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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 TRANSACTION

Capital Injection into Huainan Mining

On 29 July 2019, CP Guorui (a wholly-owned subsidiary of the Company) entered into a Capital Injection Agreement with Huainan Mining, the Original Shareholders, Shanghai Power and certain independent third parties. Pursuant to the Capital Injection Agreement, CP Guorui, Shanghai Power and the other independent third parties (as the Investors) agreed to inject RMB200 million (equivalent to approximately HK\$227,273,000), RMB200 million and RMB2.1 billion respectively by way of cash contribution into Huainan Mining, which will be contributed to increase its registered capital and capital reserve. CP Guorui will own approximately 0.57% equity interest of Huainan Mining upon completion of the Capital Injection.

As at the date of this announcement, Huainan Mining holds 40% equity interest in each of Pingwei Power Plant I, Pingwei Power Plant II and Pingwei Power Plant III, and 42% equity interest in Dabieshan Power Plant (non-wholly owned subsidiaries of the Company). As such, Huainan Mining is a substantial shareholder of the subsidiaries of the Company, and thus a connected person at the subsidiary level of the Company as defined in the Listing Rules.

SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company. SPIC currently directly and indirectly holds 59.51% equity interest in Shanghai Power (including 13.88% equity interest of Shanghai Power being held by the Company). As such, Shanghai Power is an associate of SPIC, and thus a connected person at the issuer level of the Company as defined in the Listing Rules. The transaction contemplated under the Capital Injection Agreement constitutes a connected transaction of the Company according to Chapter 14A of the Listing Rules.

As certain applicable percentage ratios of the amount of capital injection payable by CP Guorui under the Capital Injection Agreement (as defined in Rule 14.07 of the Listing Rules) exceed 0.1% but are less than 5%, the transaction is therefore subject to the announcement and reporting requirements, but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Huainan Mining conducted a capital raising through public tender on the AAE Exchange during the period from 29 April 2019 to 28 June 2019. The minimum investment amount was RMB200 million which was increased by an integral multiple of RMB100 million. CP Guorui participated in the tender with a minimum subscription investment amount of RMB200 million (equivalent to approximately HK\$227,273,000) and paid RMB40 million (20% of the subscription investment amount) to the AAE Exchange as a guarantee payment for the tender. On 25 July 2019, CP Guorui received a notice of result from the AAE Exchange regarding the Capital Injection and confirmed it as one of the final investors.

CAPITAL INJECTION AGREEMENT

Date

29 July 2019

Parties

- (i) Huainan Mining;
- (ii) The Original Shareholders; and
- (iii) CP Guorui, Shanghai Power and other independent third parties (the “Investors”)

CP Guorui, Shanghai Power and the other Investors, each participated in the tender individually and independently. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, other than Shanghai Power, all of the other Investors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Consideration for the Capital Injection

Pursuant to the Capital Injection Agreement, the Investors are required to pay a total consideration of RMB2.5 billion (equivalent to approximately HK\$2,840,909,000) to acquire approximately 7.12% equity interest of Huainan Mining by way of cash contribution, which will be contributed to increase its registered capital and capital reserve. Huainan Mining will use the proceeds raised to repay its debts and replenish working capital.

As of the date of this announcement, Huainan Mining is 100% held by the Original Shareholders. Upon completion of the Capital Injection, the Original Shareholders' equity interest in Huainan Mining will be diluted to approximately 92.88%, while the percentage of the equity interest in Huainan Mining to be held by each of the Investors is set out as follows:

Investors	Amount of capital injection	Equity interest in Huainan Mining
	(RMB)	
CP Guorui	200,000,000	0.57%
Shanghai Power	200,000,000	0.57%
Other independent third parties	2,100,000,000	5.98%
Total	2,500,000,000	7.12%

The consideration for the Capital Injection was determined through the open tendering process and was finally confirmed by the AAE Exchange and was accepted by the Investors. The basis of the reserve price for the tender is made reference to the assessed net asset value of Huainan Mining as at 30 November 2018, which is subject to the adjustment for the profit or loss due to the operating activities of Huainan Mining during the transitional period (from 1 December 2018 to 30 June 2019).

Payment Term

After the Capital Injection Agreement takes effect and within five working days following the date a written payment notice is served to CP Guorui by Huainan Mining, CP Guorui is required to make a one-off balance payment of RMB160 million to Huainan Mining after deducting the guarantee payment for the tender of RMB40 million (which will be converted into part of the consideration for the Capital Injection) from the total consideration of RMB200 million.

Profit Distribution

- (1) Dividend shall be payable to all shareholders of Huainan Mining in accordance to their respective equity interest.
- (2) A cash dividend ratio for each accounting year of Huainan Mining will not be less than 45% of the net profit available for distribution in that year, as and when there is distributable profit subject to the Company Law of the PRC and the requirements of relevant laws and regulations in PRC.

Effective Date

The Capital Injection Agreement is effective on 15 August 2019 after it is signed by all the contracting parties and filed with the AAE Exchange.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

Huainan Mining is currently one of the major coal suppliers for the Group's coal-fired power plants. CP Guorui's capital injection into Huainan Mining can further consolidate the strategic relationship of cooperation between coal supplier and power generators, which is conducive to secure the coal supply to power plants of the Group. This is also in line with the overall State's principle and direction of promoting coal and electricity joint operation mode, which synergizes the complementary advantages of coal and electricity operations.

The Directors (including the independent non-executive Directors) are of the view that entering into the Capital Injection Agreement is in the ordinary course of business of the Group, 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 contemplated under the Capital Injection Agreement or is required to abstain from voting on the related Board resolution.

INFORMATION ON HUAINAN MINING

Huainan Mining is a limited liability company incorporated under the laws of the PRC in November 1981 with its headquarter situated at Huainan City, Anhui Province, the PRC. Huainan Mining is principally engaged in various industries such as coal mining, electricity, logistics and finance. It is ranked one of the 14 coal bases of 100-million-ton level and one of the six large coal-electricity bases in the PRC.

Based on the audited financial statements of Huainan Mining prepared in accordance with the accounting principles generally accepted in the PRC, its key audited financial information is set out as follows:

	For the six months ended 30 June 2019 (RMB'000)	For the year ended 31 December 2018 (RMB'000)	For the year ended 31 December 2017 (RMB'000)
Net profit before taxation	2,889,949	2,645,162	2,168,978
Net profit after taxation	2,360,723	3,161,749	2,708,141
		As at 31 December 2018 (RMB'000)	As at 31 December 2017 (RMB'000)
Net asset value		28,315,133	30,476,109

INFORMATION ON THE GROUP AND CP GUORUI

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.

CP Guorui is a wholly-owned subsidiary of the Company and is principally engaged in wholesale of coal, electromechanical equipment and metal materials; provision of warehousing services; provision of investment consultation for coal mines, ports, railways, shipping and reuse of power generation by-products.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Huainan Mining holds 40% equity interest in each of Pingwei Power Plant I, Pingwei Power Plant II and Pingwei Power Plant III, and 42% equity interest in Dabieshan Power Plant (non-wholly owned subsidiaries of the Company). As such, Huainan Mining is a substantial shareholder of the subsidiaries of the Company, and thus a connected person at the subsidiary level of the Company as defined in the Listing Rules.

SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company. SPIC currently directly and indirectly holds 59.51% equity interest in Shanghai Power (including 13.88% equity interest of Shanghai Power being held by the Company). As such, Shanghai Power is an associate of SPIC, and thus a connected person at the issuer level of the Company as defined in the Listing Rules. The transaction contemplated under the Capital Injection Agreement constitutes a connected transaction of the Company according to Chapter 14A of the Listing Rules.

As certain applicable percentage ratios of the amount of capital injection payable by CP Guorui under the Capital Injection Agreement (as defined in Rule 14.07 of the Listing Rules) exceed 0.1% but are less than 5%, the transaction is therefore subject to the announcement and reporting requirements, but is exempt from 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:

“AAE Exchange” the Anhui Assets and Equity Exchange* (安徽省產權交易中心有限責任公司), a provincial assets and equity trading institution established with the approval of the Government of Anhui Province, the PRC

“Board” the board of Directors of the Company

“Capital Injection”	the capital injection of RMB2.5 billion in cash by the Investors into Huainan Mining for acquisition of its 7.12% equity interest under the terms and conditions of the Capital Injection Agreement
“Capital Injection Agreement”	the agreement dated 29 July 2019 signed between Huainan Mining, the Original Shareholders and the Investors in relation to the Capital Injection
“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
“CP Guorui”	China Power Guorui Logistics Company Limited* (中電國瑞物流有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Dabieshan Power Plant”	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司), a company incorporated in the PRC with limited liability and a 51%-owned subsidiary of the Company
“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
“Huainan Mining”	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司), a company incorporated in the PRC with limited liability
“Investors”	the parties that participated in the Capital Injection through public tender and subsequently entered into the Capital Injection Agreement with Huainan Mining and the Original Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Shareholders”	Huaihe Energy Holding Group Co., Ltd.* (淮河能源控股集團有限責任公司), China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司) and Guohua Energy Investment Co., Ltd.* (國華能源投資有限公司) which currently holds equity interest of 89.25%, 8.96%, and 1.79% in Huainan Mining respectively

“Pingwei Power Plant I”	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of the Company
“Pingwei Power Plant II”	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of the Company
“Pingwei Power Plant III”	Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of the Company
“PRC” or “China” or “State”	the People’s Republic of China, which for purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Power”	Shanghai Electric Power Co., Ltd.* (上海電力股份有限公司), a company incorporated in PRC with limited liability whose shares are listed on the Shanghai Stock Exchange
“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, 30 July 2019

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.