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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 AND DISCLOSEABLE TRANSACTION

Financial Services Framework Agreement

THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announces that on 27 April 2016, the Company and CPI Financial entered into the Financial Services Framework Agreement with a term of three years, pursuant to which CPI Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the CBRC on a non-exclusive basis subject to the terms and conditions provided therein.

IMPLICATIONS UNDER THE LISTING RULES

CPI Financial is a directly and indirectly 100%-owned subsidiary of SPIC which is the ultimate controlling shareholder of the Company holding approximately 55.61% of the issued share capital of the Company as at the date of this announcement. CPI Financial is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Deposit Services

As one of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the provision of the deposit services under the Framework Agreement exceeds 5%, the deposit services to be provided by CPI Financial to the Group are subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. The deposit services transaction contemplated under the Framework Agreement also constitutes a discloseable transaction which is subject to the reporting and announcement requirements of Chapter 14 of the Listing Rules.

Loan Services

The provision of loan services to be provided by CPI Financial to the Group are on normal commercial terms or better (similar or more favorable than those offered by the commercial banks in the PRC for the provision of comparable services) and are in the interest of the Group. No security over the assets of the Group is granted to CPI Financial in respects of such loans. It will therefore be fully exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Settlement Services and Other Financial Services

CPI Financial will provide to the Group settlement and other financial services approved by the CBRC. The Company expects that each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules of the total fees payable by the Group to CPI Financial in respect of such services will be on normal commercial terms or better and fall within the de minimis threshold and will be exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

GENERAL

An EGM will be convened to seek the Independent Shareholders' approval regarding the deposit services under the Framework Agreement. CPI Holding and CPDL, being associates of SPIC holding shares in the Company, will abstain from voting at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise and provide recommendation to the Independent Shareholders on the Framework Agreement (including the Annual Caps). Guotai Junan has been appointed by the Company as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Framework Agreement (including the Annual Caps) and the transactions contemplated therein.

A circular containing, among other things, details of the Framework Agreement, a letter from the Independent Board Committee and a letter from the Independent Financial Advisor, both advising in respect of the terms of the Framework Agreement, and the notice of the EGM will be despatched to the shareholders of the Company on or around 20 May 2016.

THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announces that on 27 April 2016, the Company and CPI Financial entered into the Financial Services Framework Agreement with a term of three years, pursuant to which CPI Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the CBRC on a non-exclusive basis subject to the terms and conditions provided therein. The principal terms of the Framework Agreement are set out below.

Date

27 April 2016

Parties

- (i) The Company; and
- (ii) CPI Financial.

Effective period

The Framework Agreement will become effective upon execution by both parties, subject to the passing of the ordinary resolutions by the Independent Shareholders approving the Framework Agreement (including the Annual Caps) and the transactions contemplated therein in the EGM.

The term of the Framework Agreement will be three years from the effective date.

Principal terms

(1) Services to be provided

CPI Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the CBRC on a non-exclusive basis.

(2) Pricing

When determining the price for any financial services provided pursuant to the Framework Agreement, the Group and CPI Financial will each refer to at least two transactions of a similar type with, or two quotes obtained from, independent third parties during the same period.

Subject to compliance with relevant laws, regulations and regulatory requirements, CPI Financial has undertaken to adhere to the following principles in providing the above financial services to the Group:

- (a) **Deposit services:** The interest rate applicable to the Group for its deposits with CPI Financial will not be lower than (i) the benchmark interest rate specified by the PBOC for deposits of a similar type during the same period; (ii) the interest rate for deposits of a similar type offered by other major commercial banks in the PRC to the Group during the same period; and (iii) the interest rate for deposits of a similar type placed by other members of the SPIC Group during the same period.

In addition, subject to the above, for the Group's aggregate deposit in current account(s) of CPI Financial that exceeds RMB100,000, the applicable interest rate to the Group will be 20% higher than the benchmark interest rate for deposit agreements (協定存款基準利率) published by the PBOC from time to time.

- (b) **Loan services:** The interest rate for loans granted to the Group by CPI Financial will not be higher than: (i) the benchmark interest rate specified by the PBOC for loans of the same type during the same period; (ii) the interest rate offered by other major commercial banks in the PRC to the Group during the same period; and (iii) the interest rate offered by CPI Financial to other members of the SPIC Group during the same period.

In addition, subject to the above, the interest rate for loans granted to the Group by CPI Financial will be 10% lower than the benchmark interest rate specified by the PBOC for loans of a similar type during the same period. Subject to the above, the interest rate for specific loan services to be provided by CPI Financial to the Group will be governed by separate loan agreement(s).

Subject to compliance with relevant laws, regulations and regulatory requirements, CPI Financial will provide the loan services on normal commercial terms or better and such loans will not be secured by the assets of the Group.

- (c) **Settlement services:** CPI Financial will provide settlement services to the Group to facilitate clearing among members of the Group. The settlement services provided by CPI Financial to the Group will be free of charge.
- (d) **Other financial services:** The services fees for other financial services to be provided by CPI Financial to the Group will be in accordance with the standard of fees for services of a similar type set by the PBOC or the CBRC (if applicable), and will not be higher than: (i) the fees charged by other major commercial banks in the PRC for services of a similar type during the same period; and (ii) the fees charged by CPI Financial to other members of the SPIC Group for providing services of a similar type during the same period.

(3) Capital Risk Control Measures

- (a) CPI Financial, as a non-bank financial institution approved by the CBRC, has agreed to comply strictly with the regulatory requirements of the CBRC to conduct its operation and business, establish effective and complete internal control and risk management systems in order to effectively manage risks and ensure the safety of all capital.
- (b) When providing financial services to the Group on a non-exclusive basis, CPI Financial will ensure the Group's rights to own, use and benefit from its funds will not be affected. CPI Financial is obligated to ensure the safety of the Group's funds deposited with it and the Group's independent use of such funds.

- (c) If any member of the Group cannot recover the deposits placed with CPI Financial due to defaults of CPI Financial, the Group has the right to set off the deposit amounts due to the Group from CPI Financial against any amounts of loan outstanding from the Group to CPI Financial. CPI Financial does not have such set-off right.
- (d) SPIC has given an undertaking to the Company that: (i) if CPI Financial encounters emergent financial difficulties in making payments, SPIC will increase the capital of CPI Financial accordingly to meet its actual needs to overcome such financial difficulties; and (ii) SPIC will provide financial support to CPI Financial in accordance with its needs to ensure that the Group will be able to withdraw all the deposits placed with CPI Financial at anytime.
- (e) The monthly financial statements of CPI Financial will be provided to the senior management of the Group on the fifth working day of the following month for their reference.
- (f) The Group, based on its own business needs, has the right to choose to hold no less than 10% of the equity interest in CPI Financial, hold the relevant voting rights and appoint director(s) of CPI Financial, such right to choose being granted at no premium or additional cost. If the Group chooses to exercise such right, the terms of acquisition (including determination of the price for such equity interest in CPI Financial) will be subject to negotiations by relevant parties on an arm's length basis and approvals required under relevant laws and regulations (including the Listing Rules).
- (g) The Group has the unilateral right to terminate any services provided by CPI Financial under the Framework Agreement if the fees charged by any other commercial banks in the PRC for such services are more favourable to the Group. The Group is also entitled to appoint other financial institutions to provide the financial services in accordance with its own needs and requirements. The Group will only consider using the services of CPI Financial when CPI Financial and other financial institutions provide services on equivalent terms.

The Company considers that the above capital risk control measures are adequate to manage any risks involved in depositing funds with CPI Financial.

(4) Payment

The consideration for the transactions contemplated under the Framework Agreement will be paid in accordance with the specific and separate agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

(1) Raise the efficiency of fund utilization

The settlement services through CPI Financial will strengthen the Company's centralized fund management of its subsidiaries and reduce the capital transmission time. The use of CPI Financial as a clearing platform will facilitate the clearing amongst the members of the Group, reduce the time in transit of the funds, and thereby expedite higher turnaround of funds.

(2) Increase interest income and save finance cost

The interest rate applicable to the Group for its deposits with CPI Financial will be no less favourable than the benchmark interest rate specified by the PBOC for deposits of a similar type during the same period, and no less than the interest rate for deposits of a similar type offered by other major commercial banks in the PRC to the Group during the same period, which is beneficial in improving the Group's interest income.

The interest rates of loans set by CPI Financial for loans to the Group will be no less favourable than the interest rates provided by other major commercial banks in the PRC for loans of the same type during the same period, and no security is to be granted by the Group over its assets in respect of such loans, enabling the lending procedure to be easier and more efficient than that provided by the commercial banks.

The Company may take full advantage of the favourable policy of free settlement services provided by CPI Financial and reduce the banking commission charges payable by the Group. The fees to be charged by CPI Financial for other financial services are equal to or more favourable to the Group than those charged by other major commercial banks in the PRC.

(3) Improve competitiveness

Due to the prevailing rules and regulations in the PRC, a company is prohibited to provide direct lending to another company. All lending must be done through the licensed banks or financial institutions fully regulated by the PBOC and the CBRC. The arrangement of entrusted loans for the Company's subsidiaries through CPI Financial will replace the high-rate loans of its subsidiaries and resolve the liquidity requirements of individual subsidiaries of the Group. The increase in the Company's entrusted loans will in turn help to improve the Company's bargaining power to commercial banks for getting more favourable financing terms.

(4) Facilitate fund management and control by the Group

CPI Financial has a sophisticated information system and through such system, the Group can access the latest information concerning the collection and payment of funds of the Group as well as the status of fund balance at any time, thus reducing and avoiding operational risks.

(5) Risk assurance

SPIC, as the controlling shareholder of CPI Financial, has undertaken to the Company that SPIC will provide valid financial assistance to CPI Financial if CPI Financial is in financial difficulties, such as injecting more capital, to ensure the safety and liquidity of the relevant deposits of the Group with CPI Financial.

CPI Financial is regulated by the CBRC and provides its services in accordance with and in satisfaction of the rules and operational requirements of the CBRC.

(6) Possibility to share CPI Financial's revenue

Subject to approvals required by relevant laws and regulations applicable to both parties, if the Group exercises the right to acquire no less than 10% of the equity interest in CPI Financial together with the relevant voting rights, the Group is expected to be able to share benefits derived from CPI Financial.

The transaction contemplated under the Financial Services Framework Agreement facilitates the Group to optimize its financial management, increases the efficiency of fund utilization, and reduces the cost of financing and risks. It is to the interests of the Group and will not affect the independence of the Group.

PROPOSED ANNUAL CAPS FOR THE DEPOSIT SERVICES AND BASIS OF DETERMINATION

The Board has considered and proposed the annual caps in respect of the maximum daily balance of deposits (including accrued interests) placed by the Group with CPI Financial will not exceed RMB3 billion (approximately HK\$3.6 billion) during the term of the Framework Agreement.

Basis of determination of the proposed deposit cap

The historical maximum daily deposit balance of the Group placed with commercial banks (both within the PRC and offshore) for each of the two years ended 31 December 2014 and 31 December 2015 and the three months ended 31 March 2016 were approximately RMB5.3 billion, RMB5.5 billion and RMB3.4 billion respectively.

The historical maximum daily deposit balance of the Group placed with commercial banks within the PRC for each of the two years ended 31 December 2014 and 31 December 2015 and the three months ended 31 March 2016 were approximately RMB3.4 billion, RMB3.1 billion and RMB2.8 billion respectively.

In determining the proposed maximum daily deposit balance (including accrued interests) in the Group's settlement account with CPI Financial during the term of the Framework Agreement, the Board have considered the following factors: (i) the historical amounts of the funds that were deposited with commercial banks in the PRC for each of the two years ended

31 December 2014 and 31 December 2015 and the three months ended 31 March 2016, (ii) the increase of the Group's total assets over the past years; (iii) the operating cash flow and financial needs of the Group in respect of its future business expansion in the coming three years; and (iv) the amount of funds deposited with CPI Financial which can be utilized to supplement the financial requirements of the subsidiaries of the Company and thus increase the efficiency of fund utilization.

The Directors (excluding independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that the Framework Agreement has been negotiated on arm's length basis and is entered into in the ordinary and usual course of business and on normal commercial terms or better. The terms of the Framework Agreement, the transactions contemplated therein, the proposed Annual Caps are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

None of the Directors has material interest in the transactions contemplated under the Framework Agreement or is required to abstain from voting on the Board resolutions in relation to the Framework Agreement and the transactions contemplated therein.

IMPLICATIONS UNDER THE LISTING RULES

CPI Financial is a directly and indirectly 100%-owned subsidiary of SPIC which is the ultimate controlling shareholder of the Company holding approximately 55.61% of the issued share capital of the Company as at the date of this announcement. CPI Financial is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Deposit Services

As one of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the provision of the deposit services under the Framework Agreement exceeds 5%, the deposit services to be provided by CPI Financial to the Group are subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

The deposit services transaction contemplated under the Framework Agreement also constitutes a discloseable transaction which is subject to the reporting and announcement requirements of Chapter 14 of the Listing Rules.

Loan Services

The provision of loan services to be provided by CPI Financial to the Group are on normal commercial terms or better (similar to or more favourable than those offered by the commercial banks in the PRC for the provision of comparable services) and are in the interest of the Group. No security over the assets of the Group is granted to CPI Financial in respect of the loan services. The loan services will be fully exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Settlement Services and Other Financial Services

The Company expects that each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules of the total fees payable by the Group to CPI Financial in respect of the provision of settlement services (which will be free of charge) and other financial services approved by the CBRC under the Framework Agreement will fall within the de minimis threshold and will be exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

GENERAL

At the EGM will be convened to seek the Independent Shareholders' approval on the proposed ordinary resolutions regarding the deposit services under the Framework Agreement and the transactions contemplated therein. CPI Holding and CPDL, being associates of SPIC holding shares in the Company, will abstain from voting at the EGM.

In accordance with the Listing Rules, an Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the Framework Agreement) has been established to advise and provide recommendation to the Independent Shareholders on the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated therein and to advise the Independent Shareholders on how to vote.

Guotai Junan has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Framework Agreement (including the Annual Caps) and the transactions contemplated therein.

A circular containing details of the Framework Agreement, a letter from the Independent Board Committee and a letter from the Independent Financial Advisor, both advising in respect of the terms of the Framework Agreement, and the notice of the EGM will be despatched to the shareholders of the Company on or around 20 May 2016.

INFORMATION ABOUT CPI FINANCIAL

CPI Financial was established in the PRC as a non-banking financial institution on 2 September 1992. It is licensed and regulated by the CBRC and is engaged in the provision of financial services which principally include deposit taking, provision of loans, issue of corporate debentures, inter-bank lending, as well as other financial services such as finance leasing, bills acceptance and discounting, entrusted loans and entrusted investment, arrangement of buyer's credit for member companies' products, underwriting of corporate debentures of member companies, provision of financial advisory, credit certification and other advisory agency services and security to members of the SPIC group.

CPI Financial has a registered capital of RMB5 billion and is owned as to 79.8% by SPIC and as to 20.2% by other members of the SPIC group respectively. In June 2015, CPI Financial was rated the highest ranking A by China National Association of Finance Companies (中國財務公司協會, “CNAFC”), reflecting that it has top-ranking capabilities in terms of centralized fund management, business operations, risk management and profitability. Established in 1994 upon the approval of the PBOC, CNAFC is a self-disciplinary organization for finance companies of enterprise groups as well as a national and non-profit social entity. CNAFC is subject to the supervision of the CBRC and registered under the Ministry of Civil Affairs of the PRC.

PRINCIPAL BUSINESS OF THE GROUP

The Company is a core subsidiary of SPIC for conventional energy business. The SPIC group is the only integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC. As at the date of this announcement, SPIC owns approximately 55.61% of the issued share capital of the Company through CPI Holding.

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, photovoltaic power and other clean energy power plants.

DEFINITIONS

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

“Annual Caps”	the proposed maximum daily balance of deposits including accrued interest placed by the Group with CPI Financial during the term of the Financial Services Framework Agreement
“associates”	has the meaning given to it by the Listing Rules
“Board”	the board of Directors of the Company
“CBRC”	China Banking Regulatory Commission* (中國銀行業監督管理委員會)
“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
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands with limited liability, the holding company of the Company and a wholly-owned subsidiary of CPI Holding, thus an associate of SPIC

“CPI Financial”	CPI Financial Company Limited* (中電投財務有限公司), a company incorporate in the PRC with limited liability, a directly and indirectly 100%-owned subsidiary of SPIC
“CPI Holding”	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the holding company of the Company and a wholly-owned subsidiary of SPIC, thus an associate of SPIC
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Framework Agreement and the transactions contemplated therein
“Financial Services Framework Agreement” or “Framework Agreement”	the framework agreement for provision of financial services entered into between the Company and CPI Financial dated 27 April 2016
“Group”	the Company and its subsidiaries from time to time
“Guotai Junan” or “Independent Financial Adviser”	Guotai Junan Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the deposit services transactions contemplated under the Framework Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec, which has been formed to advise the Independent Shareholders in respect of the deposit services transactions contemplated under the Framework Agreement
“Independent Shareholders”	the shareholders of the Company other than SPIC and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, one million watts. The installed capacity of a power plant is generally expressed in MW

“PBOC”	People’s Bank of China* (中國人民銀行)
“PRC” or “China”	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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SPIC”	State Power Investment Corporation* (國家電力投資集團公司), the ultimate controlling company of the Company and CPI Financial, a wholly State-owned enterprise formerly known 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 2015
“SPIC Group”	SPIC and its subsidiaries from time to time
“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, 28 April 2016

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.