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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**

#### **Material Purchase Framework Agreement**

The Board announces that on 29 December 2015, the Company has entered into the Material Purchase Framework Agreement with Beijing CP Environmental pursuant to which the parties agreed that the Purchasers, subsidiaries of the Company, will purchase from the Suppliers the Materials.

The Suppliers are subsidiaries of CPI Holding. CPI Holding is the controlling shareholder of the Company which is interested in approximately 55.35% of the issued share capital of the Company. As such, the Suppliers are connected persons of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Material Purchase Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The proposed annual cap of the Material Purchase Framework Agreement for each of the three financial years ending 31 December 2016, 2017 and 2018 is RMB117,700,000 (equivalent to approximately HK\$140,120,000). As certain applicable percentage ratios as defined under Chapter 14 of the Listing Rules in relation to the proposed annual cap for the transactions contemplated under the Material Purchase Framework Agreement exceed 0.1% but fall below 5%, therefore the transactions are subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 4 December 2012 in relation to the purchase framework agreement of the Materials which will expire on 31 December 2015.

On 29 December 2015, the Company has entered into the Material Purchase Framework Agreement with Beijing CP Environmental pursuant to which the parties agreed that the Purchasers, subsidiaries of the Company, will continue to purchase from the Suppliers the Materials after the original material purchase framework agreement expire on 31 December 2015.

## MATERIAL PURCHASE FRAMEWORK AGREEMENT

### Date

29 December 2015

### Parties

- (i) The Company (representing its subsidiaries, individually the “Purchaser” or collectively the “Purchasers”); and
- (ii) Beijing CP Environmental (representing its subsidiaries, individually the “Supplier” or collectively the “Suppliers”).

### Principal Terms and Proposed Annual Cap

Under the Material Purchase Framework Agreement, the Suppliers will provide the Purchasers the Materials for use in the operation of purifying system for flue gas desulphurization removing the environmental polluting elements in the process of coal-fired power generation. The term of the agreement is three years commencing from 1 January 2016 and ending 31 December 2018.

The annual consumption of the Materials for the past three years were as follows:

<b>Actual Consumption in 2013 (RMB'000)</b>	<b>Actual Consumption in 2014 (RMB'000)</b>	<b>Estimated Consumption in 2015 (RMB'000)</b>
79,001	82,350	77,000

The estimated purchase prices, annual usage and annual cap for the coming three years are as follows:

<b>Estimated Purchase Prices (RMB)</b>	<b>Estimated Annual Usage (tons)</b>	<b>Estimated Annual Cap (RMB'000)</b>
231 ~ 282	460,000	117,700

#### *Note*

- The above purchase prices are inclusive of tax and transportation charges.

The estimated purchase prices of the Materials were determined by reference to (i) the prevailing local market prices from the other suppliers in the nearby locations where our power plants are located (not less than three latest comparable transactions), (ii) a floating space of 10% to cater for the changes in raw material cost, labour cost and transportation cost in the coming three years, and (iii) the favourable bargaining prices by bulk purchases. While the estimated annual usage of the Materials was determined by reference to (i) the historical usage records, (ii) the composition of the coal used for power generation for each

of our power plants (the higher level of sulfur contained in coal will require the higher consumption of Materials for desulphurization), (iii) the expected total number of hours of operation of the current generating units, and (iv) the expected generating units that will commence commercial operation during the coming three years. The Purchasers shall settle the purchased Materials by cash on a monthly basis.

It is anticipated that the annual cap for the three financial years ending 31 December 2016, 2017 and 2018 is RMB117,700,000 (equivalent to approximately HK\$140,120,000).

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Materials are required for the operation of the desulphurization systems of the Company's coal-fired power plants. The relevant Suppliers are all conveniently located in the closest proximity to the relevant power plants of the Company. The Directors are of the view that, the terms of entering into the Material Purchase Framework Agreement are no less favourable than the terms available from independent third parties, and will save much transportation cost and ensure stable supply, efficient and timely delivery of the Materials, which is beneficial to the Group.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Material Purchase Framework 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.

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

The Company is a core subsidiary of SPIC for conventional energy business. The SPIC is the only one integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources 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, wind power and other clean energy power plants.

The Suppliers are subsidiaries of CPI Holding, are principally engaged in the development, production and sale of environmentally-friendly materials used in power generation-related processes including desulphurization and the provision of technical consultancy services and technical training.

## **COMPLIANCE WITH THE LISTING RULES**

As at the date of this announcement, CPI Holding owns approximately 55.35% 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 Suppliers are subsidiaries of CPI Holding, the Suppliers are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Material Purchase Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As certain applicable percentage ratios as defined under Chapter 14 of the Listing Rules in relation to the proposed annual cap for the transactions contemplated under the Material Purchase Framework Agreement exceed 0.1% but fall below 5%, therefore the transactions are subject to the announcement, reporting 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 transaction of the Material Purchase Framework Agreement or is required to abstain from voting on the Board resolution.

## **DEFINITIONS**

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

“Beijing CP Environmental”	Beijing China Power Environmental Engineering Company Limited* (北京中電環境工程有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Holding
“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
“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 SPIC
“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
“Materials”	limestone powder for desulphurization

“Material Purchase Framework Agreement”	the framework agreement for the purchase of the Materials entered into between the Company and Beijing CP Environmental dated 29 December 2015
“PRC”	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
“Purchasers”	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), Pingdingshan Yaomeng No. 2 Power Company Limited (平頂山姚孟第二發電有限公司), Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司) and China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司), subsidiaries of the Company, individually “Purchaser” or collectively “Purchasers”
“RMB”	Renminbi, the lawful currency of the PRC
“SPIC”	State Power Investment Corporation* (國家電力投資集團公司), the ultimate controlling company of the Company, a wholly State-owned enterprise formerly named as China Power Investment Corporation* (中國電力投資集團公司), was approved by the State Council of the PRC* (中華人民共和國國務院) for the consolidation and reorganization with the State Nuclear Power Technology Corporation* (國家核電技術公司) in mid-2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suppliers”	Huainan branch of Beijing CP Environmental (北京中電環境淮南分公司), Pingdingshan branch of Beijing CP Environmental (北京中電環境平頂山分公司), Sichuan Yibin China Power Environmental Engineering Company Limited* (四川宜賓中電環境工程有限公司) and Shouzhou China Power Environmental Engineering Company Limited* (朔州中電環境工程有限公司), subsidiaries of Beijing CP Environmental and indirect subsidiaries of CPI Holding, individually “Supplier” or collectively “Suppliers”

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.84 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**  
*Executive Director*

Hong Kong, 29 December 2015

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