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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)

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

Reference is made to the announcement dated 9 October 2017 and the circular dated 23 October 2017 of the Company and the Partial Completion Announcement in relation to the acquisitions of the entire equity interest in the Target Companies.

EXISTING CONTINUING TRANSACTIONS

As disclosed in the Partial Completion Announcement, the Closing Process in respect of each of Anhui Company, Hubei Company and Shouxian Company was just completed. Prior to the Completion, the members of Anhui Group and the members of Hubei Group had entered into the Anhui Finance Lease Agreements and the Hubei Finance Lease Agreements with CPI Ronghe respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC indirectly owns approximately 56.04% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Since CPI Ronghe is a subsidiary of SPIC, the transactions contemplated under the Finance Lease Agreements became continuing connected transactions of the Company following the Completion.

Pursuant to Rule 14A.60 of the Listing Rules, the transactions contemplated under the Finance Lease Agreements are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. In the event that the Finance Lease Agreements are renewed or their terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement dated 9 October 2017 and the circular dated 23 October 2017 of the Company and the Partial Completion Announcement in relation to the acquisitions of the entire equity interest in the Target Companies.

EXISTING CONTINUING TRANSACTIONS

Prior to the Completion, the members of Anhui Group and the members of Hubei Group had entered into the Anhui Finance Lease Agreements and Hubei Finance Lease Agreements with CPI Ronghe respectively. The transactions contemplated under the Finance Lease Agreements became continuing connected transactions of the Company following the Completion in accordance with Rule 14A.60 of the Listing Rules.

Finance Lease Agreements

The principal terms of the 18 agreements regarding the existing transactions under the Anhui Finance Lease Agreements and the 42 agreements regarding the existing transactions under the Hubei Finance Lease Agreements are set out as follows:

- Parties:**
- (1) Anhui Finance Lease Agreements
 - members of Anhui Group (as the Lessees); and
 - CPI Ronghe (as the Lessor).
 - (2) Hubei Finance Lease Agreements
 - members of Hubei Group (as the Lessees); and
 - CPI Ronghe (as the Lessor).

- Term:**
- (1) Anhui Finance Lease Agreements
 - Fixed term of 5 years
 - (2) Hubei Finance Lease Agreements
 - Fixed term ranging from 8 years to 10 years

Subject matter: Pursuant to the Finance Lease Agreements, the Lessor shall, at the request of the Lessees, purchase the equipment and facilities from suppliers and then provide such equipment and facilities to the Lessees by way of finance lease, who shall in return, pay rent to the Lessor accordingly. Such equipment and facilities include but are not limited to power generating equipment, substations and ancillary facilities, control and safety equipment, frames, power cables and other equipment or facilities.

During the term of the finance leasing, the ownership of the equipment and facilities shall vest in the Lessor. Upon expiry of the term of the Finance Lease Agreements, the Lessees shall be entitled to purchase the equipment and facilities at nominal purchase price of RMB100.

Pricing:

The total consideration payable by the Lessees for the provision of finance leasing by the Lessor include but are not limited to the amounts of lease payments (principal and interest), the handling fees and the nominal purchase price at the end of the relevant specified lease term. The pricing was determined as follows:

- (i) the principal amount payable by the relevant Lessee shall be the amount for which the Lessor has paid to obtain ownership of the relevant equipment and facilities;
- (ii) the interest rate applicable shall be adjusted in the same proportional and in the same direction according to the adjustment in the benchmark interest rate specified by the PBOC for the same type of loans during the same period; and
- (iii) handling fees shall be fixed at 0.5% or 1% per annum on the outstanding principal amount of the lease as agreed by mutual agreement between the Lessees and the Lessor.

The lease payments (principal and interest) shall be payable by the Lessees to the Lessor quarterly according to the terms of the relevant Finance Lease Agreements.

Balance as at the date of Completion:

- (1) Anhui Finance Lease Agreements
 - (a) As at the date of Completion, the aggregated outstanding amounts (including the lease payments and the handling fees) payable by the Lessees to the Lessor for the existing finance leasing was approximately RMB528,505,000 (equivalent to approximately HK\$600,574,000).
 - (b) The above outstanding amounts payable by the Lessees to the Lessor, when aggregated with the unutilized principal of the existing finance leasing, its interest and the relevant handling fees, was anticipated to be not exceeding approximately RMB714,972,000 (equivalent to approximately HK\$812,468,000).
- (2) Hubei Finance Lease Agreements
 - (a) As at the date of Completion, the aggregated outstanding amounts (including the lease payments and the handling fees) payable by the Lessees to the Lessor for the existing finance leasing was approximately RMB1,292,137,000 (equivalent to approximately HK\$1,468,338,000).

- (b) The above outstanding amounts payable by the Lessees to the Lessor, when aggregated with the unutilized principal of the existing finance leasing, its interest and the relevant handling fees, was anticipated to be not exceeding approximately RMB1,879,065,000 (equivalent to approximately HK\$2,135,301,000).

REASONS FOR THE CONTINUING TRANSACTIONS

The finance leasing contemplated under the Finance Lease Agreements enable Anhui Group and Hubei Group to secure stable and reliable supply of equipment and facilities for its production and thereby promote its business development as well as expand its financing channels. The Company considered that it would be beneficial for the Group to continue the Finance Lease Agreements following the Completion.

The Directors (including independent non-executive Directors) are of the view that the Finance Lease Agreements and the transactions contemplated thereunder are conducted on normal commercial terms and in the ordinary course of the business of the Group, and are therefore fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has abstained from voting on the Board resolution in approving the continuation of the transactions contemplated under the Finance Lease Agreements.

INFORMATION OF THE GROUP AND THE LESSOR

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. As at the date of this announcement, SPIC indirectly owns approximately 56.04% of the issued share capital of the Company.

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.

CPI Ronghe is a subsidiary of SPIC established in 2014 which is principally engaged in finance leasing business and leasing business, purchase leasing assets from domestic and vendors abroad, salvage value disposal and maintenance of the leasing assets, lease transaction consultation and guarantee.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC indirectly owns approximately 56.04% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Since CPI Ronghe is a subsidiary of SPIC, the transactions contemplated under the Finance Lease Agreements became continuing connected transactions of the Company.

Pursuant to Rule 14A.60 of the Listing Rules, the transactions contemplated under the Finance Lease Agreements are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. In the event that the Finance Lease Agreements are renewed or their terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Anhui Company”	SPIC Anhui New Energy Development Co., Ltd.* (國家電力投資集團安徽新能源有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Anhui Finance Lease Agreements”	certain agreements for the provision of equipment and facilities by way of finance lease entered into between the members of Anhui Group and CPI Ronghe in 2017 and 2018 prior to the Completion
“Anhui Group”	Anhui Company and/ or its subsidiaries
“Board”	the board of Directors of the Company
“Closing Process”	means, with respect to each of the Target Companies, the satisfaction (or waiver, where applicable) of the conditions precedent set out in the acquisition agreements (the last day on which all the conditions must be satisfied or waived, where applicable), upon which relevant deliverables in relation to each of the Target Companies will be exchanged between the parties within 20 business days or a date as agreed by the parties
“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”	the completion of the Closing Process of each of Anhui Company, Hubei Company and Shouxian Company
“CPI Ronghe” or “Lessor”	CPI Ronghe Financial Leasing Co., Ltd.* (中電投融和融資租賃有限公司), a company incorporated in PRC with limited liability and a subsidiary of SPIC
“Director(s)”	the director(s) of the Company
“Finance Lease Agreements”	Anhui Finance Lease Agreements and Hubei Finance Lease Agreements
“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
“Hubei Company”	SPIC Hubei Lvdong New Energy Co., Ltd.* (國家電投集團湖北綠動新能源有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Hubei Finance Lease Agreements”	certain agreements for the provision of equipment and facilities by way of finance lease entered into between the members of Hubei Group and CPI Ronghe in 2016 and 2017 prior to the Completion
“Hubei Group”	Hubei Company and/ or its subsidiaries
“Lessee(s)”	member(s) of Anhui Group and member(s) of Hubei Group, individually the “Lessee” or collectively the “Lessees”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partial Completion Announcement”	the announcement dated 21 December 2018 of the Company about the partial completion of the major and connected transactions in relation to the acquisitions of the entire equity interest in the Target Companies
“PBOC”	the People’s Bank of China* (中國人民銀行)
“PRC”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shouxian Company”	SPIC Shouxian New Energy Development Co., Ltd* (國家電力投資集團壽縣新能源有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SPIC”	State Power Investment Corporation Limited* (國家電力投資集團有限公司), the ultimate controlling company of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC* (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Anhui Company, Hubei Company, Shouxian Company and the other four companies as defined and disclosed in the announcement dated 9 October 2017 and the circular dated 23 October 2017 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 RMB0.88 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, 21 December 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.