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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)

CONTINUING CONNECTED TRANSACTIONS

New Technical Repair and Maintenance Framework Agreement and New Composite Support Services Framework Agreement

New Technical Repair and Maintenance Framework Agreement

The Board announces that on 1 April 2015, the Company has entered into the New Technical Repair and Maintenance Framework Agreement with CP Maintenance Engineering pursuant to which the parties agree that the Technicians will provide the Employers, subsidiaries of the Company, with repair and maintenance services for their power generating units and related power generation facilities. The Previous Technical Repair and Maintenance Framework Agreements entered into on 28 December 2012 and 19 December 2013 have been simultaneously terminated after the signing of the New Technical Repair and Maintenance Framework Agreement.

New Composite Support Services Framework Agreement

The Board announces that on 1 April 2015, the Company has entered into the New Composite Support Services Framework Agreement with CPI Holding pursuant to which the parties agree that the Contractors will provide the Employers, subsidiaries of the Company, with various supporting services in relation to their daily power plant operations. The Previous Composite Support Services Framework Agreements entered into on 28 December 2012 and 19 December 2013 have been simultaneously terminated after the signing of the New Composite Support Services Framework Agreement.

Since the Technicians and the Contractors are subsidiaries of CPI Holding, the controlling shareholder of the Company holding approximately 57.50% of the issued share capital of the Company, the Technicians and the Contractors are therefore connected persons of the Company under the Listing Rules. The transactions contemplated under New Technical Repair and Maintenance Framework Agreement and the New Composite Support Services Framework Agreement both constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual cap of the New Technical Repair and Maintenance Framework Agreement for each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB105,000,000, RMB140,000,000 and RMB140,000,000 (equivalent to approximately HK\$132,911,000, HK\$177,215,000 and HK\$177,215,000) respectively; whereas the proposed annual cap of the New Composite Support Services Framework Agreement for each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB\$52,500,000, RMB70,000,000 and RMB70,000,000 (equivalent to approximately HK\$66,456,000, HK\$88,608,000 and HK\$88,608,000) respectively.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in relation to the maximum annual cap for each of the two New Framework Agreements (individually or in aggregation) exceed 0.1% but fall below 5%, the two New Framework Agreements are therefore subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

(A) NEW TECHNICAL REPAIR AND MAINTENANCE FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 28 December 2012 and 19 December 2013 in relation to the Previous Technical Repair and Maintenance Framework Agreements.

On 1 April 2015, the Company has entered into the New Technical Repair and Maintenance Framework Agreement with CP Maintenance Engineering pursuant to which the parties agree that the Technicians will provide the Employers, subsidiaries of the Company, with repair and maintenance services for their power generating units and related power generation facilities. The Previous Technical Repair and Maintenance Framework Agreements have been simultaneously terminated after the signing of the New Technical Repair and Maintenance Framework Agreement. The annual caps stated in the Previous Technical Repair and Maintenance Framework Agreements are therefore no longer applicable.

Set below is a brief summary of the principal terms of the New Technical Repair and Maintenance Framework Agreement.

Date

1 April 2015

Parties

- (i) The Company (representing its subsidiaries, individually the "Employer" or collectively the "Employers"); and
- (ii) CP Maintenance Engineering (representing its subsidiaries, individually the "Technician" or collectively the "Technicians").

Principal Terms

The term of the New Technical Repair and Maintenance Framework Agreement is two years and nine months commencing from 1 April 2015 and ending 31 December 2017.

Under the New Technical Repair and Maintenance Framework Agreement, the repair and maintenance services for power generating units and related power generation facilities include:

- daily routine repair and maintenance, including protection against frost, heat and other seasonal conditions;
- ongoing technical testing and regular technical improvements to ensure compliance with the requirements and specifications for power generation governed by the relevant PRC authorities;
- planning periodic comprehensive inspection, maintenance, parts replacement, and calibration of measuring apparatus; and
- such other services for the operation of the power generating units and related power generation facilities as agreed between the Employers and the Technicians from time to time.

The service fee payable shall be agreed by mutual agreement between the relevant Technician and the relevant Employer under normal commercial terms by reference to the market price for provision of similar services chargeable by independent third parties in the ordinary course of business. The relevant Employer must obtain not less than three quotations or tenders from independent third parties with similar experience and quality of services comparable to that of the Technician, in order to ensure the price and terms offered by the relevant Technician are no less favourable than those offered by unrelated third parties in the prevailing market.

The Employers shall settle the service fees by cash on a monthly basis or payable within 3 months after completion of the required services.

Proposed Annual Cap

The proposed annual cap of the New Technical Repair and Maintenance Framework Agreement for each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB105,000,000, RMB140,000,000 and RMB140,000,000 (equivalent to approximately HK\$132,911,000, HK\$177,215,000 and HK\$177,215,000), based on the following factors:

(a) the historical record:

Actual Usage in 2012 (RMB'000)	Actual Usage in 2013 (RMB'000)	Actual Usage in 2014 (RMB'000)
85,190	100,790	117,460

- (b) the age, condition and repair and maintenance needs of each power generation unit and facility;
- (c) the expected time cost of technical labour required; and
- (d) the complexity of the repair and maintenance works involved.

The Group will follow the terms set out in the New Technical Repair and Maintenance Framework Agreement, the factors upon which the proposed annual cap was based and all the internal control procedures (including quotations or tenders from independent third parties) in order to maintain the fairness of the prices and terms of all the relevant services provided by CP Maintenance Engineering to ensure they are no less favourable than those available from independent third parties.

(B) NEW COMPOSITE SUPPORT SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 28 December 2012 and 19 December 2013 in relation to the Previous Composite Support Services Framework Agreements.

On 1 April 2015, the Company has entered into the New Composite Support Services Framework Agreement with CPI Holding pursuant to which the parties agree that the Contractors will provide the Employers, subsidiaries of the Company, with various supporting services in relation to their daily power plant operations. The Previous Composite Support Services Framework Agreements have been simultaneously terminated after the signing of the New Composite Support Services Framework Agreement. The annual caps stated in the Previous Composite Support Services Framework Agreements are therefore no longer applicable.

Set out below is a brief summary of the principal terms of the New Composite Support Services Framework Agreement.

Date

1 April 2015

Parties

- (i) The Company (representing its subsidiaries, individually the “Employer” or collectively the “Employers”); and
- (ii) CPI Holding (representing its subsidiaries, individually the “Contractor” or collectively the “Contractors”).

Principal Terms

The term of the New Composite Support Services Framework Agreement is two years and nine months commencing from 1 April 2015 and ending 31 December 2017.

Under the New Composite Support Services Framework Agreement, the various supporting services in relation to daily power plant operations include:

- fuel related services, including transportation, loading and unloading of coal, chemical treatment and handling chemical containers, treatment of ash, coal residue and waste produced from power generation;
- daily cleaning, repair and maintenance services at production site and for production facilities (excluding power generating units and related power generation facilities), including boiler rooms, steam rooms, hot and cold air-conditioning systems, internal transport railway, fire safety systems, etc.;
- composite supporting services, including provision of special vehicles and cargo transport, workers commuting shuttle buses, office area property management, security and fire safety management; and
- other ancillary services in relation to the operation of the respective power plants.

The service fee payable shall be agreed by mutual agreement between the relevant Contractor and the relevant Employer on normal commercial terms and by reference to the market price for provision of similar services chargeable by independent third parties in the ordinary course of business. The relevant Employer must obtain not less than three quotations or tenders from independent third parties with similar experience and quality of services comparable to that of the Contractor, in order to ensure the price and terms offered by the relevant Contractor are no less favourable than those offered by unrelated third parties in the prevailing market.

The Employers shall settle the service fees by cash on a monthly basis or payable within 3 months after completion of the required services.

Proposed Annual Cap

The proposed annual cap of the New Composite Support Services Framework Agreement for each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB\$52,500,000, RMB70,000,000 and RMB70,000,000 (equivalent to approximately HK\$66,456,000, HK\$88,608,000 and HK\$88,608,000), based on the following factors:

- (a) the historical record:

Actual Usage in 2012 (RMB'000)	Actual Usage in 2013 (RMB'000)	Actual Usage in 2014 (RMB'000)
52,860	63,110	50,680

- (b) the supporting services demanded by each power plant to meet the escalating local environmental and safety regulations;
- (c) the expected time cost of labour required; and

(d) a moderate inflation expectation.

The Group will follow the terms set out in the New Composite Support Services Framework Agreement, the factors upon which the proposed annual cap was based and all the internal control procedures (including quotations or tenders from independent third parties) in order to maintain the fairness of the prices and terms of all the relevant services provided by CPI Holding to ensure they are no less favourable than those available from independent third parties.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The demand for repair and maintenance services as well as other ancillary services for coal-fired power generating plants has been rising sharply in recent years due to the expansion of existing power generating units and the establishment of new power generating units with large installed capacity in response to the raising standards for environmental friendly and energy saving power generation imposed by the PRC Government. It is the intention of the Group to put in place its own technical and supporting service teams to gradually replace the relevant services currently provided by CPI Holding.

Pingwei Power Plants have given priority to recruit workers from the Technicians and the Contractors who are responsible for the relevant work so as to enable the Pingwei Power Plants to mobilize their own human resources effectively to fulfill their power generation targets, strengthen their management control and enhance operational flexibility in the long run. While this will increase the Group's number of staff and labour cost considerably, it will however simultaneously reduce the number of continuing connected transactions in respect of the related services in the future.

In connection with the Asset Acquisition Agreements, the Group considered it is necessary to reduce the annual caps under the Previous Technical Repair and Maintenance Framework Agreements and the Previous Composite Support Services Framework Agreements in order to reflect the reduction of the level of supporting services provided to the Group. The Company therefore has entered into the two New Framework Agreements to replace the previous relevant framework agreements. Accordingly, the maximum annual caps of the New Technical Repair and Maintenance Framework Agreement and the New Composite Support Services Framework Agreement have been revised to RMB140,000,000 (reduced from previous RMB366,000,000) and RMB70,000,000 (reduced from previous RMB272,000,000) respectively.

New Technical Repair and Maintenance Framework Agreement

The repair and maintenance of the power generating units are essential to ensure the safe, effective and efficient operations of the Company's coal-fired power plants. Such repair and maintenance services are highly-technical in nature and can only be carried out by engineers and technicians equipped with the relevant technical skills and specialized knowledge. As the Technicians have the relevant technical expertise and specific in-depth knowledge of the relevant power plants of the Company's power generating units and related power generation facilities, the entering into the New Technical Repair and Maintenance Framework Agreement will ensure continuity of reliable services, and the safe, effective and efficient operations of the Employers.

New Composite Support Services Framework Agreement

The supporting services under the New Composite Support Services Framework Agreement are necessary for the normal day to day operations of the respective power plants of the Company and they help ensuring compliance with the relevant PRC environmental and safety regulations. The Company believes that the specialized experience of the Contractors in handling fuel, chemicals and waste will ensure that the various processes as well as the subsequent disposal of waste are undertaken in compliance with the relevant PRC regulations. In addition, since the Contractors are all conveniently located in close proximity to the relevant power plants of the Company, the entering into the New Composite Support Services Framework Agreement will ensure continuity of reliable services, and the safe, effective and efficient operations of the Employers.

The Company and the Directors (including the independent non-executive Directors) are of the view that the procedures for obtaining quotations or tenders from independent third parties for providing services of a similar nature serve as an effective control mechanism against the services provided by the Technicians and the Contractors. They help to ensure the prices and terms offered by the connected persons are fair and reasonable and comparable to those offered by unrelated third parties in the prevailing market.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the New Technical Repair and Maintenance Framework Agreement and the New Composite Support Services Framework Agreement 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 its shareholders as a whole.

PRINCIPAL BUSINESS OF THE GROUP, THE TECHNICIANS AND THE CONTRACTORS

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.

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, hydropower plants and wind power plants.

The Technicians are subsidiaries of CPI Holding and are principally engaged in the provision of technical repair and maintenance services for power generating units and related power generation facilities.

The Contractors are subsidiaries of CPI Holding and are principally engaged in providing various supporting services to power plant operations.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, CPI Holding owns approximately 57.50% of the issued share capital of the Company. As CPI Holding is the controlling shareholder of the Company, CPI Holding, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Since the Technicians and the Contractors are subsidiaries of CPI Holding, the transactions contemplated under the New Technical Repair and Maintenance Framework Agreement and the New Composite Support Services Framework Agreement both constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual cap of the New Technical Repair and Maintenance Framework Agreement for each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB105,000,000, RMB140,000,000 and RMB140,000,000 (equivalent to approximately HK\$132,911,000, HK\$177,215,000 and HK\$177,215,000) respectively, whereas the proposed annual cap of the New Composite Support Services Framework Agreement for each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB\$52,500,000, RMB70,000,000 and RMB70,000,000 (equivalent to approximately HK\$66,456,000, HK\$88,608,000 and HK\$88,608,000) respectively.

As the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in relation to the maximum annual cap for each of the two New Framework Agreements (individually or in aggregation) exceed 0.1% but fall below 5%, each of the two New Framework Agreements are therefore subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the transactions contemplated under the New Technical Repair and Maintenance Framework Agreement and the New Composite Support Services Framework Agreement or is required to abstain from voting on the related Board resolutions.

DEFINITIONS

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

“Asset Acquisition Agreements”	the three asset acquisition agreements entered into between certain subsidiaries of the Company and certain subsidiaries of CPI Holding on 1 April 2015, the details of which were set out in the announcement of the Company dated 1 April 2015
“Board”	the board of Directors of the Company

“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
“Contractors”	the direct or indirect subsidiaries of CPI Holding, individually the “Contractor” or collectively the “Contractors”
“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 Maintenance Engineering”	China Power Maintenance Engineering Company Limited* (中電電力檢修工程有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Holding
“Director(s)”	director(s) of the Company
“Employers”	the subsidiaries of the Company, individually the “Employer” or collectively the “Employers”
“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
“New Composite Support Services Framework Agreement”	the framework agreement for the provision of various supporting services in relation to daily power plant operations entered into between the Company and CPI Holding dated 1 April 2015
“New Framework Agreements”	the New Technical Repair and Maintenance Framework Agreement and the New Composite Support Services Framework Agreement

“New Technical Repair and Maintenance Framework Agreement”	the framework agreement for the provision of the composite repair and maintenance service entered into between the Company and CP Maintenance Engineering dated 1 April 2015
“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 with limited liability and a 75%-owned subsidiary of the Company
“Pingwei Power Plants”	Pingwei Power Plant and Pingwei Power Plant II
“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
“Previous Composite Support Services Framework Agreements”	the composite support services framework agreements entered into between the Company and CPI Holding on 28 December 2012 and 19 December 2013 respectively, the details of which were set out in the announcements of the Company dated 28 December 2012 and 19 December 2013
“Previous Technical Repair and Maintenance Framework Agreements”	the technical repair and maintenance framework agreements entered into between the Company and CP Maintenance Engineering on 28 December 2012 and 19 December 2013 respectively, the details of which were set out in the announcements of the Company dated 28 December 2012 and 19 December 2013
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technicians”	the direct subsidiaries of CP Maintenance Engineering and indirect subsidiaries of CPI Holding, individually the “Technician” or collectively the “Technicians”

* 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, 1 April 2015

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.