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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 PURSUANT TO RULE 14A.60 OF THE LISTING RULES

On 28 September 2018, Shandong Company (a wholly owned subsidiary of the Company) completed the acquisition of 70% of the equity interest in Mingzhi New Energy from a third party independent of the Group. Mingzhi New Energy became a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. Prior to the completion of the acquisition, Mingzhi New Energy had entered into the Finance Lease Agreement with CPI Ronghe.

CPI Ronghe 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, CPI Ronghe is a connected person of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Finance Lease Agreement became continuing connected transactions of the Company following the completion of the acquisition.

Pursuant to Rule 14A.60 of the Listing Rules, the transactions contemplated under the Finance Lease Agreement are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. In the event that the Finance Lease Agreement is renewed or its terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 28 September 2018, Shandong Company (a wholly owned subsidiary of the Company) completed the acquisition of 70% of the equity interest in Mingzhi New Energy from a third party independent of the Group. Mingzhi New Energy became a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. As none of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) exceeded 5%, the acquisition did not constitute a discloseable transaction for the Company and is exempt from disclosure pursuant to Chapter 14 of the Listing Rules.

Prior to the completion of the acquisition, Mingzhi New Energy had entered into the Finance Lease Agreement with CPI Ronghe. The transactions contemplated under the Finance Lease Agreement became continuing connected transactions of the Company following the completion of the acquisition in accordance with Rule 14A.60 of the Listing Rules.

FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are set out as follows:

Parties: (1) Mingzhi New Energy (as the Lessee); and
(2) CPI Ronghe (as the Lessor).

Term: Fixed term of 5 years

Subject matter: Pursuant to the Finance Lease Agreement, the Lessor shall, at the request of the Lessee, purchase the equipment and facilities from suppliers and then provide such equipment and facilities to the Lessee by way of finance lease, who shall, in return, pay rent to the Lessor accordingly. Such equipment and facilities include but are not limited to power generating equipment, substations and ancillary facilities, fixtures and fittings, power cables and other equipment or facilities.

During the term of the finance leasing, the ownership of the equipment and facilities shall vest in the Lessor. Upon expiry of the term of the Finance Lease Agreement, the Lessee shall be entitled to purchase the equipment and facilities at a nominal purchase price of RMB100.

Pricing: The total consideration payable by the Lessee for the provision of finance leasing by the Lessor includes but is not limited to the amounts of the lease payments (principal and interest), the handling fees and the nominal purchase price at the end of the relevant specified lease term. The pricing was determined as follows:

- (i) the principal amount payable by the Lessee shall be the amount for which the Lessor has paid to obtain ownership of the relevant equipment and facilities;
- (ii) the interest rate applicable shall be adjusted in the same proportion and the same direction according to the adjustment in the benchmark interest rate specified by the PBOC for the same type of loans during the same period; and

- (iii) the handling fees shall be fixed at 1% per annum on the outstanding principal amount of the lease and payable on the first drawdown date and thereafter its anniversary dates annually.

The lease payments (principal and interest) shall be payable by the Lessee to the Lessor quarterly according to the terms of the Finance Lease Agreement.

As at the date of this announcement, the aggregated outstanding amounts (including the lease payments and the handling fees) payable by the Lessee to the Lessor for the existing finance leasing is approximately RMB21,876,000 (equivalent to approximately HK\$24,859,000).

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The finance leasing contemplated under the Finance Lease Agreement enable Mingzhi New Energy to secure stable and reliable supply of equipment and facilities for its production and thereby promote its business development as well as expand its financing channels. The Company considered that it would be beneficial for the Group to continue the Finance Lease Agreement following the acquisition of Mingzhi New Energy.

The Directors (including independent non-executive Directors) are of the view that the Finance Lease Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and conducted in the ordinary course of the business of Mingzhi New Energy, and are in the interests of the Company and its shareholders as a whole.

None of the Directors has abstained from voting on the related Board resolution in approving the continuation of the transactions contemplated under the Finance Lease Agreement.

INFORMATION OF THE GROUP AND THE LESSOR

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. As at the date of this announcement, SPIC indirectly owns approximately 56.04% of the issued share capital of the Company.

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.

CPI Ronghe is an indirect subsidiary of SPIC established in 2014 which is principally engaged in finance leasing business and leasing business, purchase leasing assets from domestic and vendors abroad, salvage value disposal and maintenance of the leasing assets, lease transaction consultation and guarantee.

LISTING RULES IMPLICATIONS

In respect of the Finance Lease Agreement, the Lessor/CPI Ronghe 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. CPI Ronghe is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Finance Lease Agreement became continuing connected transactions of the Company following the completion of the acquisition of Mingzhi New Energy.

Pursuant to Rule 14A.60 of the Listing Rules, the transactions contemplated under the Finance Lease Agreement are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. In the event that the Finance Lease Agreement is renewed or its terms are varied, the Company will comply with the relevant requirements 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
“CPI Ronghe” or “Lessor”	CPI Ronghe Financial Leasing Co., Ltd.* (中電投融和融資租賃有限公司), a company incorporated in PRC with limited liability and an indirect subsidiary of SPIC
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the agreement regarding the provision of equipment and facilities by way of finance lease entered into between Mingzhi New Energy and CPI Ronghe in 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

“Mingzhi New Energy” or “Lessee”	Laizhou Mingzhi New Energy Technology Co., Ltd.* (萊州市名志新能源科技有限公司), a company incorporated in the PRC with limited liability which principally engaged in roof distributed photovoltaic power generation
“PBOC”	the People’s Bank of China* (中國人民銀行)
“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 Company”	SPIC Shandong Energy Development Co., Ltd.* (國家電投集團山東能源發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“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

* *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.