780,669,278). It is engaged in investment, construction and operation of coal-fired power generating units, generation and sale of electricity, production and sale of power generating by-products. It has two 1,000 MW ultra super-critical coal-fired power generating units located in Huainan City, Anhui Province, the PRC which are energy saving and environmental friendly and are currently under construction.

Based on the management accounts of Pingwei III which prepared in accordance with the prevailing PRC GAAP, it had a net asset value of approximately RMB616,728,730 (equivalent to approximately HK\$780,669,278) as at 30 September 2014, and had no profit or loss realized yet as the Project is still under construction and not yet commenced operation.

Proposed Capital Injection

Pursuant to the Capital Contribution Agreement, Huainan Mining shall make a capital contribution of RMB628,720,000 (equivalent to approximately HK\$795,848,101), representing 40% of the registered capital of Pingwei III as enlarged by the Proposed Capital Injection.

The Proposed Capital Injection shall be payable in cash by Huainan Mining to Pingwei III. Not less than 70% of the Proposed Capital Injection shall be made (i) after the signing of a new joint venture contract between the shareholders (the Company and Huainan Mining) and (ii) after the signing of a revised articles of association of Pingwei III reflecting the new constitution of the joint venture, but (iii) before the application and registration regarding the adjusted registered capital with the relevant authorities in the PRC. The remaining balance of the Proposed Capital Injection shall be paid in accordance with the construction progress of the Project.

The joint development of the Project, the amount of and the percentage of the respective capital contribution by the Company and Huainan Mining in Pingwei III were determined by the National Development and Reform Commission specified in the approval document for the Project in February 2013.

Capital Structure Before and After the Proposed Capital Injection

Prior to the making and the completion of the Proposed Capital Injection, the Company holds the entire registered capital of Pingwei III, which is USD99,990,000 (equivalent to approximately RMB616,728,730 or HK\$780,669,278).

After the making and the completion of the Proposed Capital Injection, the registered capital of Pingwei III will be enlarged to RMB1,571,800,000 (equivalent to approximately HK\$1,989,620,253). The equity interest of Pingwei III will then be owned as to 60% (RMB943,080,000) by the Company and 40% (RMB628,720,000) by Huainan Mining accordingly.

Undertakings

On the basis of following the market coal prices (linked with the Bohai price index), Huainan Mining has undertaken to ensure the priority of coal supply to Pingwei III while Pingwei III will ensure the priority of coal procurement to Huainan Mining. In the case, Huainan Mining was the sole coal supplier of Pingwei III, Huainan Mining would ensure Pingwei III its supply of coal at favourable prices than the prevailing coal prices.

Completion

Completion shall take place after all registrations with the relevant governmental bodies and/or authorities are completed.

Upon Completion, Pingwei III will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Company. There will not be any gain or loss to the Group as a result of the Capital Contribution Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

This transaction is executed in accordance with the requirements specified in the approval document for the Project of Pingwei III issued by the National Development and Reform Commission. The PRC government encourages joint operation of coal and electricity enterprises so as to establish a stable demand and supply relationship, and to achieve a rational allocation of benefits and sharing of the coal (the major fuel cost of the Company's coal-fired power generation) market risks.

The Capital Contribution Agreement will further consolidate the strategic alliance relationship between the Company and Huainan Mining where both parties could jointly develop the Project and enjoy mutual preferential cooperative rights. It will strengthen the capital base of Pingwei III for development of the Project and will also allow Pingwei III to secure a stable and consistent supply of coal at favourable prices for its operation in the long-run.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Capital Contribution Agreement was 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.

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 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 59.75% 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 hydropower plants.

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 and one of the key enterprises in Anhui Province. 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 currently holds 25% equity interest of Pingwei II, and 42% equity interest of Dabieshan Company, subsidiaries of the Company and fellow subsidiaries of Pingwei III.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, the Company holds 100% interest in Pingwei III. Upon Completion, the shareholding of the Company in Pingwei III will be diluted from 100% to 60% of the enlarged registered capital. The dilution of the Company's interest in Pingwei III constitutes a deemed disposal of 40% of the equity interest of Pingwei III by the Company within the meaning of Rule 14.29 of the Listing Rules.

Huainan Mining is currently a substantial shareholder of two subsidiaries of the Company, it therefore is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Capital Contribution Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of the Proposed Capital Injection exceed 1% but are less than 5%, it is therefore subject to the announcement and reporting requirements but is exempted from the independent shareholder's 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:

“Board”	the board of Directors of the Company
“Capital Contribution Agreement”	the agreement in relation to the Proposed Capital Injection dated 7 November 2014 entered between the Company and Huainan Mining
“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
“Completion”	completion of the Proposed Capital Injection by Huainan Mining to Pingwei III in accordance with the Capital Contribution Agreement
“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) and 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
“Dabieshan Company”	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
“Huainan Mining”	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司), a State-owned enterprise managed by the People’s Government of Anhui Province of China (中國安徽省人民政府)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
“Pingwei 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 with limited liability and a 75%-owned subsidiary of the Company

“Pingwei III”	Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司), a company incorporated in the PRC with limited liability and a wholly-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, Macau Special Administrative Region of the PRC and Taiwan
“Project”	the project being carried out by Pingwei III which involves the construction of two 1,000MW ultra super-critical coal-fired power generating units in Anhui Province of the PRC
“Proposed Capital Injection”	the new capital injection of RMB628,720,000 in cash by Huainan Mining to Pingwei III pursuant to the Capital Contribution Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America

* *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, 7 November 2014

As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Yu Bing, non-executive directors Guan Qihong and Wang Zichao, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.