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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)

DISCLOSEABLE TRANSACTIONS

Proposed Capital Injections into Subsidiaries

On 24 October 2018, SPIC Changzhou and Yuanjiang Company (the Company's subsidiaries), entered into the following two Capital Injection Agreements and Equity Transfer Agreements in connection with the proposed Capital Injections.

CAPITAL INJECTION AGREEMENTS AND EQUITY TRANSFER AGREEMENTS

Changzhou Capital Injection Agreement and Changzhou Equity Transfer Agreement

On 24 October 2018, SPIC Guangxi, a wholly-owned subsidiary of the Company, ICBC Financial, ABC Financial and SPIC Changzhou entered into the Changzhou Capital Injection Agreement, pursuant to which ICBC Financial and ABC Financial, as investors, agreed to inject RMB1,000 million and RMB500 million respectively by way of cash contribution into SPIC Changzhou, which will be contributed to increase its registered capital and capital reserve.

On 24 October 2018, SPIC Guangxi, ICBC Financial and ABC Financial also entered into the Changzhou Equity Transfer Agreement, pursuant to which upon Completion of the Changzhou Capital Injection, SPIC Guangxi is granted certain rights to purchase the Changzhou Equity Interests from ICBC Financial and ABC Financial, and the parties may agree on other treatment of the Changzhou Equity Interests, upon the occurrence of certain events and subject to the terms and conditions under the Changzhou Equity Transfer Agreement.

Yuanjiang Capital Injection Agreement and Yuanjiang Equity Transfer Agreement

On 24 October 2018, Wu Ling Power, a 63%-owned subsidiary of the Company, Huabao Trust, ABC Financial and Yuanjiang Company entered into the Yuanjiang Capital Injection Agreement, pursuant to which Huabao Trust and ABC Financial, as investors, agreed to inject RMB2,500 million and RMB500 million, respectively, by way of cash contribution into Yuanjiang Company, which will be contributed to increase its registered capital and capital reserve.

On 24 October 2018, Wu Ling Power, ABC Financial and Huabao Trust also entered into the Yuanjiang Equity Transfer Agreement, pursuant to which upon Completion of the Yuanjiang Capital Injection, Wu Ling Power is granted certain rights to purchase the Yuanjiang Equity Interests from Huabao Trust and ABC Financial, and the parties may agree on other treatment of the Yuanjiang Equity Interests, upon the occurrence of certain events and subject to the terms and conditions under the Yuanjiang Equity Transfer Agreement.

LISTING RULES IMPLICATIONS

Capital Injections

Upon Completion of each of the Capital Injections, the Company’s equity interest in the Target Companies will be diluted. The relevant members of the Group are deemed to have made disposals of interests in the Target Companies under Rule 14.29 of the Listing Rules. As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of each Deemed Disposals (as the percentage ratios applicable to each Deemed Disposals whether singly or in the aggregate insofar as ABC Financial is concerned) exceed 5% but are less than 25%, each of the Capital Injections constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Original Shareholders’ Options

The grant of each of the Original Shareholders’ Options would be treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Original Shareholders’ Options (the exercise of which is at the discretion of each of the Original Shareholders (i.e. SPIC Guangxi or Wu Ling Power)), only the premium will be taken into consideration for calculating the percentage ratios. As no premium is payable on the grant of the Original Shareholders’ Options, such grants will not constitute notifiable transactions of the Company.

The Company will comply with the applicable Listing Rules on any exercise of the Original Shareholders’ Options.

CAPITAL INJECTION AGREEMENTS

The principal terms of each of the Capital Injection Agreements are about the same (except for the main differences as specified below), which are summarized as follows:

Date:	24 October 2018
Parties:	<p>The parties under each of the Capital Injection Agreements in respect of SPIC Changzhou and Yuanjiang Company are:</p> <ul style="list-style-type: none"> (i) the Original Shareholder; (ii) the Investors; and (iii) the Target Company. <p>To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, all of the Investors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.</p>

Consideration:***Changzhou Capital Injection Agreement***

Pursuant to the Changzhou Capital Injection Agreement, the total consideration of RMB1,500 million (equivalent to approximately HK\$1,705 million) shall be paid by the Investors to acquire approximately 35.07% equity interest in SPIC Changzhou by way of cash contribution to increase its registered capital and capital reserve.

As at the date of this announcement, SPIC Changzhou is 100% held by SPIC Guangxi. Upon Completion of the Changzhou Capital Injection, SPIC Guangxi's equity interest in SPIC Changzhou will be diluted to approximately 64.93%, while the percentage of equity interest to be held by each of the Investors is set out as follows:

Investors	Consideration (RMB)	Equity interest in SPIC Changzhou
ICBC Financial	1,000,000,000	23.38%
ABC Financial	500,000,000	11.69%

Yuanjiang Capital Injection Agreement

Pursuant to the Yuanjiang Capital Injection Agreement, the total consideration of RMB3,000 million (equivalent to approximately HK\$3,409 million) shall be paid by the Investors to acquire approximately 41.18% equity interest in Yuanjiang Company by way of cash contribution to increase its registered capital and capital reserve.

As at the date of this announcement, Yuanjiang Company is 100% held by Wu Ling Power. Upon Completion of the Yuanjiang Capital Injection, Wu Ling Power's equity interest in Yuanjiang Company will be diluted to approximately 58.82%, while the percentage of equity interest to be held by each of the Investors is set out as follows:

Investors	Consideration (RMB)	Equity interest in Yuanjiang Company
Huabao Trust	2,500,000,000	34.32%
ABC Financial	500,000,000	6.86%

The Consideration for each of the Capital Injection Agreements was determined after arm's length negotiation between the parties with reference to (i) the amount of Capital Injection proposed by the Investors, (ii) the operating conditions, financial position and business performance of the Target Company, (iii) the business prospect of the Target Company, and (iv) the valuation of the Target Company appraised by the Independent Valuer as at the Valuation Benchmark Date.

The final Equity Interests will be adjusted with the change in net asset value of each of the Target Companies between the Valuation Benchmark Date and the Completion Date by reference to their management accounts or audited accounts prepared under the PRC GAAP as mutually accepted by the Original Shareholder and the Investors for the most recent month immediately prior to the Completion Date.

<p>Conditions Precedent:</p>	<p>Payment of Consideration by the Investors is subject to the fulfilment and/or waiver of the following conditions precedent:</p> <ol style="list-style-type: none"> (1) The Investors are satisfied with the due diligence results of different aspects of the Target Company including legal, financial, management, governance, business, and regulatory. (2) All relevant agreements and legal documents for this transaction being executed and all parties have obtained valid internal approvals, and no default has occurred since the date of signing, or despite the event of default, the Investors are satisfied with its settlement or have exempted it. (3) The Target Company has engaged a valuation agent, which is approved by the Investors and has the legal qualifications and completed the asset valuation of the Target Company. (4) The Original Shareholder and the Investors have reached a written consensus in respect of the revisions made in the Target Company's articles of association as a result of the Capital Injection and in accordance with the respective Capital Injection Agreement. (5) The Target Company has opened a designated bank account in relation to capital injection in accordance with the respective Account Supervisory Agreement signed between them. (6) (a) The Original Shareholder has issued a legally valid written resolution to agree that the Investors will make the Capital Injection to the Target Company; and (b) the Original Shareholder and the Target Company have agreed to disclose information required to be disclosed in accordance with laws and regulations and rules in a timely and accurate manner. (7) All representations and warranties given by the Target Company and Original Shareholder under the Capital Injection Agreement remain true, complete and accurate from the date of the agreement to the date of payment of Consideration. (8) The financial conditions of the Target Company and the Original Shareholder have remained basically the same and no material adverse change has occurred from the date of the agreement to the date of payment of Consideration. (9) For the purpose of the Capital Injection, all valuation, audit, registration, filing and approval required by laws and regulations, rules, the articles of association of all parties, authorities or departments have been obtained. (10) Neither the Target Company nor the Original Shareholder is being subject to the following situations, including, among others: dissolution, liquidation, bankruptcy, reorganization, change of controlling shareholder, suspension of production, major violation of laws and regulations.^ <p><i>^ The last condition precedent is only under the Yuanjiang Capital Injection Agreement.</i></p>
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Payment:	The Consideration will be payable by the Investors in cash by the date specified on the payment notice, which may be issued by the Target Company within 5 business days from the date on which all conditions precedent above are fulfilled or waived.
Completion:	<p>Within 7 business days after payment of the Consideration, the Target Company will update its internal shareholders register (the “Completion Date”).</p> <p>Within 40 business days after the Completion Date or such other date as agreed between the parties to the Capital Injection Agreement, the Target Company shall apply for, and complete, all requisite registration and filing procedures with the State Administration for Industry and Commerce of the PRC.</p>
Performance requirement:	<p><i>Changzhou Capital Injection Agreement</i></p> <p>In any financial year during which the Investors are holding the Equity Interests, the annual distributable profits to the shareholders of SPIC Changzhou is required to be RMB290,846,900.</p> <p><i>Yuanjiang Capital Injection Agreement</i></p> <p>In any financial year during which the Investors are holding the Equity Interests, the annual distributable profits to the shareholders of Yuanjiang Company is required to be RMB488,101,000.</p> <p><i>For the avoidance of doubt, it does not constitute a breach of contract when the Target Company fails to meet the performance requirement under the Capital Injection Agreement.</i></p>
Exit arrangement:	Upon the Completion of the Capital Injection, the Original Shareholder is granted certain rights to buy back the Equity Interests from the Investors, and the parties may agree on other treatment of the Equity Interests, upon the occurrence of certain events and subject to the terms and conditions under the Equity Transfer Agreement.

EQUITY TRANSFER AGREEMENTS

The principal terms of each of the Equity Transfer Agreements are about the same (except for the main differences as specified below), which are summarized as follows:

Date:	24 October 2018
Parties:	<p>The parties under each of the Equity Transfer Agreements in respect of SPIC Changzhou and Yuanjiang Company are:</p> <p>(i) the Original Shareholder; and</p> <p>(ii) the Investors.</p>
Original Shareholder’s Options:	In the event of any of the following “specific circumstances”, the Original Shareholder shall have the following Original Shareholder’s Options (at its discretion) to buy back the Equity Interests from the Investors upon the terms of the Equity Transfer Agreement, including:

Terms that are specific to respective Equity Transfer Agreement

Changzhou Equity Transfer Agreement

(1) From 36 months after the Changzhou Capital Injection, SPIC Guangxi has not designated a third party to purchase the Changzhou Equity Interests on terms agreed between the parties, and the parties have not agreed to extend the investment period.

Yuanjiang Equity Transfer Agreement

(1)(a) Within 70 months after date of the Tuokou hydropower station starts operation, if Wu Ling Power has not designated a third party to purchase the Yuanjiang Equity Interests on terms agreed between the parties, Wu Ling Power may require Huabao Trust and ABC Financial to extend investment period by 10 more months, and if after such extension, Wu Ling Power still failed to designate a third party to purchase the Yuanjiang Equity Interests and the parties have not agreed to extend the investment period.

(1)(b) On any date of financial statements, the original book value of the fixed assets of the Tuokou hydropower station exceeded RMB12.5 billion and was not properly resolved within the grace period to be given by Huabao Trust and ABC Financial.

Terms that are common to both Equity Transfer Agreements

(2) In any financial year during which the Investors are holding the Equity Interests, the annual distributable profits of the Target Company have not met the performance requirements as stated in the Capital Injection Agreement, unless approved by the Investors.

(3) In any financial year, the profits distributed by the Target Company to the Investors have not reach the amount required allocation to the Investors (RMB102,000,000 for SPIC Changzhou and RMB201,000,000 for Yuanjiang Company), and the Original Shareholder is unable to properly resolve this within the grace period to be given by the Investors.

(4) The Target Company, the Original Shareholder or its subsidiaries breached the Capital Injection Agreement, this agreement and the Account Supervisory Agreement, and failed to properly address such breach within the grace period to be given by, or in accordance with requirements of the Investors.

(5) The Target Company is subject to bankruptcy or liquidation.

(6) The purpose of the Investors' investments cannot be achieved due to force majeure.

The Original Shareholder or its designated third party may choose to purchase the Equity Interests, and the consideration shall be the exercise price under formula 1 (please see below the section headed "Exercise price").

No premium is payable for the grant of each of the Original Shareholders' Options.

<p>Extension of investment period:</p>	<p><i>Changzhou Equity Transfer Agreement</i></p> <p>Within 33 months of the Capital Injection, the Original Shareholder or Investors may propose an extension to the investment period by the Investors subject to the agreement of the other party(ies).</p> <p><i>Yuanjiang Equity Transfer Agreement</i></p> <p>Within 67 months (or 77 months if extended according to (1)(a) under the Yuanjiang Original Shareholder’s Options above) after the date of the Tuokou hydropower station starts operation, the Original Shareholder or the Investors may propose an extension to the investment period by the Investors subject to the agreement of the other party(ies).</p>
<p>Investors’ rights:</p>	<p>In the event that the above “specific circumstances” occurred but the Original Shareholder did not buy back the Equity Interests held by Investors, the latter shall have the following rights, including amongst others:</p> <p><u>Terms that are specific to respective Equity Transfer Agreement</u></p> <p><i>Changzhou Equity Transfer Agreement</i></p> <p>(1) The Investors shall enjoy their shareholder rights in proportion to their shareholding in the Target Company (including but not limited to undistributed profits, surplus reserves) and all interests, rights and benefits associated with or derived from such rights in future. Any restrictions stipulated in the transaction documents or other documents on the profits to be paid to, and other interests, rights and benefits of, the Investors, will no long apply.</p> <p><i>Yuanjiang Equity Transfer Agreement</i></p> <p>(1) The Target Company will be required to change the designated account opened pursuant to the Account Supervisory Agreement to be a basic account, and agree that the Investors shall supervise the fund collection and the use of funds are in accordance with the Account Supervisory Agreement.</p> <p><u>Terms that are common to both Equity Transfer Agreements</u></p> <p>(2) From the date of occurrence of the “specific circumstances” and during the investment period (as extended, if applies), the Original Shareholder or its designated third party may choose to purchase the Equity Interests, and the consideration of the Equity Interests shall be higher of the price assessed by the valuation agent engaged jointly by the parties or the exercise price under formula 2 (please see below the section headed “Exercise price”).</p> <p>(3) The Investors have the right to sell all or part of the Equity Interests to a third party, and the Original Shareholder shall waive the right of first refusal to such interests.</p> <p>(4) The Investors may agree with the Original Shareholder to reduce their investment in the Target Company in whole or in part of the Equity Interests in a manner to be agreed (including but not limited to conversion from equity to perpetual bonds).</p>

<p>Exercise price :</p>	<p>There are two ways of calculating the exercise price for transfer of the Equity Interests in the Target Company:</p> <p><u>Formula 1 is common to both Equity Transfer Agreements</u></p> <p>Formula 1 (where the Original Shareholder's Options is exercised upon the occurrence of any of the "specific circumstances" and the Original Shareholder choose to purchase the Equity Interests from the Investors):</p> <p>Based on "Principal investment amount + Difference". The Difference is calculated using the formula below:</p> <p>Difference = (Annual profits distributable to the shareholders calculated based on the requirements on profit distribution of the Target Company × the Equity Interests × the number of days between the date of payment of Capital Injection by the Investors and the date of payment of the exercise price/360 – investment income already obtained by the Investors during the period of its shareholding in the Target Company) /75%</p> <p><u>Formula 2 is specific to respective Equity Transfer Agreement</u></p> <p>Formula 2 (where the Investors' right is exercised and the Original Shareholder may choose to purchase the Equity Interests from the Investors):</p> <p><i>Changzhou Equity Transfer Agreement</i></p> <p>If the exercise price calculated under the formula 2 is higher than that calculated in formula 1 or if the parties agree to adopt formula 2, then the amount calculated under formula 1 will be used as the base value, and from the day following the occurrence of "specific circumstances" (the "Point of Increase"), the following formula will be used to calculate the exercise price:</p> <p>Exercise price from the Point of Increase = base value × (1 + annualized rate of return after the Point of Increase × n / 360)</p> <p>a) Annualized rate of return after Point of Increase = 6.8% × (1 + 10%)^[n/180]</p> <p>b) n is the number of days between the date of occurrence of the above "specific circumstances" and the date of payment of the exercise price.</p> <p>c) [n/180] is rounded down for n/180.</p> <p>d) The annualized rate of return after the Point of Increase does not exceed four times the PBOC 3-year loan interest rate.</p> <p><i>Yuanjiang Equity Transfer Agreement</i></p> <p>The amount calculated under formula 1 will be used as the base value for formula 2, and from the day following the occurrence of "specific circumstances" (the "Point of Increase"), the following formula will be used to calculate the exercise price:</p> <p>Exercise price from the Point of Increase = base value × (1 + annualized rate of return after the Point of Increase × n/360)</p>
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	<p>a) Annualized rate of return after Point of Increase = $6.7\% \times (1 + 15\%)^{\lceil n/360 \rceil}$</p> <p>b) n is the number of days between the date of occurrence of the above “specific circumstances” and the date of payment of the exercise price.</p> <p>c) $\lceil n/360 \rceil$ is rounded up for $n/360$.</p>
Conditions precedent:	Before the above rights can be exercised, the Investors must have already acquired the Equity Interests pursuant to the Capital Injection Agreements.

INFORMATION ON THE TARGET COMPANIES AND EFFECTS OF THE DEEMED DISPOSALS ON THE GROUP

SPIC Changzhou

SPIC Changzhou is a limited liability company incorporated under the laws of the PRC on 22 October 2003. It is principally engaged in development, investment, production and supply of hydropower, wind power and solar power in Guangxi Zhuang Autonomous Region, the PRC.

Based on SPIC Changzhou’s audited financial statements prepared under the PRC GAAP, the audited net asset value of SPIC Changzhou as at 31 December 2017 was approximately RMB1,684,987,000 and the audited net profit of SPIC Changzhou before and after taxation for the years ended 31 December 2017 and 2016 are set out as follows:

	For the financial year ended 31 December 2016 (RMB’000)	For the financial year ended 31 December 2017 (RMB’000)
Net profit before taxation	267,788	244,765
Net profit after taxation	224,501	201,002

Based on the valuation report prepared by the Independent Valuer as at the Valuation Benchmark Date, the value of total shareholders’ equity of SPIC Changzhou was approximately RMB2,564,082,000.

Yuanjiang Company

Yuanjiang Company is a limited liability company incorporated under the laws of the PRC on 13 April 2004. It is principally engaged in development, production and supply of hydropower in Hunan Province, the PRC.

Based on Yuanjiang Company’s audited financial statements prepared under the PRC GAAP, the audited net asset value of Yuanjiang Company as at 31 December 2017 was approximately RMB4,043,548,000 and the audited net profit of Yuanjiang Company before and after taxation for the years ended 31 December 2017 and 2016 are set out as follows:

	For the financial year ended 31 December 2016 (RMB’000)	For the financial year ended 31 December 2017 (RMB’000)
Net profit before taxation	227,907	257,574
Net profit after taxation	170,895	186,940

Based on the valuation report prepared by the Independent Valuer as at the Valuation Benchmark Date, the value of total shareholders' equity of Yuanjiang Company was approximately RMB4,250,000,000.

Upon Completion of each of the Capital Injections, the two Target Companies will each continue to be a subsidiary of the Group. The financial results and positions of the Target Companies will continue to be consolidated into the financial statements of the Group. There is no expected gain or loss for the Deemed Disposals.

Although the valuation of the Target Companies was using income approach, the Board did not regard it as profit forecast under Rule 14.61 of the Listing Rules, after taking into account of the following factors, including: (i) the valuation reports prepared by the Independent Valuers are only one amongst the factors which formed the bases of the Consideration for the Capital Injections; (ii) the Consideration for each of the Capital Injections are fixed (RMB1,500 million for Changzhou Capital Injection and RMB3,000 million for Yuanjiang Capital Injection) regardless of the valuation reports prepared by the Independent Valuers; (iii) each of the Deemed Disposals will not give rise to any gain or loss to the Group; (iv) the change in the value of equity attributable to owners of the Company as a result of the Deemed Disposals is not significant to the Group; and (v) the difference between the valuation using the income approach and the assets open market value approach appraised by the respective Independent Valuer for each of the Target Companies as at the Valuation Benchmark Date is less than 1%.

In essence, the valuation of Target Companies is irrelevant to the Consideration for each of the Capital Injections. The valuation of the Target Companies would only matter to the percentage of equity interest to be held by the Investors (i.e. the Deemed Disposals) that will have no significant impact to the Group. And it is subject to finalization by reference to the management accounts or audited accounts of the Target Companies prepared under the PRC GAAP for the most recent month immediately prior to the Completion Date as mutually accepted by the Original Shareholders and the Investors. However, the Company and the Board does not expect there will be any material change to the final percentage of equity interest to be held by the Investors.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTIONS AND THE USE OF PROCEEDS

The Target Companies will use the proceeds from the Capital Injections for repayment of existing debts. The leverage ratios of the Target Companies will be effectively reduced, their financial expenses and funding costs effectively lessened, which are conducive to upgrading the Group's competitiveness and sustainability for healthy development.

Upon the Completion of the Capital Injections, it will result in an increase in equity of RMB4,500 million in total to the Target Companies. It will help to release the financing capacity of the Target Companies and their Original Shareholders, and provide further support for their clean energy development, in particular for wind power projects.

At the Target Companies' level, based on the unaudited financial information prepared under the PRC GAAP as at 30 June 2018, it is estimated that the asset-liability ratios of SPIC Changzhou and Yuanjiang Company will be effectively lower approximately from 66.59% to 47.44% and from 62.84% to 49.03% respectively.

At the Group's level, based on the unaudited financial information prepared under the HKFRS as at 30 June 2018, it is estimated that the asset-liability ratio of the Group will decrease by approximately 4.02 percentage points from 66.93% to 62.91%. The Capital Injections will bring in more capital to the Group, provide improved asset-liability structure, increased debt capacity for future new projects and subsequently decrease the Group's financial risks.

Following Completion of the Capital Injections, the Target Companies will continue to be subsidiaries of the Group and the Group would remain in control of the future development of the Target Companies. The exit arrangements under the Equity Transfer Agreements provide the Original Shareholders (upon occurrence of certain specific circumstances) with an option to buy back the Equity Interests from the Investors, which after all was established for the benefit of the Group. Should the Original Shareholders' Options be exercised, the Group would again maintain full or greater control over the Target Companies with more flexibility and provide us with the opportunities to further explore the business development in clean energy projects without sharing potential economic return with other entities.

Given the aforementioned factors, the Directors believe the Capital Injections will have positive impact on the Group's future prospects and thus benefiting the Group. The Directors are of the view that the terms of the Capital Injection Agreements and the Equity Transfer Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Capital Injections

Upon Completion of each of the Capital Injections, the Company's equity interest in the Target Companies will be diluted. The relevant members of the Group are deemed to have made disposals of interests in the Target Companies under Rule 14.29 of the Listing Rules. As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of each Deemed Disposals (as the percentage ratios applicable to each Deemed Disposals whether singly or in the aggregate insofar as ABC Financial is concerned) exceed 5% but are less than 25%, each of the Capital Injections constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Original Shareholders' Options

The grant of each of the Original Shareholders' Options would be treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Original Shareholders' Options (the exercise of which is at the discretion of each of the Original Shareholders (i.e. SPIC Guangxi or Wu Ling Power)), only the premium will be taken into consideration for calculating the percentage ratios. As no premium is payable on the grant of the Original Shareholders' Options, such grants will not constitute notifiable transactions of the Company.

The Company will comply with the applicable Listing Rules on any exercise of the Original Shareholders' Options.

INFORMATION ON 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 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.

INFORMATION ON THE ORIGINAL SHAREHOLDERS

SPIC Guangxi

SPIC Guangxi is a limited liability company incorporated under the laws of the PRC on 31 May 2016 and a wholly-owned subsidiary of the Company and the immediate holding company of SPIC Changzhou. It is principally engaged in development, investment, construction, operation and management of power generation projects (mainly hydropower, wind power and photovoltaic power plants at present). Prior to the Changzhou Capital Injection, it held 100% in SPIC Changzhou.

Wu Ling Power

Wu Ling Power is a limited liability company incorporated under the laws of the PRC on 3 May 1995 and a 63%-owned subsidiary of the Company and the immediate holding company of Yuanjiang Company. It is principally engaged in development, production and supply of hydropower, wind power and other clean energy power in Hunan, Guizhou, Sichuan and Xinjiang. Prior to the Yuanjian Capital Injection, it held 100% in Yuanjiang Company.

INFORMATION ON THE INVESTORS

ABC Financial

ABC Financial is a limited liability company incorporated under the laws of the PRC on 1 August 2017 and is one of the first bank-affiliated entities established with the approval of the China Banking Regulatory Commission to specialize in market-driven debt-to-equity swap business in the PRC. It is principally engaged in market-driven debt-to-equity swap business.

ICBC Financial

ICBC Financial is a limited liability company incorporated under the laws of the PRC on 26 September 2017 and is one of the first bank-affiliated entities established with the approval of the China Banking Regulatory Commission to specialize in market-driven debt-to-equity swap business in the PRC. It is principally engaged in market-driven debt-to-equity swap business.

Huabao Trust

Huabao Trust is a limited liability company incorporated under the laws of the PRC on 10 September 1998. It is principally engaged in fund trust, management of investment funds and provision of various financial services.

DEFINITIONS

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

“ABC Financial”	ABC Financial Asset Investment Co., Ltd* (農銀金融資產投資有限公司), a company incorporated in the PRC with limited liability
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“Account Supervisory Agreements”	the agreements each dated 24 October 2018 in relation to the Capital Injection Agreements, pursuant to which each of the Target Companies will open an designated bank account to hold all the funds received from the respective Capital Injections to ensure that the funds shall be used exclusively to repay, amongst others, bank loans as permitted by and under the terms and conditions of such agreements, each an “Account Supervisory Agreement” and together the “Account Supervisory Agreements”
“Board”	the board of Directors of the Company
“Capital Injection Agreements”	Changzhou Capital Injection Agreement and Yuanjiang Capital Injection Agreement, each a “Capital Injection Agreement” and together the “Capital Injection Agreements”
“Capital Injections”	Changzhou Capital Injection and Yuanjiang Capital Injection, each a “Capital Injection” and together the “Capital Injections”
“Changzhou Capital Injection”	the capital injection of RMB1,000 million and RMB500 million in cash by ICBC Financial and ABC Financial, respectively into SPIC Changzhou under the terms and conditions of the Changzhou Capital Injection Agreement
“Changzhou Capital Injection Agreement”	the agreement dated 24 October 2018 signed between SPIC Guangxi, ICBC Financial, ABC Financial and SPIC Changzhou in relation to the Changzhou Capital Injection, details of which are set out in the section headed “Capital Injection Agreements”
“Changzhou Equity Interests”	35.07% of the equity interest in SPIC Changzhou, to be held by ICBC Financial and ABC Financial upon Completion of the Changzhou Capital Injection
“Changzhou Equity Transfer Agreement”	the agreement dated 24 October 2018 signed between SPIC Guangxi, ICBC Financial and ABC Financial, details of which are set out in the section headed “Equity Transfer Agreements”
“Changzhou Original Shareholder’s Options”	the rights granted to SPIC Guangxi or its designated third party to purchase the Changzhou Equity Interests from ICBC Financial and ABC Financial at the exercise price pursuant to and subject to the terms and conditions of the Changzhou Equity Transfer Agreement
“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
“Completion”	within 40 business days after the Completion Date or such other date as agreed between the parties to the Capital Injection Agreement, the Target Company shall apply for, and complete, all requisite registration and filing procedures with the State Administration for Industry and Commerce of the PRC

“Completion Date”	the date the Target Company will update its internal shareholders register within 7 business days after payment of the Consideration by the Investors
“Consideration”	being the amount of the Capital Injection payable by the Investors pursuant to each of the Capital Injection Agreements
“Deemed Disposals”	the deemed disposals through the dilution of equity interest in the Target Companies as a result of the Capital Injections by the Investors pursuant to the Capital Injection Agreements
“Director(s)”	director(s) of the Company
“Equity Interests”	Changzhou Equity Interests and Yuanjiang Equity Interests, each an “Equity Interest” and together the “Equity Interests”
“Equity Transfer Agreements”	Changzhou Equity Transfer Agreement and Yuanjiang Equity Transfer Agreement, each an “Equity Transfer Agreement” and together the “Equity Transfer Agreements”
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huabao Trust”	Huabao Trust Company Limited* (華寶信託有限責任公司), a company incorporated in the PRC with limited liability
“ICBC Financial”	ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司), a company incorporated in the PRC with limited liability
“Independent Valuers”	For the purpose of valuation of SPIC Changzhou, the independent valuer is Beijing China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司); and for the purpose of valuation of Yuanjiang Company, the independent valuer is Shanghai Orient Asset Appraisal Co., Ltd.* (上海東洲資產評估有限公司), each an “Independent Valuer” and together the “Independent Valuers”
“Investors”	in the case of the Changzhou Capital Injection, the investors are ICBC Financial and ABC Financial, and in the case of the Yuanjiang Capital Injection, the investors are Huabao Trust and ABC Financial, each an “Investor” and together the “Investors”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, that is, one million watts (the installed capacity of a power plant is generally expressed in MW)

“Original Shareholder”	in the case of the Changzhou Capital Injection, the original shareholder is SPIC Guangxi, and in the case of the Yuanjiang Capital Injection, the original shareholder is Wu Ling Power, each an “Original Shareholder” and together the “Original Shareholders”
“Original Shareholders’ Options”	Changzhou Original Shareholder’s Options and Yuanjiang Original Shareholder’s Options, each an “Original Shareholder’s Options” and together the “Original Shareholders’ Options”
“PRC” or “China”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the generally accepted accounting principles in the PRC
“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)
“SPIC Changzhou”	SPIC Guangxi Changzhou Hydropower Development Co., Ltd* (國家電投集團廣西長洲水電開發有限公司), a company incorporated in the PRC with limited liability
“SPIC Guangxi”	SPIC Guangxi Electric Power Co., Ltd* (國家電投集團廣西電力有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	SPIC Changzhou and Yuanjiang Company, each a “Target Company” and together the “Target Companies”
“Valuation Benchmark Date”	31 December 2017
“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
“Yuanjiang Capital Injection”	the capital injection of RMB2,500 million and RMB500 million in cash by Huabao Trust and ABC Financial, respectively into Yuanjiang Company under the terms and conditions of the Yuanjiang Capital Injection Agreement
“Yuanjiang Capital Injection Agreement”	the agreement dated 24 October 2018 signed between Wu Ling Power, ABC Financial, Huabao Trust and Yuanjiang Company in relation to the Yuanjiang Capital Injection, details of which are set out in the section headed “Capital Injection Agreements”

“Yuanjiang Company”	Yuan Jiang Power Development Co., Ltd.* (懷化沅江電力開發有限責任公司), a company incorporated in the PRC with limited liability
“Yuanjiang Equity Interests”	41.18% of the equity interest in Yuanjiang Company, to be held by Huabao Trust and ABC Financial upon Completion of the Yuanjiang Capital Injection
“Yuanjiang Equity Transfer Agreement”	the agreement dated 24 October 2018 signed between Wu Ling Power, ABC Financial and Huabao Trust, details of which are set out in the section headed “Equity Transfer Agreements”
“Yuanjiang Original Shareholder’s Options”	the right granted to Wu Ling Power or its designated third party to purchase the Yuanjiang Equity Interests from Huabao Trust and ABC Financial at the exercise price pursuant to and subject to the terms and conditions of the Yuanjiang Equity Transfer Agreement

* *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, 24 October 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.