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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 TRANSACTIONS**

#### **EPC Contracting Agreements**

On 15 August 2018, the Employers (subsidiaries of the Company) entered into three separate EPC Contracting Agreements with the Contractors pursuant to which the parties agreed that the Contractors will provide engineering, procurement, construction and installation, and technical support services for the Projects.

The Contractors are indirect subsidiaries of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company. As such, the Contractors are connected persons of the Company as defined in the Listing Rules. Accordingly, the Transactions constitute connected transactions of the Company under the Listing Rules.

The aggregate total consideration payable by the Employers to the Contractors pursuant to the EPC Contracting Agreements amounted to RMB572,578,800 (equivalent to approximately HK\$650,658,000). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transactions (as aggregated) exceed 0.1% but fall below 5%, the Transactions therefore are subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board announces that certain subsidiaries of the Company entered into three separate EPC Contracting Agreements with the Contractors on 15 August 2018 in relation to the provision of engineering, procurement, construction and installation, and technical support services for the Projects.

## **EPC CONTRACTING AGREEMENTS**

The three EPC Contracting Agreements involve the construction for three photovoltaic power stations for the Group in Shanxi Province of the PRC, as follows.

### **Principal terms of the three EPC Contracting Agreements**

#### ***Date:***

15 August 2018

#### ***Parties and Projects:***

##### **(1) Zuoyun Project**

- (i) Zuoyun CP (as the Employer); and
- (ii) CPI Engineering (as the Contractor).

The project involves the construction of a photovoltaic power station in Zuoyun County, Datong City, Shanxi Province of the PRC, with planned generating capacity of 100MW.

##### **(2) Gaoshan Project**

- (i) Datong CP (as the Employer); and
- (ii) CPI Engineering (as the Contractor).

The project involves the construction of a photovoltaic power station in Gaoshan Town, Datong City, Shanxi Province of the PRC, with planned generating capacity of 100MW.

##### **(3) Hunyuan Project**

- (i) Hunyuan CP (as the Employer); and
- (ii) State Nuclear Institute (as the Contractor).

The project involves the construction of a photovoltaic power station in Hunyuan County, Datong City, Shanxi Province of the PRC, with planned generating capacity of 100MW.

#### ***Services to be provided by the Contractors:***

The Contractors have agreed to act as the main contractor and provide engineering, procurement and construction services for the development and construction of the Projects. 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, performance quality assurance, technical services and follow-up services covering the quality warranty period of the entire project.

***Considerations:***

**(1) Zuoyun Project**

Contracting fee: RMB207,400,000 (equivalent to approximately HK\$235,682,000)

**(2) Gaoshan Project**

Contracting fee: RMB200,960,000 (equivalent to approximately HK\$228,364,000)

**(3) Hunyuan Project**

Contracting fee: RMB164,218,800 (equivalent to approximately HK\$186,612,000)

***Payment Terms:***

The contracting fee of each of the EPC Contracting Agreements is payable by instalments, of which: (i) 10% as prepayment will be payable within 1 month after receiving the irrevocable surety bond submitted by the Contractor for its due performance of the works under the EPC Contracting Agreement; (ii) 85% will be payable at the various stages of the construction work; and (iii) the remaining 5% will be retained as guarantee for quality insurance which is subject to the Employer's assessment appraisal and is payable within 30 days after the defect liability period (i.e. 24 months from the issuance of the construction completion acceptance testing certificate after the completion of the project). Any cost of defects will be deducted from the said payments as penalty.

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

As the Company's Datong Phase II "Top-Runner" photovoltaic power projects in Shanxi Province of the PRC, the Projects are aligning with the national industrial policy guidance in respect of the power industry towards clean energy development. It is of a strategic significance to the Company in response to the implementation of national "Top-Runner" photovoltaic power model projects promulgated by the National Energy Administration in China.

The Group awarded the three EPC Contracting Agreements to CPI Engineering and State Nuclear Institute following a competitive tendering process. The consideration payable under each of the three EPC Contracting Agreements 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 considerations and the terms of the three EPC Contracting Agreements are no less favourable to the Group than those available from independent third parties.

The Directors are of the view that CPI Engineering and State Nuclear Institute possess the relevant experience and expertise in the provision of relevant main contractor services for large scale power plant and ancillary facilities construction projects. The Contractors are both among the leading electric power engineering companies in the PRC. Also, the three EPC Contracting Agreements are essential to ensure the successful completion of the Projects.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the three EPC Contracting Agreements are 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 or is required to abstain from voting on the related Board resolution.

## **INFORMATION ON THE GROUP AND THE EMPLOYERS**

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.

Datong CP, Hunyuan CP and Zuoyun CP are wholly-owned subsidiaries of the Company established in 2015, 2018 and 2018 respectively which are principally engaged in generation and sales of photovoltaic power.

## **INFORMATION ON THE CONTRACTORS**

CPI Engineering is an indirect subsidiary of SPIC established in 2006 which is principally engaged in electric power engineering and construction project management, surveying, project supervision and consultation and international projects contracting. It is qualified as the First Class power engineering contractor in China. It has previously won the China Construction Engineering Luban Prize (中國建設工程魯班獎) and the National Quality Golden Engineering Award (國家優質工程金質獎) awarded by the PRC government.

State Nuclear Institute is an indirect subsidiary of SPIC established in 1994 which is principally engaged in providing electric power engineering consulting, services for project construction, electric power technology and engineering equipment import and export. State Nuclear 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 56.04% 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.

As the Contractors are indirect subsidiaries of SPIC, the Contractors are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute connected transactions of the Company under the Listing Rules.

The aggregate total consideration payable for the EPC Contracting Agreements amounted to RMB572,578,800 (equivalent to approximately HK\$650,658,000). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transactions (as aggregated) exceed 0.1% but fall below 5%, the Transactions are therefore subject to the announcement and reporting requirements but are 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
“Contractor(s)”	CPI Engineering and State Nuclear Institute, collectively the “Contractors” and individually the “Contractor”
“CPI Engineering”	CPI Power Engineering Co., Ltd.* (中電投電力工程有限公司), a company incorporated in PRC with limited liability and an indirect subsidiary of SPIC
“Datong CP”	Datong China Power Photovoltaic Power Generating Company Limited* (大同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
“Director(s)”	director(s) of the Company

“Employer(s)”	Datong CP, Hunyuan CP and Zuoyun CP, collectively the “Employers” and individually the “Employer”
“EPC Contracting Agreement(s)”	the three EPC contracting agreements in relation to the Zuoyun Project, Gaoshan Project and Hunyuan Project dated 15 August 2018 entered into between each of the Employers and the relevant Contractors, collectively the “EPC Contracting Agreements” and individually the “EPC Contracting Agreement”
“Gaoshan Project”	the project being carried out by Datong CP which involves the construction of a photovoltaic power station in Gaoshan Town, Datong City, Shanxi Province of the PRC, with planned generating capacity of 100MW
“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
“Hunyuan CP”	Hunyuan China Power Photovoltaic Power Generating Company Limited* (渾源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
“Hunyuan Project”	the project being carried out by Hunyuan CP which involves the construction of a photovoltaic power station in Huanyuan County, Datong City, Shanxi Province of the PRC, with planned generating capacity of 100MW
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
“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
“Project(s)”	Zuoyun Project, Gaoshan Project and Hunyuan Project, collectively the “Projects” and individually the “Project”
“RMB”	Renminbi, the lawful currency of the PRC

“SPIC”	State Power Investment Corporation Limited* (國家電力投資集團有限公司), the ultimate controlling company of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC* (中華人民共和國國務院)
“State Nuclear Institute”	State Nuclear Electric Power Planning Design & Research Institute Company Limited* (國核電力規劃設計研究院有限公司), a company incorporated in PRC with limited liability and an indirect subsidiary of SPIC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the EPC Contracting Agreements
“Zuoyun CP”	Zuoyun China Power Photovoltaic Power Generating Company Limited* (左雲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
“Zuoyun Project”	the project being carried out by Zuoyun CP which involves the construction of a photovoltaic power station in Zuoyun County, Datong City, Shanxi 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 RMB0.88 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**  
**Tian Jun**  
*Executive Director*

Hong Kong, 15 August 2018

*As at the date of this announcement, the directors of the Company are: executive director Tian Jun, non-executive directors Guan Qihong and Wang Xianchun, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.*