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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**

#### **Construction Project Management Agreements and Construction Supervision Agreements**

##### **Construction Project Management Agreements**

On 8 June 2016, each of the Employers individually entered into a Construction Project Management Agreement with the Manager whereby the Manager has been engaged to provide management services for each of the Projects at the aggregated consideration of RMB191,858,100 (equivalent to approximately HK\$228,402,500).

##### **Construction Supervision Agreements**

On 8 June 2016, each of Dabieshan Power Plant and Shangqiu Power Plant individually entered into a Construction Supervision Agreement with the Supervisor whereby the Supervisor has been engaged to provide supervision services for each of Project Dabieshan and Project Shangqiu at the aggregated consideration of RMB23,000,000 (equivalent to approximately HK\$27,381,000).

The Manager and the Supervisor are subsidiaries of SPIC, the ultimate controlling shareholder of the Company holding approximately 55.61% of the issued share capital of the Company as at the date of this announcement. As such, the Manager and the Supervisor are connected persons of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Construction Project Management Agreements and the Construction Supervision Agreements constitute connected transactions of the Company under the Listing Rules.

The aggregate total maximum fees payable for the Construction Project Management Agreements and the Construction Supervision Agreements amounted to RMB214,858,100 (equivalent to approximately HK\$255,783,500). As the highest applicable percentage ratio in respect of the Transactions (as aggregated) is more than 0.1% but less than 5%, the Transactions are subject to announcement and reporting requirements but are exempted from the independent shareholders' approval requirement under the Listing Rules.

The Board announces that certain subsidiaries of the Company individually entered into a Construction Project Management Agreement with the Manager and a Construction Supervision Agreement with the Supervisor on 8 June 2016 in relation to the management and supervision of the Projects which involve the construction of new power generating units for four different power plants for the Group in the PRC.

## **CONSTRUCTION PROJECT MANAGEMENT AGREEMENTS**

There were altogether **four** Construction Project Management Agreements signed for each of the following projects, namely Project Shentou, Project Pu'an, Project Dabieshan and Project Shangqiu.

### **Principal terms of the Construction Project Management Agreements of the four Projects**

***Date:***

8 June 2016

***Parties and Projects:***

**(1) Project Shentou**

- (i) CP Shentou II Power Plant (the "Employer"), and
- (ii) CPI Power Engineering (the "Manager").

The project involves the construction of two 1,000MW ultra super-critical coal-fired power generating units in Shanxi Province of the PRC.

**(2) Project Pu'an**

- (i) CP Pu'an Power Plant (the "Employer"), and
- (ii) CPI Power Engineering (the "Manager").

The project involves the construction of two 660MW super-critical coal-fired power generating units in Guizhou Province of the PRC.

**(3) Project Dabieshan**

- (i) Dabieshan Power Plant (the "Employer"), and
- (ii) CPI Power Engineering (the "Manager").

The project involves the construction of two 660MW ultra super-critical coal-fired power generating units in Hubei Province of the PRC.

**(4) Project Shangqiu**

- (i) Shangqiu Power Plant (the "Employer"), and
- (ii) CPI Power Engineering (the "Manager").

The project involves the construction of two 350MW super-critical coal-fired power co-generating units in Henan Province of the PRC.

***Services to be provided by the Manager:***

The Manager has agreed to act as and provide the services of the project manager overseeing the overall construction-related management work for each of the Projects which include project planning, comprehensive control and management throughout the whole process of construction of the Project and the co-ordination and management of the services of the survey designer, supplier, contractor and supervisor of the Project, until the expiry of the one-year warranty period after completion of the Project. Completion of the Project is deemed to have taken place when construction of the relevant two power generating units of each Project has been completed as well as both units have successfully fulfilled a 168-hour continuous full-load trial run (“168-hour-Trial Run”).

***Consideration:***

**(1) Project Shentou**

Project management fee: RMB65,000,000  
(equivalent to approximately HK\$77,381,000)

Bonus management fee: Not exceeding 3% of the project management fee, i.e. RMB1,950,000  
(equivalent to approximately HK\$2,321,400)

**(2) Project Pu’an**

Project management fee: RMB45,600,000  
(equivalent to approximately HK\$54,285,700)

Bonus management fee: Not exceeding 3% of the project management fee, i.e. RMB1,368,000  
(equivalent to approximately HK\$1,628,600)

**(3) Project Dabieshan**

Project management fee: RMB45,520,000  
(equivalent to approximately HK\$54,190,500)

Bonus management fee: Not exceeding 3% of the project management fee, i.e. RMB1,365,600  
(equivalent to approximately HK\$1,625,700)

**(4) Project Shangqiu**

Project management fee: RMB30,150,000  
(equivalent to approximately HK\$35,892,900)

Bonus management fee: Not exceeding 3% of the project management fee, i.e. RMB904,500  
(equivalent to approximately HK\$1,076,800)

**Payment terms:**

The **project management fee** is payable by eight installments after specific progresses have been made, as follows:

<i>Installments</i>	<i>Progress made</i>	<i>% of project management fee payable</i>
1.	Within one month after the Construction Project Management Agreement has been signed and becomes effective	10%
2.	Within one month after commencing the formal excavation of the mainframe construction of the first power generating unit	15%
3.	Within one month after hoisting the top plate of boiler for the first power generating unit	15%*
4.	Within one month after passing the specified water pressure tests for the first power generating unit	15%*
5.	Within one month after passing of the 168-hour-Trial Run for the first power generating unit	15%*
6.	Within one month after passing of the 168-hour-Trial Run for the second power generating unit	15%*
7.	Within one month after the two power generating units have been put into commercial operation	10%*
8.	The remaining 5% of the project management fee shall be retained as a warranty and be paid one year after the completion of the Project	5%

\* The Manager is subject to the Employer's assessment appraisal at the end of each of the above progress stages 3 to 7 before getting payment. Should the Manager fail to meet the standard of quality, progress, safety, construction costs and other targets specified in the relevant Construction Project Management Agreement, the Employer is entitled to deduct up to 20% of stage management fee at each of the above progress stages 3 to 7 as a penalty upon each payment made to the Manager.

A 50% of the **bonus management fee** is payable to the Manager, if the power generating units maintain stable operations for more than 100 days after the completion of their 168-hour-Trial Run (or that any failure to maintain operations was not due to project management reasons), for each of the two power generating units.

## CONSTRUCTION SUPERVISION AGREEMENTS

There were altogether **two** Construction Supervision Agreements signed for each of the following projects, namely Project Dabieshan and Project Shangqiu.

### **Principal terms of the Construction Supervision Agreements of the two Projects**

#### ***Date:***

8 June 2016

#### ***Parties and Projects:***

##### **(1) Project Dabieshan**

- (i) Dabieshan Power Plant, and
- (ii) Shanghai SNERDI Engineering (the “Supervisor”).

The project involves the construction of two 660MW ultra super-critical coal-fired power generating units in Hubei Province of the PRC.

##### **(2) Project Shangqiu**

- (i) Shangqiu Power Plant, and
- (ii) Shanghai SNERDI Engineering (the “Supervisor”).

The project involves the construction of two 350MW super-critical coal-fired power co-generating units in Henan Province of the PRC.

#### ***Services to be provided by the Supervisor:***

The Supervisor has agreed to provide supervision services for each of Project Dabieshan and Project Shangqiu during the preparation, exploration, construction, trial run, completion and maintenance stages including but not limited to cost, progress, quality and safety controls, contracts administration and data management of the Project, until the expiry of the one-year warranty period after completion of the Project. The power generating units will complete a 168-hour continuous full-load trial run, upon which a construction completion inspection certificate will be issued.

#### ***Consideration:***

##### **(1) Project Dabieshan**

Supervision fee:	RMB11,363,800 (equivalent to approximately HK\$13,528,300)
Bonus supervision fee:	Not exceeding RMB1,136,200 (equivalent to approximately HK\$1,352,600)

## (2) Project Shangqiu

Supervision fee: RMB9,550,000  
(equivalent to approximately HK\$11,369,000)

Bonus supervision fee: Not exceeding RMB950,000  
(equivalent to approximately HK\$1,131,000)

### *Payment terms:*

The basic **supervision fee** is payable by instalments, of which: (i) 5% will be payable within 15 days after Construction Supervision Agreement takes effect (i.e. from signing); (ii) 5% will be payable upon the Supervisor entering into the construction site of the Project; (iii) 70% will be payable at the various stages of the construction work; and (iv) the remaining 20% will be retained as the final examination fee, and its components will be payable upon the satisfaction of various cost, progress, quality and safety control targets. The final examination fee will only be payable within 30 days after the issuance of the construction completion inspection certificate of the second power generating unit.

The Supervisor will be entitled to the **bonus supervision fee** if the Project is awarded for certain specified construction work awards in the PRC or achieves cost saving (which creates economic benefit) based on the advice of the Supervisor.

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

It is the Company's development strategy to promote expansion of large capacity, low energy consumption and less emission coal-fired power generating projects in the long-run. The construction of new power generating units under the Projects will increase the power generating capacity and strengthen competitiveness of the Group in the coming future.

The award of the Construction Project Management Agreements and the Construction Supervision Agreements was determined by competitive tendering processes. The consideration for each of the Projects is compatible to the prevailing rates or at better terms than those charged by other project companies for comparable jobs in the market. The Directors are of the view that the consideration and the terms of each of the Construction Project Management Agreements and the Construction Supervision Agreements are no less favourable to the Group than those available from independent third parties.

The Directors are of the view that the Manager and the Supervisor possesses the relevant experience and expertise in provision of relevant management and supervision services for large scale power plants and ancillary facilities construction projects. Also, all Construction Project Management Agreements and the Construction Supervision Agreements are essential to ensure the successful completion of the Projects.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the Construction Project Management Agreements and the Construction Supervision Agreements are entered into in the ordinary course of the business of the Company, on normal commercial terms, on terms which are 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 Transactions or is required to abstain from voting on the relevant resolutions of the Board.

## **PRINCIPAL BUSINESS OF THE GROUP**

The Company is a core subsidiary of SPIC for conventional energy business. SPIC 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 owns approximately 55.61% of the issued share capital of the Company through CPI Holding.

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, hydropower, wind power, photovoltaic power and other clean energy power plants.

## **INFORMATION ABOUT THE MANAGER**

The Manager is a subsidiary of SPIC established in 2006 which is principally engaged in engineering and construction project management, surveying, project supervision and consultation and international projects contracting. It is qualified as the First Class power engineering contractor and Grade A power project supervisor in China. It has previously won the China Construction Engineering Luban Prize (中國建設工程魯班獎) and the Gold National Quality Engineering Award (國家優質工程金質獎) awarded by the PRC government.

## **INFORMATION ABOUT THE SUPERVISOR**

The Supervisor is a subsidiary of SPIC established in 1996 which is principally engaged in power engineering supervision (including nuclear power engineering), equipment supervision of thermal power station and nuclear power plant, house construction project supervision, mechanical and electrical installation engineering supervision and tendering agency service for construction projects and engineering survey and exploration. It is qualified, among other things, as a Grade A power project supervisor and a Grade A mechanical and electrical installation engineering supervisor in China.

## **COMPLIANCE WITH THE LISTING RULES**

The Manager and the Supervisor are subsidiaries of SPIC, the ultimate controlling shareholder of the Company holding approximately 55.61% of the issued share capital of the Company as at the date of this announcement. As such, the Manager and the Supervisor are connected persons of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Construction Project Management Agreements and the Construction Supervision Agreements constitute connected transactions of the Company under the Listing Rules.

The aggregate total maximum fees payable for the Construction Project Management Agreements and the Construction Supervision Agreements amounted to RMB214,858,100 (equivalent to approximately HK\$255,783,500). As the highest applicable percentage ratio in respect of the Transactions (as aggregated) is more than 0.1% but less than 5%, the Transactions are subject to announcement and reporting requirements but are exempted from the independent shareholders' approval requirement under 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
“Construction Project Management Agreement(s)”	the four construction project management agreements in relation to Project Shentou, Project Pu’an, Project Dabieshan and Project Shangqiu dated 8 June 2016 entered into between each of the Employers of their respective Project and the Manager, collectively the “Construction Project Management Agreements” and individually the “Construction Project Management Agreement”
“Construction Supervision Agreement(s)”	the two construction supervision agreements in relation to Project Dabieshan and Project Shangqiu dated 8 June 2016 entered into between each of Dabieshan Power Plant and Shangqiu Power Plant of their respective Project and the Supervisor, collectively the “Construction Supervision Agreements” and individually the “Construction Supervision Agreement”
“CP Pu’an Power Plant”	China Power (Pu’an) Power Generating Company Limited* (中電(普安)發電有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“CP Shentou II Power Plant”	Shanxi CPI Shentou No. 2 Power Generation Co., Ltd.* (山西中電神頭第二發電有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary 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 SPIC
“CPI Power Engineering” or “Manager”	CPI Power Engineering Co., Ltd.* (中電投電力工程有限公司), a company incorporation in the PRC with limited liability and a subsidiary of SPIC



“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
“Employer(s)”	CP Shentou II Power Plant, CP Pu’an Power Plant, Dabieshan Power Plant and Shangqiu Power Plant, collectively the “Employers” and individually the “Employer”
“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” 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
“Project(s)”	Project Shentou, Project Pu’an, Project Dabieshan and Project Shangqiu, collectively the “Projects” and individually the “Project”
“Project Dabieshan”	the project being carried out by Dabieshan Power Plant which involves the construction of two 660MW ultra super-critical coal-fired power generating units in Hubei Province of the PRC
“Project Pu’an”	the project being carried out by CP Pu’an Power Plant which involves the construction of two 660MW super-critical coal-fired power generating units in Guizhou Province of the PRC
“Project Shangqiu”	the project being carried out by Shangqiu Power Plant which involves the construction of two 350MW super-critical coal-fired power co-generating units in Henan Province of the PRC
“Project Shentou”	the project being carried out by CP Shentou II Power Plant which involves the construction of two 1,000MW ultra super-critical coal-fired power generating units in Shanxi Province of the PRC

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai SNERDI Engineering” or “Supervisor”	Shanghai SNERDI Engineering Consulting Co., Ltd* (上海斯耐迪工程諮詢有限公司), a company incorporated in the PRC with limited liability and a subsidiary of SPIC
“Shangqiu Power Plant”	Shangqiu Minsheng Thermal Power Company Limited* (商丘民生熱電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SPIC”	State Power Investment Corporation* (國家電力投資集團公司), the ultimate controlling company of the Company, a wholly State-owned enterprise formerly known as China Power Investment Corporation* (中國電力投資集團公司), was approved by the State Council of the PRC* (中華人民共和國國務院) for the consolidation and reorganization with the State Nuclear Power Technology Corporation* (國家核電技術公司) in 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Construction Project Management Agreements and the Construction Supervision Agreements

\* *English or Chinese translation, as the case may be, is for identification only*

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.84 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**  
**Yu Bing**  
*Executive Director*

Hong Kong, 8 June 2016

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