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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**

#### **Turnkey Service Framework Agreement**

On 29 August 2018, the Company entered into the Turnkey Service Framework Agreement with SPIC (Materials) pursuant to which the parties agreed that SPIC (Materials) will provide the Purchasers, subsidiaries of the Company, with the materials and supporting services of the Products for the development, construction and continuing operation of the Projects.

As SPIC (Materials) is a branch company of SPIC, SPIC (Materials) is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Turnkey Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The proposed annual caps of the Turnkey Service Framework Agreement for the period and the two financial years ending 31 December 2018, 2019 and 2020 are RMB450,000,000, RMB650,000,000 and RMB650,000,000 (equivalent to approximately HK\$517,241,400, HK\$747,126,400 and HK\$747,126,400) respectively. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the maximum annual cap of the Framework Agreement exceed 0.1% but fall below 5%, the transactions contemplated under the Framework Agreement are therefore subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **TURNKEY SERVICE FRAMEWORK AGREEMENT**

### **Date**

29 August 2018

### **Parties**

- (i) the Company (representing its subsidiaries, individually the “Purchaser” or collectively the “Purchasers”); and
- (ii) SPIC (Materials) (as the service provider).

### **Principal Terms and Pricing Principles**

The Turnkey Service Framework Agreement shall take effect from the date of signing of the Framework Agreement and ending 31 December 2020.

SPIC (Materials) is to provide materials and supporting services of the Products to the Purchasers for the development, construction and continuing operation of the Projects.

The total consideration payable shall be agreed by mutual agreement between the relevant Purchasers and SPIC (Materials) (i) on normal commercial terms, based on the costs (including wages, social security, welfare benefits, costs of product inspection outsourcing and other expenses) of the services provided and the price level of the materials required; (ii) by reference to the relevant tendering and bidding laws and regulations of the PRC ( 中華人民共和國招標投標法實施條例 ) and internal tendering policies of the Purchasers (not less than two quotations from independent third parties); or (iii) by other means of comparing to the market transacted prices or quotations for provision of the same services chargeable by not less than two independent service providers.

The Purchasers will settle the consideration for the services provided by SPIC (Materials) by cash and by instalments or such other payments terms and timeline as both parties will negotiate and agree from time to time in contracts.

### **Proposed Annual Caps**

The proposed annual caps of the Turnkey Service Framework Agreement for the period and the two financial years ending 31 December 2018, 2019 and 2020 are RMB450,000,000, RMB650,000,000 and RMB650,000,000 (equivalent to approximately HK\$517,241,400, HK\$747,126,400 and HK\$747,126,400) respectively after taking into consideration of the following factors:

- (i) the estimated demand of each of the Purchasers for the Products under the Turnkey Service Framework Agreement;
- (ii) the expected labor costs, costs of services outsourcing and transportation costs of SPIC (Materials); and

(iii) a moderate inflation expectation.

The Group will follow the terms set out in the Framework Agreement, the factors upon which the proposed annual caps are based and all the internal tendering policies (including quotations or tenders from independent third parties) in order to maintain the fairness of the prices and terms of all the relevant materials and supporting services provided by SPIC (Materials). If the Purchasers become aware that the service fees charged by SPIC (Materials) are less favourable to the Company than those charged by any other independent third party on similar terms and conditions, the Purchasers shall have the right to negotiate with SPIC (Materials) on an arm's length basis and SPIC (Materials) shall agree to adjust the service fees such that the prices and terms under the Turnkey Service Framework Agreement are not less favourable to the Purchasers than those charged by any other independent third party for the Products in the market.

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

The Company is promoting its clean and renewable energy asset portfolio through development, construction and continuing operation of new energy power plants and power stations. SPIC (Materials) is able to provide a fast, efficient, cost effective turnkey service which includes sourcing of the materials and equipment with an aggregated demand base and therefore have stronger bargaining power over external suppliers in terms of pricing, tailor-made design, manufacturing, installation and testing of the Products as well as the after-sales services and the very important quality assurance for the Products. The Directors are of the view that, the terms of entering into the Turnkey Service Framework Agreement are no less favourable than those available from independent third parties, and will save administrative work and ensure stable, efficient and timely delivery of the Products required by the Projects, which is beneficial to the Group.

The Company and the Directors (including the independent non-executive Directors) are of the view that the procedures for obtaining quotations or tenders from independent third parties for providing materials and supporting services of the Products of a similar nature serve as an effective control mechanism against the relevant services provided by SPIC (Materials). These help to ensure the prices and terms offered by the connected persons are fair and reasonable and comparable to those offered by unrelated third parties in the prevailing market.

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

### **INFORMATION OF THE GROUP AND SPIC (MATERIALS)**

The Company is a core subsidiary of SPIC for conventional energy business. SPIC (together with its subsidiaries) 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.

SPIC (Materials) is a branch company of SPIC established in 2010 which is principally engaged in the sale of electrical equipment; development and technical consultation of electricity and related technologies; bidding and tendering agency; property management; import and export of technologies and goods.

## **COMPLIANCE WITH THE LISTING RULES**

As at the date of this announcement, SPIC indirectly 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 SPIC (Materials) is a branch company of SPIC, SPIC (Materials) is therefore a connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Turnkey Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The proposed annual caps of the Turnkey Service Framework Agreement for the period and the two financial years ending 31 December 2018, 2019 and 2020 are RMB450,000,000, RMB650,000,000 and RMB650,000,000 (equivalent to approximately HK\$517,241,400, HK\$747,126,400 and HK\$747,126,400) respectively. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the maximum annual cap of the Framework Agreement exceed 0.1% but fall below 5%, the transactions contemplated under the Framework Agreement are therefore subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

## **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)”	the 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
“Products”	including but not limited to the facilities and equipment, materials, power cables, spare parts and components, and the related supporting services required for power plants or stations and heat supply system
“Projects”	the Group’s existing and new renewable energy power plants or stations including but not limited to the projects involve the construction of wind power stations in Lingchuan County, Lingshan County, Xing’an County and Ziyuan County of Guangxi Zhuang Autonomous Region of the PRC
“Purchasers”	subsidiaries of the Company, individually the “Purchaser” or collectively the “Purchasers”
“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)
“SPIC (Materials)”	State Power Investment Corporation Limited Materials and Equipment Branch* (國家電力投資集團有限公司物資裝備分公司), a branch company of SPIC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Turnkey Service Framework Agreement” or “Framework Agreement”	the framework agreement for the provision of turnkey service of the Products entered into between the Company and SPIC (Materials) dated 29 August 2018

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.87 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, 29 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.*