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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

EPC Contracting Agreement

On 18 April 2017, Xintai CP (a wholly-owned subsidiary of the Company) entered into the EPC Contracting Agreement with Shandong Institute pursuant to which the parties agreed that the Contractor will provide engineering, procurement and construction services for the development and construction of the Xintai Project.

Shandong Institute is an indirect subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 55.61% of the issued share capital of the Company. As such, Shandong Institute is a connected person of the Company as defined in the Listing Rules. Accordingly, the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

The total consideration payable by Xintai CP to Shandong Institute pursuant to the EPC Contracting Agreement amounted to RMB363,761,669 (equivalent to approximately HK\$408,720,976). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the EPC Contracting Agreement exceed 0.1% but fall below 5%, therefore it is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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EPC CONTRACTING AGREEMENT

Date

18 April 2017

Parties

- (i) Xintai CP (as the Employer); and
- (ii) Shandong Institute (as the Contractor).

Subject project

To build an agricultural-and-power complementary demonstrative project by fully utilizing and effectively combining both the agricultural facilities with the photovoltaic power facilities, the Xintai Project involves the construction of a photovoltaic power station integrated with agricultural facilities in the Xintai city, Shandong Province of the PRC, with planned generating capacity of 100MW.

Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor and provide engineering, procurement and construction services for the development and construction of the Xintai Project. Such services include surveying, designing (including preliminary design, construction drawing design, completion drawing production), equipment and material procurement, construction installation and engineering implementation, project management, supervision of facilities production, commissioning, completion certification (including conducting trial runs, error elimination, assurance acceptance assessment of the whole system's performance), training, handover of production, performance quality assurance and follow-up services covering the quality warranty period of the entire project.

Consideration

The total consideration under the EPC Contracting Agreement payable by the Employer is the contracting fee of RMB363,761,669 (inclusive of all taxes), which consists of the following components with reference to the various types of services to be provided by the Contractor in relation to construction of (i) the photovoltaic power generating units and (ii) the agricultural facilities and ancillary equipment as follows:

Fee	Photovoltaic power station	Agricultural and ancillary facilities	Total
	RMB	RMB	RMB
Construction and installation fee	101,177,938	97,536,592	198,714,530
Equipment procurement fee	140,982,739	6,864,400	147,847,139
Survey and design fee	3,000,000	600,000	3,600,000
Testing fee	200,000	-	200,000
Miscellaneous fee	13,400,000	-	13,400,000
	258,760,677	105,000,992	363,761,669

The costs of (i) constructing the observatory and operating platforms, (ii) part of the construction equipment and materials, and (iii) part of the connecting route construction, amounted to RMB130,790,000 (equivalent to approximately HK\$146,960,000), not included in the above total consideration for the EPC Contracting Agreement, will be borne by Xintai CP.

Payment Terms

10% of the total consideration is payable by the Employer within 1 month after the Contractor's irrevocable surety bond for its due performance of the works under the EPC Contracting Agreement is verified.

For the remaining 90% of the total consideration, each type of fees is payable according to their respective payment terms as specified below.

Construction and installation fee and equipment procurement fee: payable by multiple installments within 28 days after the invoice certificate for each of the verified stage of construction progress is issued. A remaining 5%* is payable within 28 days after the issuance of the final construction completion acceptance testing certificate.

Survey and design fee: 50% is payable within 21 days after the completion of the design of the construction drawings and the delivery of all design documents and drawings; 30% is payable within 21 days after the complete construction design documents and drawings are confirmed and delivered; 10%* is payable within 28 days after the issuance of the final construction completion acceptance testing certificate.

Testing fee: 50% is payable upon the passing of the 72-hour Trial Run and within 21 days after the issuance of the construction acceptance certificate; 30% is payable upon the passing of all functional acceptance testing and within 21 days after the issuance of the preliminary construction completion acceptance testing certificate; 10%* is payable within 28 days after the issuance of the final construction completion acceptance testing certificate.

Miscellaneous fee: 80% is within 21 days after the issuance of the preliminary construction completion acceptance testing certificate; 10%* is payable within 28 days after the issuance of the final construction completion acceptance testing certificate.

** The Contractor's entitlement to the denoted payments is retained as guarantee for quality insurance which is subject to the Employer's assessment appraisal. Any cost of defects will be deducted from the denoted payments as penalty.*

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

As the Company's first investment project in Shandong Province of the PRC, Xintai Project is aligning with the national industrial policy guidance in respect of the power industry. It is of a strategic significance to the Company in response to the implementation of national "Top-Runner" photovoltaic power model projects and the development of clean energy in China.

The Group awarded the EPC Contracting Agreement to Shandong Institute following a competitive tendering process. The consideration payable under the EPC Contracting Agreement is compatible to the prevailing rates or is at better terms than those charged by other project companies for comparable jobs in the market. The Directors are of the view that the consideration and the terms of the EPC Contracting Agreement are no less favourable to the Group than those available from independent third parties.

The Directors are of the view that Shandong Institute possesses the relevant experience and expertise in the provision of relevant main contractor services for large scale power plant and ancillary facilities construction projects. The Contractor is among the leading electric power engineering companies in the PRC. Also, the EPC Contracting Agreement is essential to ensure the successful completion of the Xintai Project.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the EPC Contracting Agreement is entered into in the ordinary course of the business of the Company, 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 transactions of the EPC Contracting Agreement or is required to abstain from voting on the Board resolution.

INFORMATION ON THE GROUP AND XINTAI CP

The Company is a core subsidiary of SPIC for conventional energy business. 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 Group is principally engaged in generation and sale of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

Xintai CP is a wholly-owned subsidiary of the Company established in 2016 which is principally engaged in generation and sales of photovoltaic power, agricultural crop cultivation, farming and sales of livestock poultry.

INFORMATION ON THE CONTRACTOR

Shandong Institute is an indirect subsidiary of SPIC established in 1998 which is principally engaged in providing electric power engineering consulting and project construction services. Shandong Institute possesses comprehensive Grade A qualification certificates in engineering design, engineering survey, engineering consulting. It has been ranked as one of the forefront companies among the “National Survey and Design Comprehensive Strength 100 Institutes” of the Chinese power industry for the past many years.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, SPIC owns approximately 55.61% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Since Shandong Institute is an indirect subsidiary of SPIC, Shandong Institute is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

The total consideration payable by Xintai CP to Shandong Institute pursuant to the EPC Contracting Agreement amounted to RMB363,761,669 (equivalent to approximately HK\$408,720,976). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the EPC Contracting Agreement exceed 0.1% but fall below 5%, it is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' 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
“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
“Director(s)”	director(s) of the Company
“EPC Contracting Agreement”	the agreement in relation to the engineering, procurement and construction for the Xintai Project entered into between Xintai CP and Shandong Institute dated 18 April 2017
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Institute” or “Contractor”	Shandong Power Engineering Consulting Institute Company Limited* (山東電力工程諮詢院有限公司), a company incorporated in PRC with limited liability and an indirect subsidiary of SPIC
“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 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xintai CP” or “Employer”	Xintai China Power Photovoltaic Power Generating Company Limited* (新泰中電光伏發電有限公司), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of the Company
“Xintai Project”	the project being carried out by Xintai CP which involves the construction of a photovoltaic power station integrated with agricultural facilities in Xintai city, Shandong Province of the PRC, with planned generating capacity of 100MW

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.89 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, 18 April 2017

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 Yau Ka Chi.