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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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF UP TO ONE RIGHTS SHARE FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE

THE PROPOSED RIGHTS ISSUE

Reference is made to the announcement of the Company dated 9 October 2017 regarding, among other things, the proposed acquisitions of certain clean energy project companies. In order to finance the Acquisitions, the Company proposes to raise an amount which will not be less than approximately HK\$2,000,000,000 but will not exceed the Aggregate Consideration payable by the Company under the Acquisitions, by way of a Rights Issue of up to one Rights Share for every three Existing Shares held on the Record Date.

The final amount of gross proceeds will be determined by the actual Subscription Price and number of the Rights Shares to be issued at the time of the proposed Rights Issue. The Subscription Price and the number of the Rights Shares will be determined by the Board or any other person(s) authorized by the Board in consultation with the Underwriter(s) with reference to market trading price, having regard to the prevailing market conditions, including but not limited to, the trading price of the Shares before the publication of a further announcement regarding the proposed Rights Issue.

As the proposed Rights Issue is not expected to increase the number of issued shares or the market capitalization of the Company by more than 50%, the proposed Rights Issue will not be subject to the approval of the Shareholders in a general meeting.

The proposed Rights Issue is conditional upon, among other things, the approval of the Acquisitions by the Independent Shareholders at the EGM. Accordingly, the proposed Rights Issue may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

Reference is made to the Announcement regarding the proposed acquisitions of certain clean energy project companies. Unless otherwise defined, all capitalized terms used herein shall have the respective meanings ascribed to them in the Announcement.

In order to finance the Acquisitions, the Company proposes to raise an amount which will not be less than approximately HK\$2,000,000,000 but will not exceed the Aggregate Consideration payable by the Company under the Acquisitions, by way of a Rights Issue of up to one Rights Share for every three existing Shares held on the Record Date.

The funds raised from the proposed Rights Issue will be used to finance the Aggregate Consideration of the Acquisitions.

The Company has appointed Bank of America Merrill Lynch to lead the financing through the proposed Rights Issue.

A. DETAILS OF THE PROPOSED RIGHTS ISSUE

Number of Rights Shares

Basis of the proposed Rights Issue Up to one Rights Share for every three existing Shares held on the Record Date by the Qualifying Shareholders

Number of Shares in issue 7,355,164,741 Shares as at date of this announcement

The number of Rights Shares will be subject to final determination by the Board or any other person(s) authorized by the Board in consultation with the Underwriter(s), having regard to the market conditions.

As at the date of this announcement, the Company has 12,040,000 Outstanding Options, which are exercisable from date of this announcement to the Record Date. Had such Exercisable Options been exercised in full, an additional of 12,040,000 Shares (with entitlement to up to 4,013,333 Rights Shares) would have been issued assuming no further grant of option by the Company for the period from the date of this announcement to the Record Date.

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

On the basis of 7,355,164,741 Shares in issue as at the date of this announcement, when

- (a) assuming no Exercisable Options are exercised on or before the Record Date, the total number of the Rights Shares to be allotted pursuant to the terms of the proposed Rights Issue will be up to 2,451,721,580 Rights Shares, representing 33.33% of the Company's existing issued share capital as at the date of this announcement or 25.00% of the enlarged issued share capital of the Company immediately after the completion of the proposed Rights Issue; and
- (b) assuming all Exercisable Options are exercised on or before the Record Date, the total number of the Rights Shares to be allotted pursuant to the terms of the proposed Rights Issue will be up to 2,455,734,913 Rights Shares, representing 33.39% of the Company's existing issued share capital as at the date of this announcement or 25.00% of the enlarged issued share capital of the Company immediately after the completion of the proposed Rights Issue.

Subscription Price

The actual Subscription Price will be determined by the Board or any other person(s) authorized by the Board in consultation with the Underwriter(s) with reference to market trading price, having regard to the prevailing market conditions, including but not limited to, the trading price of the Shares before the publication of a further announcement regarding the proposed Rights Issue.

Conditions of the proposed Rights Issue

It is expected that the proposed Rights Issue will be conditional upon, among other things, the fulfilment of the following conditions:

- (a) the approval of the Acquisitions by the Independent Shareholders at the EGM;
- (b) the Underwriting Agreement having become unconditional and the Underwriter(s) not having terminated the Underwriting Agreement in accordance with the terms thereof; and
- (c) other customary conditions to be set out in further announcements regarding the proposed Rights Issue.

Record Date

The Record Date and the trading arrangements for the nil-paid and fully-paid Rights Shares will be fixed by the Board later.

Application for listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Set-off Arrangement

It is expected that CPI Holding, being a substantial shareholder of the Company, will be entitled to set off all or part of the aggregate subscription monies in respect of the proposed Rights Shares against such sums due from the Company to CPI Holding under the Agreement I.

B. UNDERWRITING ARRANGEMENTS

The Company will proceed with the proposed Rights Issue on a fully underwritten basis in accordance with Rule 7.19(1) of the Listing Rules and such underwriting will be conducted in accordance with applicable requirements of the Listing Rules.

As at the date of this announcement, CPI Holding (a substantial shareholder of the Company), together with CPDL (a wholly-owned subsidiary of CPI Holding), are interested in an aggregate of 4,090,138,546 Shares, representing approximately 55.61% of the issued share capital of the Company. CPI Holding has expressed its intention to, and will procure CPDL to, take up their respective entitlement to the Shares under the proposed Rights Issue.

C. REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE

The Acquisitions will accelerate the Company's transition into a clean energy company. The Target Companies are principally engaged in clean energy power generation, mainly including hydropower, natural gas power, wind power and photovoltaic power. Those quality clean energy projects will enlarge the Group's operational capacity, assets and business coverage, and thus enhance its overall market competitiveness. It is a strategic opportunity for the Company to strengthen its presence in the high growth regional markets namely the five provinces of Guangdong, Guangxi, Anhui, Hubei and Shandong. The Company believes the Acquisitions will improve its profitability and shareholders' return in the coming future.

The Directors consider that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to raise the required financing for the Acquisitions by way of the proposed Rights Issue as this exercise will strengthen the Company's capital base and provides equal opportunities for all Shareholders to maintain their stakes in the Company and to enjoy the anticipated benefits from the Acquisitions.

D. FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not engaged in or initiated any equity fund raising exercise during the past 12 months immediately before the date of this announcement or any rights issue exercise prior to such 12-month period.

E. CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE PROPOSED RIGHTS ISSUE

As at the date of this announcement, there are a total of 7,355,164,741 Shares in issue and the Company has 12,040,000 Outstanding Options, which are exercisable from date of this announcement to the Record Date. Had such Exercisable Options been exercised in full, an additional of 12,040,000 Shares (which entitle to up to 4,013,333 Rights Shares) would have been issued assuming no further grant of option by the Company for the period from the date of this announcement to the Record Date.

Set out below is the shareholding structure of the Company as at date of this announcement and the possible shareholding structure immediately after the completion of the proposed Rights Issue (on the basis of one Rights Share for every three existing Shares):

	As at the date of this announcement ⁽¹⁾		Immediately after completion of the proposed Rights Issue (assuming no Exercisable Options are exercised on or before the Record Date and all Rights Shares are taken up by Qualifying Shareholders) ⁽¹⁾		Immediately after completion of the proposed Rights Issue (assuming all Exercisable Options are exercised on or before the Record Date and all Rights Shares are taken up by Qualifying Shareholders) ⁽¹⁾	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
CPI Holding	2,093,638,546	28.47	2,791,518,061	28.47	2,791,518,061	28.42
CPDL	1,996,500,000	27.14	2,662,000,000	27.14	2,662,000,000	27.10
Director and Other Employees ⁽²⁾	-	0	-	0	16,053,333	0.16
Public	3,265,026,195	44.39	4,353,368,260	44.39	4,353,368,260	44.32
Total	7,355,164,741	100	9,806,886,321	100	9,822,939,654	100

Notes:

- (1) The percentages showing in the above table are approximate figures, certain percentage figures have been subject to rounding adjustments. Accordingly figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) The interests of the above Director and other employees of the Company in the underlying shares of the Company represent the options granted to him/her under the Share Option Scheme by the Company. Other than that, the above Director and other employees of the Company have no interest in any securities of the Company.

F. ADJUSTMENTS TO OPTIONS GRANTED BY THE COMPANY

Pursuant to the rules of the Share Option Scheme, the Company will review whether or not adjustments to the exercise price of the Outstanding Options or the number of Shares to be subscribed for under the Outstanding Options as a result of completion of the proposed Rights Issue are necessary. The adjustments to the exercise price of the Outstanding Options, if any, will be disclosed in the Prospectus.

G. WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The proposed Rights Issue is conditional upon the fulfillment of the conditions set out under the section headed “Conditions of the proposed Rights Issue” in this announcement. If the conditions are not fulfilled, the proposed Rights Issue will not proceed.

Any persons contemplating dealing in the Shares prior to the date on which all the conditions of the proposed Rights Issue are fulfilled, and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the proposed Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional adviser(s).

H. LISTING RULES IMPLICATIONS

As the proposed Rights Issue is not expected to increase the number of issued shares or the market capitalization of the Company by more than 50%, the proposed Rights Issue will not be subject to the approval of the Shareholders in a general meeting.

I. FURTHER ANNOUNCEMENT IN RELATION TO THE PROPOSED RIGHTS ISSUE AND ISSUANCE OF THE PROSPECTUS

Prior to the commencement of the proposed Rights Issue, the Company will make further announcement(s) and issue the Prospectus, which will contain all the relevant details of the proposed Rights Issue, including the definitive basis on which the Rights Shares are to be offered, the number of Rights Shares to be issued, the Subscription Price, the period of closure of the register of members, trading arrangements of the Rights Shares, trading arrangements of the rights to subscribe for the Rights Shares in nil-paid form, the arrangements for excess Rights Shares, the underwriting arrangements, details of the Underwriter and the Underwriting Agreement and the expected timetable of the proposed Rights Issue.

Prior to the commencement of the proposed Rights Issue, the Company will despatch the Prospectus to the Shareholders.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Company dated 9 October 2017 regarding, among other things, the Acquisitions
“Exercisable Options”	the options granted by the Company to subscribe for an aggregate of 12,040,000 Shares pursuant to the Share Option Scheme, which were outstanding as at the date of this announcement and are capable of being exercised on or before the Record Date
“Existing Shares”	the Shares which are in issue on the Record Date
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions obtained by the Company, consider it necessary or expedient not to offer Rights Shares to such Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Outstanding Options”	the options granted by the Company to subscribe for an aggregate of 12,040,000 Shares pursuant to the Share Option Scheme, which were outstanding as at the date of this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong
“Prospectus”	the prospectus in relation to the proposed Rights Issue to be issued by the Company and despatched to the Qualifying Shareholders and, for information purposes only, to the Non-Qualifying Shareholders, which contains further details of the proposed Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	a date to be determined by the Board or its authorized person(s) by reference to which entitlements to the proposed Rights Issue are to be determined
“Rights Issue”	the issue of the Rights Shares by the Company on the basis of up to one Rights Share for every three Existing Shares
“Rights Share(s)”	the new Shares to be allotted and issued by the Company to the Qualifying Shareholders under the proposed Rights Issue
“Share Option Scheme”	the share option scheme which was conditionally approved and adopted by a written resolution passed by the Shareholders on 24 August 2004
“Subscription Price”	the final subscription price for the Rights Shares to be offered pursuant to the proposed Rights Issue

“Underwriter(s)” the underwriter(s) to be appointed for the purposes of the underwriting arrangements for the proposed Rights Issue

“Underwriting Agreement” the underwriting agreement to be entered into between the Company and the Underwriter(s) in relation to the proposed Rights Issue

By order of the Board
China Power International Development Limited
Yu Bing
Chairman

Hong Kong, 9 October 2017

As at the date of this announcement, the directors of the Company are: executive directors Yu Bing and 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.