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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 TRANSACTIONS**

#### **Production Target Sale and Purchase Agreements**

The Board announces that on 1 September 2014, Yaomeng Power Plant II (a wholly-owned subsidiary of the Company) entered into the Production Target Sale and Purchase Agreements with Luyang Power Plant and Kaifeng Power Plant respectively, pursuant to which the parties have agreed that Yaomeng Power Plant II will separately sell part of its Power Production Quota to Luyang Power Plant and Kaifeng Power Plant.

Each of Luyang Power Plant and Kaifeng Power Plant is a branch of CPI Henan Power Company Limited, which is a wholly-owned subsidiary of CPI Group. CPI Group is the ultimate controlling shareholder of the Company which is interested in approximately 60.57% of the issued share capital of the Company. As such, each of Luyang Power Plant and Kaifeng Power Plant is a connected person of the Company as defined in the Listing Rules. Accordingly, the Production Target Sale and Purchase Agreements constitute connected transactions of the Company under the Listing Rules.

The maximum aggregate consideration payable by Luyang Power Plant and Kaifeng Power Plant to Yaomeng Power Plant II pursuant to the Production Target Sale and Purchase Agreements based on the relevant Power Production Quota amounted to approximately RMB222,750,000 (equivalent to approximately HK\$278,437,500). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Production Target Sale and Purchase Agreements (after aggregation and using the maximum consideration) exceed 0.1% but are less than 5%, the Production Target Sale and Purchase Agreements are subject to announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 1 September 2014, Yaomeng Power Plant II (a wholly-owned subsidiary of the Company) entered into the Production Target Sale and Purchase Agreements with Luyang Power Plant and Kaifeng Power Plant respectively, pursuant to which the parties have agreed that Yaomeng Power Plant II will separately sell part of its Power Production Quota to Luyang Power Plant and Kaifeng Power Plant.

The Production Target Sale and Purchase Agreements were approved by Henan Province Development and Reform Commission on 1 September 2014.

## **PRODUCTION TARGET SALE AND PURCHASE AGREEMENTS**

### **(A) PRINCIPLE TERMS OF THE LUYANG PRODUCTION TARGET SALE AND PURCHASE AGREEMENT**

#### **Date**

1 September 2014

#### **Parties**

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

#### **Consideration**

Power Production Quota to be transacted: 800,000MWh

Unit price: RMB165/MWh (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 Luyang Power Plant and as confirmed by the State Grid Henan Electric Power Company (the provincial power grid company in Henan Province, the PRC). The maximum consideration payable by Luyang Power Plant to Yaomeng Power Plant II based on the Power Production Quota of 800,000MWh and the unit price of RMB165/MWh will be RMB132,000,000.

The consideration was determined by mutual agreement after commercial negotiations and by reference to the market price for trading Power Production Quota in Henan Province as well as Yaomeng Power Plant II's current marginal revenue for the power production unit. Luyang Power Plant offered one of the most competitive terms of trading Power Production Quota during the negotiations between Yaomeng Power Plant II and other potential purchasers (including independent third parties).

#### **Payment Terms**

After Luyang Power Plant has generated electricity under the monthly Power Production Quota as determined by the provincial power grid company, Luyang Power Plant will pay Yaomeng Power Plant II within the first 5 business days in 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 will result in Luyang Power Plant being subject to a late payment penalty of 0.02% per day.

## **(B) PRINCIPLE TERMS OF THE KAIFENG PRODUCTION TARGET SALE AND PURCHASE AGREEMENT**

### **Date**

1 September 2014

### **Parties**

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

### **Consideration**

Power Production Quota to be transacted: 550,000MWh

Unit price: RMB165/MWh (inclusive of all applicable taxes) and as adjusted in accordance with the on-grid tariff adjustment approved by Henan Province Development and Reform Commission (if any)

The final Power Production Quota to be transacted will be subject to the actual on-grid electricity to be generated by Kaifeng Power Plant and as confirmed by the State Grid Henan Electric Power Company (the provincial power grid company in Henan Province, the PRC). The maximum consideration payable by Kaifeng Power Plant to Yaomeng Power Plant II based on the Power Production Quota of 550,000MWh and the unit price of RMB165/MWh will be RMB90,750,000.

The consideration was determined by mutual agreement after commercial negotiations and by reference to the market price for trading Power Production Quota in Henan Province as well as Yaomeng Power Plant II's current marginal revenue for the power production unit. Kaifeng Power Plant offered one of the most competitive terms of trading Power Production Quota during the negotiations between Yaomeng Power Plant II and other potential purchasers (including independent third parties).

### **Payment Terms**

After Kaifeng Power Plant has generated electricity under the monthly Power Production Quota as determined by the provincial power grid company, Kaifeng Power Plant will pay Yaomeng Power Plant II within the first 5 business days in 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 will result in Kaifeng Power Plant being subject to a late payment penalty of 0.02% per day.

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

Henan Province of China has been experiencing in the past few months its worst drought in over sixty years which has been affecting power and water supply in the region. Having taken into account the power production capability of Yaomeng Power Plant II which was adversely affected by the drought, the Company believes that it is in the best interests of the Company to enter into the Production Target Sale and Purchase Agreements. The Power Production Quota which would otherwise expire at the end of this year if not fully utilized,

Yaomeng Power Plant II can monetise the unused Power Production Quota and therefore increase revenue of the Group by entering into the Production Target Sale and Purchase Agreements.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Production Target Sale and Purchase Agreements were 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.

## **PRINCIPAL BUSINESS OF THE GROUP, YAOMENG POWER PLANT II, LUYANG POWER PLANT AND KAIFENG POWER PLANT**

The Company is the listed flagship company outside the PRC of CPI Group. The CPI Group is one of the five national power generation groups in China, and operates coal-fired, hydroelectric and nuclear power plants in various locations in the PRC.

The principal business of the Group is to develop, construct, own, operate and manage large power plants in the PRC. The Company owns and operates high-capacity coal-fired power plants and hydro-power plants.

Yaomeng Power Plant II is a wholly-owned subsidiary of the Company which principally engages in the development, construction, operation and management of electric power.

Each of Luyang Power Plant and Kaifeng Power Plant is a branch of CPI Henan Power Company Limited, which is a wholly-owned subsidiary of CPI Group. Each of Luyang Power Plant and Kaifeng Power Plant principally engages in the operation and management of electric power. Luyang Power Plant is a coal-fired power plant which is equipped with 1,000MW power generating units. Kaifeng Power Plant is a coal-fired power plant which is equipped with 600MW power generating units.

## **COMPLIANCE WITH THE LISTING RULES**

As at the date of this announcement, CPI Group owns approximately 60.57% of the issued share capital of the Company. As CPI Group is the ultimate controlling shareholder of the Company, CPI Group, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Since each of Luyang Power Plant and Kaifeng Power Plant is a branch of a wholly-owned subsidiary of CPI Group, each of Luyang Power Plant and Kaifeng Power Plant is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Production Target Sale and Purchase Agreements constitute connected transactions of the Company under the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Production Target Sale and Purchase Agreements (after aggregation and using the maximum consideration) exceed 0.1% but are less than 5%, it is subject to announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transaction of the Production Target Sale and Purchase Agreements and none of them is required to abstain from voting on the Board resolution approving the Production Target Sale and Purchase Agreements.

## **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 Group”	China Power Investment Corporation* (中國電力投資集團公司), a wholly State-owned enterprise established by the State Council of the PRC* (中華人民共和國國務院), the ultimate controlling company of the Company
“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 CPI Group
“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
“Kaifeng Power Plant”	Kaifeng Power Branch of CPI Henan Power Company Limited* (中電投河南電力有限公司開封發電分公司), a branch of a company incorporated in PRC with limited liability and a branch of CPI Henan Power Company Limited, which is a wholly-owned subsidiary of CPI Group
“Kaifeng Production Target Sale and Purchase Agreement”	the agreement entered into for sale and purchase of Power Production Quota between Kaifeng Power Plant and Yaomeng Power Plant II dated 1 September 2014
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Luyang Power Plant”	Pingdingshan Power branch of CPI Henan Power Company Limited* (中電投河南電力有限公司平頂山發電分公司), a branch of a company incorporated in PRC with limited liability and a branch of CPI Henan Power Company Limited, which is a wholly-owned subsidiary of the CPI Group
“Luyang Production Target Sale and Purchase Agreement”	the agreement entered into for sale and purchase of Power Production Quota between Luyang Power Plant and Yaomeng Power Plant II dated 1 September 2014
“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 2014
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC or China excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Production Target Sale and Purchase Agreements”	the Luyang Production Target Sale and Purchase Agreement and the Kaifeng Production Target Sale and Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yaomeng Power Plant II”	Pingdingshan Yaomeng No. 2 Power Company Limited (平頂山姚孟第二發電有限公司), a company incorporated in the 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 RMB0.80 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**  
**Li Xiaolin**  
*Chairman*

Hong Kong, 2 September 2014

*As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Yu Bing, non-executive directors Guan Qihong and Wang Zichao, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.*