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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

Coal Supply Framework Agreement signed with China Coal Energy

The Board announces that on 30 December 2015, the Company has entered into the Coal Supply Framework Agreement with China Coal Energy pursuant to which the parties agreed that China Coal Energy will supply coal to the Purchasers, subsidiaries and an associate of the Company.

The Proposed Annual Caps for the three financial years ending 31 December 2016, 2017 and 2018 will not exceed RMB1,520,000,000, RMB1,658,000,000 and RMB2,286,000,000 (equivalent to approximately HK\$1,809,520,000, HK\$1,973,810,000 and HK\$2,721,430,000) respectively.

China Coal Energy is a substantial shareholder of a subsidiary of the Company, China Coal Energy is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Coal Supply Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the Board has approved the transactions contemplated under the Coal Supply Framework Agreement and the independent non-executive Directors have confirmed that the terms of the Framework Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its shareholders as a whole, given that China Coal Energy is a connected person at the subsidiary level only, the transactions contemplated under the Coal Supply Framework Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Reference is made to the announcements of the Company dated 16 May 2013 and 6 December 2013 in relation to the two coal supply framework agreements signed with China Coal Energy which will expire on 31 December 2015 and 31 December 2016 respectively.

On 30 December 2015, the Company has entered into the Coal Supply Framework Agreement with China Coal Energy pursuant to which it was agreed to continue the purchase and supply of coal between the parties upon the expiry of the original coal supply framework agreement that will expire on 31 December 2015 and also served as a replacement of the other coal supply framework agreement that will expire on 31 December 2016.

COAL SUPPLY FRAMEWORK AGREEMENT

Date

30 December 2015

Parties

- (i) The Company (as the purchaser, representing its subsidiaries and an associate, collectively the “Purchasers”); and
- (ii) China Coal Energy (as the supplier).

Principal Terms

Pursuant to the Coal Supply Framework Agreement, China Coal Energy will supply coal to the Purchasers. The term of the agreement is three years commencing from 1 January 2016 and ending 31 December 2018.

The parties agreed that the purchase price of coal shall be determined by both parties after arm’s length negotiations with reference to (i) the current transacted coal prices of the local coal exchange or market in the PRC (not less than three latest comparable transactions); (ii) the available data published at the website of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn; (iii) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units); and (iv) the quantity of coal.

The Purchasers will settle the purchase of coal from China Coal Energy on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

It has also been agreed that the parties thereto will from time to time determine the price, quality, quantity, delivery and transportation methods of the coal to be supplied by China Coal Energy to the Purchasers, and subject to the parties’ discussion and negotiation at arm’s length basis.

Proposed Annual Caps

The aggregate annual amount of coal to be supplied by China Coal Energy is estimated to be up to 5,600,000 tons, 5,600,000 tons and 7,600,000 tons for the three financial years ending 31 December 2016, 2017 and 2018 respectively.

The Proposed Annual Caps were determined by both parties after arm's length negotiations with reference to the following factors:

- (a) the historical figures of coal purchase from China Coal Energy. The Company's purchase of coal from China Coal Energy (including the amounts for an associate of the Company) for the years ended 31 December 2013, 2014 and as estimated for 2015 amounted to approximately RMB807,160,000, RMB1,097,210,000 and RMB774,320,000 respectively;
- (b) the estimated amount of coal to be purchased from China Coal Energy based on the estimated amount of electricity to be generated by the current generating units and the expected generating units that will commence commercial operation of the Purchasers for each of the three financial years of 2016, 2017 and 2018; and
- (c) the estimated increase in the demand for electricity based on the historical average growth rate in the past few years in China and the forecasts made by China Electricity Council.

It was estimated that the Proposed Annual Caps for the three financial years ending 31 December 2016, 2017 and 2018 will not exceed RMB1,520,000,000, RMB1,658,000,000 and RMB2,286,000,000 (equivalent to approximately HK\$1,809,520,000, HK\$1,973,810,000 and HK\$2,721,430,000) respectively.

The Group will follow the terms set out in the Coal Supply Framework Agreement, the rationale for the Proposed Annual Caps and all the internal control procedures (including quotations from independent third parties) in order to maintain the fairness of the prices and terms of all coal purchases from China Coal Energy are no less favourable than those available from independent third parties.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The entering into the Coal Supply Framework Agreement will help (i) obtaining continuous and stable coal supply to the coal-fired power generating units of the Group, (ii) getting favourable prices by bulk purchases, and (iii) minimizing transportation costs as the relevant coal mines of China Coal Energy are mostly conveniently located in the closest proximity to the Purchasers. The Directors are of the view that, the terms of entering into the Coal Supply 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 coal, 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 Coal Supply 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.

“China Coal Energy”	China Coal Energy Company Limited* (中國中煤能源股份有限公司), a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange
“Coal Supply Framework Agreement” or “Framework Agreement”	the framework agreement for the supply of the coal between the Company and China Coal Energy dated 30 December 2015
“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
“CP Shentou”	China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司), a company incorporated in the PRC with limited liability and a 80%-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
“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
“Proposed Annual Caps”	the maximum amounts payable under the Coal Supply Framework Agreement for the three financial years ending 31 December 2016, 2017 and 2018
“Purchasers”	CP Shentou, Shanxi CPI Shentou No. 2 Power Generation Co., Ltd (山西中電神頭第二發電有限責任公司), Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司), China Power Guorui Logistics Company Limited* (中電國瑞物流有限公司), subsidiaries of the Company, and Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司), an associate of the Company, collectively the “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

* *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, 30 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.