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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 TRANSACTION

Renewal of a Lease Agreement by Wu Ling Power

On 31 December 2018, Wu Ling Power (a 63%-owned subsidiary of the Company) has entered into the Wu Ling Lease Agreement with Qian Dong Power in relation to the renewal of a tenancy of the Transmission Lines and Switching Facilities.

Qian Dong Power is a non-wholly owned subsidiary of CPI Holding. CPI Holding is the controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company. As such, Qian Dong Power is a connected person of the Company as defined in the Listing Rules. Accordingly, the Wu Ling Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pursuant to the Wu Ling Lease Agreement, the annual rent payable by Qian Dong Power to Wu Ling Power for the financial year ending 31 December 2019 is RMB54,110,000 (equivalent to approximately HK\$61,489,000), excluding the value added tax. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual rent for the Wu Ling Lease Agreement exceed 0.1% but fall below 5%, the Wu Ling Lease Agreement is therefore subject to the announcement, reporting and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

WU LING LEASE AGREEMENT

Date

31 December 2018

Parties

- (i) Wu Ling Power (the lessor); and
- (ii) Qian Dong Power (the lessee).

Principal Terms and Annual Cap

The term of the Wu Ling Lease Agreement is one year commencing from 1 January 2019 and ending 31 December 2019.

The rental for the Transmission Lines and Switching Facilities is determined based on the investment and construction costs of Wu Ling Power. Both parties agreed that the annual rent is RMB54,110,000 (equivalent to approximately HK\$61,489,000), excluding the value added tax, within the lease period.

From the commencement date of the lease period, the rent should be payable annually by Qian Dong Power before the 10th of January the following year for the rent due up to the immediate calendar year-end to Wu Ling Power.

Wu Ling Power has the right to terminate the Wu Ling Lease Agreement unilaterally by giving one month prior written notice to Qian Dong Power. In occurrence of any matter that required terminating the Wu Ling Lease Agreement, the rent should be settled pro rata to the actual number of rental days and should be paid within 15 days from the termination date of the agreement.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

Qian Dong Power has been using the Transmission Lines and Switching Facilities which were invested and constructed by Wu Ling Power for transmission of electricity to Hunan power grid before the Group acquired Wu Ling Power in 2009. The last transmission lines and switching facilities lease agreement signed by Wu Ling Power and Qian Dong Power dated 28 December 2015 is due to expire on 31 December 2018, both parties agreed to renew the lease term for one year. The Wu Ling Lease Agreement will bring an additional rental income to the Group.

The Directors (including independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Wu Ling Lease 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

The Company is a core subsidiary of SPIC for conventional energy business. SPIC (together with its subsidiaries) is the only one integrated energy group that 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.

INFORMATION OF WU LING POWER

Wu Ling Power was incorporated in the PRC on 3 May 1995 and registered as a Sino-foreign joint venture with limited liability on 11 April 2006. Wu Ling Power is held by the Company and Hunan Xiangtou International Investment Limited* (湖南湘投國際投資有限公司) as to 63% and 37% respectively.

Wu Ling Power is principally engaged in the development, production and supply of hydropower, wind power and other clean energy power in Hunan, Guizhou, Sichuan and Xinjiang.

INFORMATION OF QIAN DONG POWER

Qian Dong Power was incorporated on 11 November 2004 in the PRC with limited liability. Qian Dong Power is held by the CPI Holding, Guizhou Shuicheng Mining Industry Holding Company Limited* (貴州水城礦業股份有限公司) and Qian Dong Nanzhou Qianshui Regional Power Company Limited* (黔東南州黔水地方電力有限公司) as to 91%, 4% and 5% respectively.

Qian Dong Power is principally engaged in the electric development, construction, operation and management of power plants.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPI Holding owns approximately 56.04% of the issued share capital of the Company. As CPI Holding is the controlling shareholder of the Company, CPI Holding, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

As Qian Dong Power is a non-wholly owned subsidiary of CPI Holding, Qian Dong Power is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Wu Ling Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pursuant to the Wu Ling Lease Agreement, the annual rent payable by Qian Dong Power to Wu Ling Power for the financial year ending 31 December 2019 is RMB54,110,000 (equivalent to approximately HK\$61,489,000), excluding the value added tax. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual rent for the Wu Ling Lease Agreement exceed 0.1% but fall below 5%, the Wu Ling Lease Agreement is therefore subject to the announcement, reporting and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Wu Ling Lease Agreement or is required to abstain from voting on the related Board resolution.

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 Holding”	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling company of the Company and a wholly-owned subsidiary of SPIC
“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

“Qian Dong Power”	Gui Zhou Qian Dong Electric Power Co., Ltd.* (貴州黔東電力有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of CPI Holding
“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
“Transmission Lines and Switching Facilities”	100km of the 500,000-volt lines double back on the same tower and a 500,000-volt switching facilities in Xiangxi which were invested, constructed and owned by Wu Ling Power
“Wu Ling Lease Agreement”	the agreement entered into between Wu Ling Power and Qian Dong Power for leasing the Transmission Lines and Switching Facilities on 31 December 2018
“Wu Ling Power”	Wu Ling Power Corporation* (五凌電力有限公司), a company incorporated in the PRC with limited liability and a 63%-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 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, 31 December 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.