

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

Production Quota Sale and Purchase Agreement

On 28 September 2018, Yaomeng Power Plant (a wholly-owned subsidiary of the Company) entered into the Production Quota Sale and Purchase Agreement with Nanyang Power Plant, pursuant to which the parties agreed that Yaomeng Power Plant will sell part of its Power Production Quota to Nanyang Power Plant.

Nanyang Power Plant is an indirect subsidiary 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, Nanyang Power Plant is a connected person of the Company as defined in the Listing Rules. Accordingly, the Production Quota Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

The maximum consideration payable by Nanyang Power Plant to Yaomeng Power Plant pursuant to the Production Quota Sale and Purchase Agreement based on the relevant Power Production Quota amounted to RMB15,600,000 (equivalent to approximately HK\$17,727,000). As an applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Production Quota Sale and Purchase Agreement exceed 0.1% but fall below 5%, the transaction therefore is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 28 September 2018, a wholly-owned subsidiary of the Company entered into the Production Quota Sale and Purchase Agreement with the Purchaser to sell part of its Power Production Quota.

PRODUCTION QUOTA SALE AND PURCHASE AGREEMENT

Date

28 September 2018

Parties

- (i) Yaomeng Power Plant (as the seller); and
- (ii) Nanyang Power Plant (as the purchaser).

Consideration

The maximum consideration payable by the Purchaser to the Seller based on the Power Production Quota of 200,000MWh will be RMB15,600,000 (equivalent to approximately HK\$17,727,000) (inclusive of all applicable taxes). The final Power Production Quota to be transacted will be subject to the actual on-grid electricity to be generated by the Purchaser and as confirmed by State Grid Henan Electric Power Company (the provincial power grid company in Henan Province, the PRC).

The consideration was determined by mutual agreement after commercial negotiations and by reference to the quotations from other independent purchasers for trading the Power Production Quota (not less than two quotations obtained for comparison) as well as the Seller's current marginal revenue for the power production units. Nanyang Power Plant offered the most competitive terms of trading the Power Production Quota during the negotiations between the Seller and other potential purchasers (including the independent third parties).

Payment Terms

After Nanyang Power Plant has generated electricity under the monthly Power Production Quota as determined by the provincial power grid company, Nanyang Power Plant will pay Yaomeng Power Plant within the following month a month-end power production transfer fee (based on the actual on-grid electricity generated) in a lump sum via wire transfer. Failing which, Nanyang Power Plant will be subject to a late payment penalty calculated on a daily basis according to not lower than the interest rate for bank loans during the same period.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

In September 2018, the Pingdingshan municipal government of Henan Province, the PRC issued an administrative notice for improving environmental air quality to all local industries to strictly control pollutant emissions. According to which, Yaomeng Power Plant has to reduce its coal-fired power generation in order to comply with the relevant

requirements. To counteract the adverse impact on revenue, Yaomeng Power Plant determined to convert its unused Power Production Quota (which will otherwise expire at the end of this year if not fully utilized) into economic benefits. The Company believes that it is in the best interest of Yaomeng Power Plant to enter into the Production Quota Sale and Purchase Agreement to realize its unusable remaining Power Production Quota and therefore to increase revenue of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Production Quota Sale and Purchase 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 transaction of the Production Quota Sale and Purchase Agreement or is required to abstain from voting on the related Board resolution.

INFORMATION ON THE GROUP AND THE SELLER

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.

Yaomeng Power Plant/the Seller is a wholly-owned subsidiary of the Company established in 2003 which is principally engaged in generation and sales of coal-fired power, production and sales of heat.

INFORMATION ON THE PURCHASER

Nanyang Power Plant/the Purchaser is an indirect subsidiary of SPIC established in 2005 which is principally engaged in production and sales of electric power, heat and waste coal ashes products, development of new energy and integrated energy projects. It is a cogeneration power plant which is equipped with 420MW power generating units.

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 Purchaser is an indirect subsidiary of SPIC, the Purchaser is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Production Quota Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

The maximum consideration payable by the Purchaser to the Seller pursuant to the Production Quota Sale and Purchase Agreement based on the relevant Power Production Quota amounted to RMB15,600,000 (equivalent to approximately HK\$17,727,000). As an applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Production Quota Sale and Purchase Agreement exceed 0.1% but fall below 5%, the transaction 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
“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
“Nanyang Power Plant” or “Purchaser”	SPIC Nanyang Cogeneration Company Limited* (國家電投集團南陽熱電有限公司), a company incorporated in PRC with limited liability and an indirect subsidiary of SPIC
“Power Production Quota”	the power quota of annual power production plan for relevant power plants issued by Henan Province Development and Reform Commission for the year ending 31 December 2018
“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

“Production Quota Sale and Purchase Agreement”	the agreement entered into for sale and purchase of Power Production Quota between Yaomeng Power Plant and Nanyang Power Plant dated 28 September 2018
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yaomeng Power Plant” or “Seller”	Pingdingshan Yaomeng Power Company Limited (平頂山姚孟發電有限責任公司), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of the Company

* *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, 28 September 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.