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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)

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANIES

THE ACQUISITIONS – CLEAN ENERGY PROJECT COMPANIES

Acquisition I

On 9 October 2017, the Company entered into Agreement I with CPI Holding, a wholly-owned subsidiary of SPIC, pursuant to which the Company has conditionally agreed to acquire and CPI Holding has conditionally agreed to sell Target Companies I (excluding Qian Zhan), at the consideration of RMB4,852,240,000 (equivalent to approximately HK\$5,708,517,600), which is subject to adjustment on Completion.

Acquisition II

The Company has also on 9 October 2017 entered into Agreement II with SPIC, pursuant to which the Company has conditionally agreed to acquire and SPIC has conditionally agreed to sell Target Companies II, at the consideration of RMB117,081,000 (equivalent to approximately HK\$137,742,400), which is subject to adjustment on Completion.

Target Companies I and Target Companies II are principally engaged in clean energy power generation, mainly including hydropower, natural gas power, wind power and photovoltaic power.

In order to finance the Acquisitions, the Company proposes to raise further capital by way of rights issue to the existing Shareholders. The Company will make a separate announcement which will contain the preliminary information of the proposed rights issue.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions, when aggregated under Rule 14.22 of the Listing Rules, exceed 25% but are below 100%, the Acquisitions constitute major transactions for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholder's approval requirements under the Listing Rules.

As at the date of this announcement, SPIC is an indirect controlling shareholder of the Company holding approximately 55.61% of the issued share capital of the Company through CPI Holding. CPI Holding, a wholly-owned subsidiary of SPIC, is also a controlling shareholder of the Company directly holding approximately 28.47% of the issued share capital of the Company and through CPDL, a wholly-owned subsidiary of CPI Holding, indirectly holding approximately 27.14% of the issued share capital of the Company. As such, SPIC and CPI Holding are both substantial shareholders of the Company and hence connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisitions also constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are also subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from CPI Holding and CPDL, no other shareholder of the Company will be required to abstain from voting on the resolution for approving the Acquisitions at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the Acquisitions and an Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole.

GENERAL

A circular containing, among other things, (i) further details of the Acquisitions and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or around 23 October 2017.

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Acquisitions and the transactions contemplated thereunder.

The Acquisitions may or may not proceed to the Closing Process, the Completion and/or the Settlement of the Acquisitions. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

I. THE ACQUISITIONS

A. BACKGROUND

As at the date of this announcement, SPIC is an indirect controlling shareholder of the Company. CPI Holding, a wholly-owned subsidiary of SPIC, is also a controlling shareholder of the Company.

SPIC owns the entire equity interest in each of Guangdong Company, Guangxi Company, Anhui Company, Hubei Company, Shandong Company and Shouxian Company. CPI Holding owns the entire equity interest in Sihui Company.

On 9 October 2017, SPIC entered into the Pre-agreement with CPI Holding, pursuant to which SPIC has conditionally agreed to sell and CPI Holding has conditionally agreed to acquire the entire equity interest in Guangdong Company and Guangxi Company at the consideration of RMB4,520,038,700 (equivalent to approximately HK\$5,317,692,600), which is subject to adjustment on Completion.

Qian Zhan is a wholly-owned subsidiary of Guangdong Company. It holds a cargo port project and a coal-fired power generation project under construction and is currently incurring operating loss. The Company considers that it does not meet the Company's current acquisition criteria. Therefore, Qian Zhan will be disposed of from Guangdong Company to CPI Holding prior to the Completion of Acquisition I. CPI Holding will acquire the entire equity interest in Qian Zhan from Guangdong Company under Qian Zhan Agreement (please see the sub-section headed "Qian Zhan Disposal" below).

Acquisition I

CPI Holding is going to sell Guangdong Company (excluding its equity interest in Qian Zhan), Guangxi Company together with its wholly-owned subsidiary Sihui Company to the Company simultaneously under Agreement I.

Acquisition II

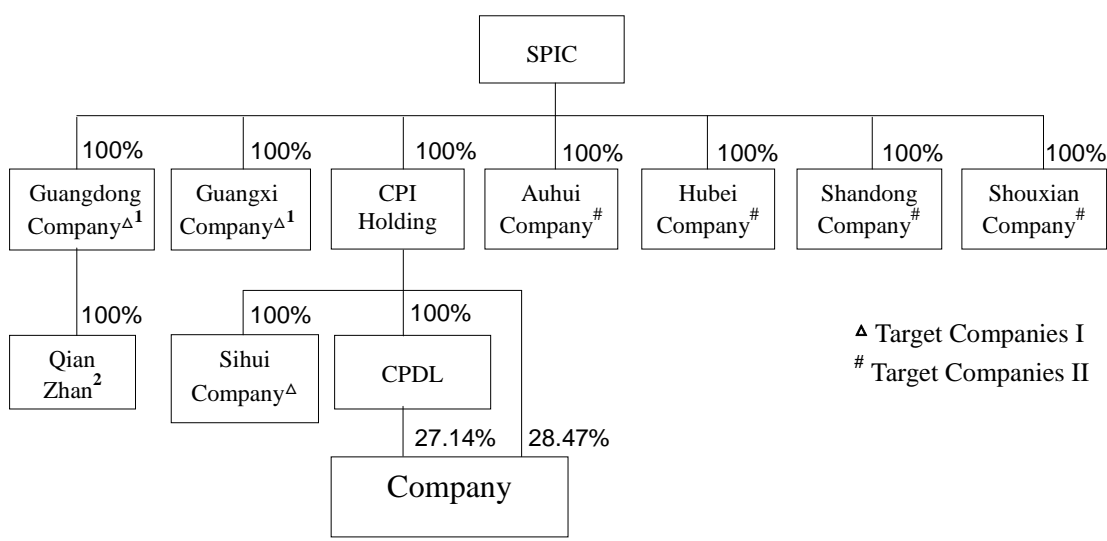
SPIC is going to sell Anhui Company, Hubei Company, Shandong Company and Shouxian Company to the Company simultaneously under Agreement II.

The consideration payable by the Company under Agreement I and Agreement II is RMB4,969,321,000 (equivalent to approximately HK\$5,846,260,000), which is subject to adjustment on Completion.

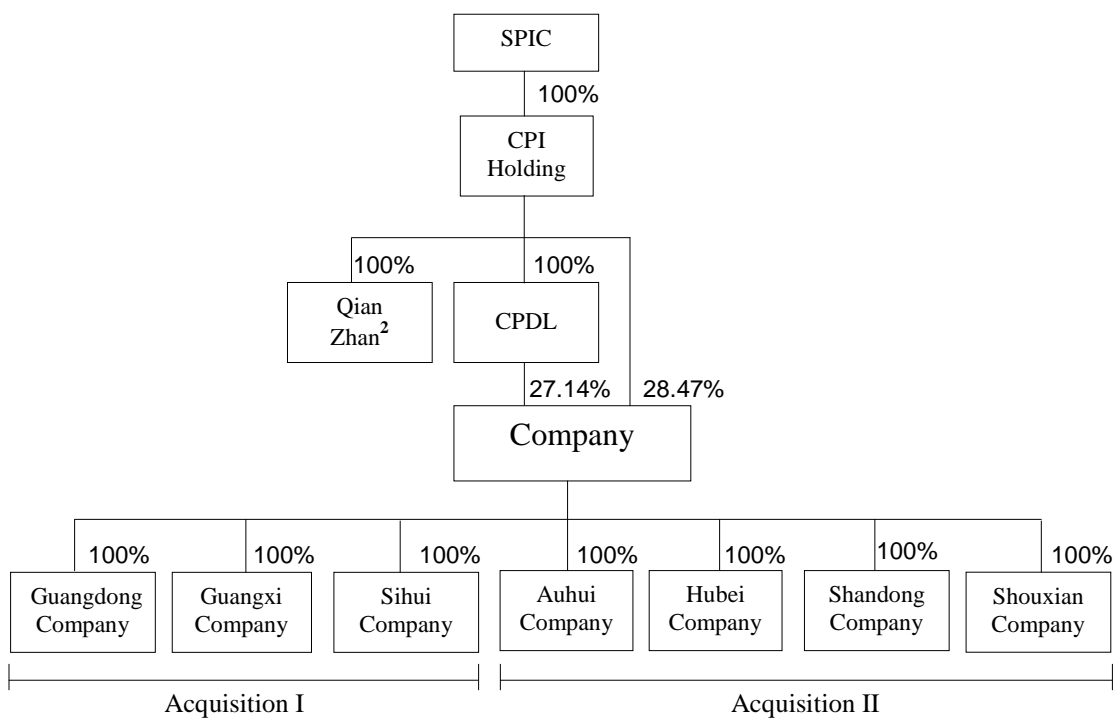
The Company intends to finance the Acquisitions by a combination of capital raising through the proposed rights issue and internal resources.

The charts below set out the shareholding changes in the Target Companies as at the date of this announcement and after the Completion of the Acquisitions.

As at the date of this announcement:



After the Completion of the Acquisitions:



Notes:

- (1) CPI Holding will acquire the entire equity interest in Guangdong Company and Guangxi Company from SPIC under the Pre-agreement.
- (2) CPI Holding will acquire the entire equity interest in Qian Zhan from Guangdong Company under Qian Zhan Agreement.

B. ACQUISITION AGREEMENTS

1. Agreement I

(1) Date

9 October 2017

(2) Parties

- (i) the Company (as the purchaser)
- (ii) CPI Holding (as the seller)

(3) Assets to be acquired

The Company has conditionally agreed to acquire and CPI Holding has conditionally agreed to sell the entire equity interest in Target Companies I (excluding its equity interest in Qian Zhan).

(4) Consideration

The consideration for the acquisition of the entire equity interest in Target Companies I is RMB4,852,240,000 (equivalent to approximately HK\$5,708,517,600), which is subject to adjustment on Completion.

The consideration was arrived at after arm's length negotiations between the Company and CPI Holding. It was based on various relevant factors including, among other things, (i) the operating conditions, financial position and performance of Target Companies I, (ii) the value and price ratios of listed companies in the PRC and Hong Kong and companies being acquired in precedent transactions whose businesses are similar to that of Target Companies I, and (iii) the business prospect and value proposition of Target Companies I.

The consideration of RMB4,852,240,000 will be adjusted with the change in net asset value of each of the Target Companies I (between 1 April 2017 and the last day of the calendar month immediately prior to Completion) by reference to the completion audited reports to be produced within 30 business days of the Completion of each of Target Companies I.

The Directors are of the view that the consideration for the purchase of the entire equity interest in Target Companies I (excluding its equity interest in Qian Zhan) and the other terms of Agreement I are fair and reasonable, on normal commercial terms and that Acquisition I is in the interests of the Company and the Shareholders as a whole.

(5) Regulatory requirements

In order to comply with the PRC regulatory requirements set forth by the State-owned Assets Supervision and Administration Commission, SPIC and the Company engaged China Enterprise Appraisal Co., Ltd.* (北京中企華資產評估有限責任公司) ("China Enterprise"), an independent and qualified PRC appraiser, to perform asset appraisals and prepared the Asset Appraisal Reports I. China Enterprise has appraised Target Companies I value, among which, in aggregate of RMB4,520,038,700 (equivalent to approximately HK\$5,317,692,600) as at 31 March 2017 by using asset-based approach for Guangdong Company and Guangxi Company, and RMB330,201,800 (equivalent to approximately HK\$388,472,700) as at 31 March 2017 by using income approach for Sihui Company.

(6) Conditions precedent

Unless otherwise specified, the Closing Process of each of Target Companies I is conditional upon satisfaction (or waiver, where applicable) of, among other things, the following conditions on or before 31 March 2018 or a later date as agreed by the parties in writing:

- (i) completion of due diligence to the satisfaction of the Company;
- (ii) the approval by each of Target Companies I of the transfer of equity interests under Agreement I;
- (iii) the filing of the Asset Appraisal Reports I by SPIC in accordance with applicable law;
- (iv) each party (with the assistance and support of the other party) having obtained all necessary approvals for the acquisition of each of Target Companies I from all relevant governmental and regulatory authorities (other than those administrative procedures which can only be carried out at or after the Completion of each of Target Companies I);
- (v) the passing of an ordinary resolution by the Independent Shareholders approving Agreement I and the transactions contemplated thereunder;
- (vi) CPI Holding and/or each of Target Companies I having obtained consent given by third parties (e.g. creditors which are financial institutions) in relation to the transactions contemplated under Agreement I;
- (vii) CPI Holding and/or each member of Target Groups I has not breached the provisions concerning the business operations before the Closing Process;
- (viii) there has not been any material adverse change to the financial position, business operations or prospects of each of Target Groups I since 31 March 2017 up to the Closing Process of each of Target Companies I;
- (ix) the representations and warranties made by CPI Holding are true and accurate and not misleading in any material respect at the time of the Closing Process of each of Target Companies I;
- (x) the representations and warranties made by the Company are true and accurate and not misleading in any material respect at the time of the Closing Process of each of Target Companies I;
- (xi) completion of all relevant legal documentation for the acquisition of each of Target Companies I in form satisfactory to both the Company and CPI Holding;
- (xii) the Completion of Guangxi Company contemplated under the Pre-agreement (applicable to Guangxi Company only);
- (xiii) the Completion of Guangdong Company contemplated under the Pre-agreement (applicable to Guangdong Company only); and
- (xiv) the Completion of the transaction contemplated under Qian Zhan Agreement (applicable to Guangdong Company only).

For the avoidance of doubt, subject to relevant provisions in Agreement I, the parties could proceed to the Closing Process of any of Target Companies I after the above conditions in relation to such company having been satisfied or waived. The Closing Process and the Completion of any of Target Companies I shall not be conditional upon the above conditions in relation to other companies being satisfied or waived.

The conditions set out in paragraphs (i), (vi), (vii), (viii), (ix) and (xi) (insofar as it applies to the obligations of CPI Holding) above may be waived by the Company, and the conditions set out in paragraphs (x) and (xi) (insofar as it applies to the obligations of the Company) above may be waived by CPI Holding. The waiver by the Company of the condition set out in paragraph (ix) will not affect the right of the Company to seek for compensation for any losses and damages caused by CPI Holding's breach of its representations, warranties, undertakings or other obligations.

(7) The Settlement of Acquisition I

The Settlement of Acquisition I in relation to each of Target Companies I shall take place within three calendar months after the Completion.

2. Agreement II

(1) Date

9 October 2017

(2) Parties

(i) the Company (as the purchaser)

(ii) SPIC (as the seller)

(3) Assets to be acquired

The Company has conditionally agreed to acquire and SPIC has conditionally agree to sell the entire equity interest in Target Companies II.

(4) Consideration

The consideration for the acquisition of the entire equity interest in Target Companies II is RMB117,081,000 (equivalent to approximately HK\$137,742,400), which is subject to adjustment on Completion.

The consideration was arrived at after arm's length negotiations between the Company and SPIC. It was based on various relevant factors including, among other things, (i) the operating conditions, financial position and performance of Target Companies II, (ii) the value and price ratios of listed companies in the PRC and Hong Kong and companies being acquired in precedent transactions whose businesses are similar to that of Target Companies II, and (iii) the business prospect and value proposition of Target Companies II.

The consideration of RMB117,081,000 will be adjusted with the change in net asset value of each of Target Companies II (between 1 April 2017 and the last day of the calendar month immediately prior to Completion) by reference to the completion audited reports to be produced within 30 business days of the Completion of each of Target Companies II.

The Directors are of the view that the consideration for the purchase of the entire equity interests in Target Companies II and the other terms of Agreement II are fair and reasonable, on normal commercial terms and that Acquisition II is in the interests of the Company and the Shareholders as a whole.

(5) Regulatory requirements

In order to comply with the PRC regulatory requirements set forth by the State-owned Assets Supervision and Administration Commission, SPIC and the Company engaged China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司) (“China Alliance”), an independent and qualified PRC appraiser, to perform asset appraisals and prepared the Asset Appraisal Reports II. China Alliance has appraised Target Companies II value, among which, in aggregate of RMB115,381,000 (equivalent to approximately HK\$135,742,400) as at 31 March 2017 by using asset-based approach.

(6) Conditions precedent

The Closing Process of each of Target Companies II is conditional upon satisfaction (or waiver, where applicable) of, among other things, the following conditions on or before 31 March 2018 or a later date as agreed by the parties in writing:

- (i) completion of due diligence to the satisfaction of the Company;
- (ii) the approval by each of Target Companies II of the transfer of equity interests under Agreement II;
- (iii) each party (with the assistance and support of the other party) having obtained all necessary approvals for the acquisition of each of Target Companies II from all relevant governmental and regulatory authorities (other than those administrative procedures which can only be carried out at or after the Completion of each of Target Companies II);
- (iv) the filing of the Asset Appraisal Reports II by SPIC in accordance with applicable law;
- (v) the passing of an ordinary resolution by the Independent Shareholders approving Agreement II and the transactions contemplated thereunder;
- (vi) SPIC and/or each of Target Companies II having obtained consent given by third parties (e.g. creditors which are financial institutions) in relation to the transactions contemplated under Agreement II;
- (vii) SPIC and/or each member of Target Groups II has not breached the provisions concerning the business operations before the Closing Process;
- (viii) there has not been any material adverse change to the financial position, business operations or prospects of each of Target Groups II since 31 March 2017 up to the Closing Process of each of Target Companies II;

- (ix) the representations and warranties made by SPIC are true and accurate and not misleading in any material respect at the time of the Closing Process of each of Target Companies II;
- (x) the representations and warranties made by the Company are true and accurate and not misleading in any material respect at the time of the Closing Process of each of Target Companies II; and
- (xi) completion of all relevant legal documentation for the acquisition of each of Target Companies II in form satisfactory to both the Company and SPIC.

For the avoidance of doubt, subject to relevant provisions in Agreement II, the parties could proceed to the Closing Process of any of Target Companies II after the above conditions in relation to such company having been satisfied or waived. The Closing Process and the Completion of any of Target Companies II shall not be conditional upon the above conditions in relation to other companies being satisfied or waived.

The conditions set out in paragraphs (i), (vi), (vii), (viii), (ix) and (xi) (insofar as it applies to the obligations of SPIC) above may be waived by the Company, and the conditions set out in paragraphs (x) and (xi) (insofar as it applies to the obligations of the Company) above may be waived by SPIC. The waiver by the Company of the condition set out in paragraph (ix) will not affect the right of the Company to seek for compensation for any losses and damages caused by SPIC's breach of its representations, warranties, undertakings or other obligations.

(7) The Settlement of Acquisition II

The Settlement of Acquisition II in relation to each of Target Companies II shall take place within three calendar months after the Completion.

C. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

(1) Accelerate the transition to a clean energy company

The Acquisitions represent the strong commitments and supports from SPIC to the Company. The injection of quality clean energy assets from SPIC and CPI Holding to the Company will enlarge the Group's assets and business coverage and enhance its overall market competitiveness. This is also strategically in line with the implementation of the national "13th Five-Year Plan" in China which the PRC government targets for clean energy and power developments up to the year 2020, after it became a party to the Paris Agreement signed in 2016.

The Acquisitions will further shift the Company's power generation portfolio towards a higher proportion of clean energy assets including large hydropower, wind power, natural gas power, and centralized and distributed photovoltaic power projects.

(2) Enlarge operational capacity with expansion potential

The assets within the Target Companies were composed of approximately 1,994MW of attributable installed capacity in operation and approximately 1,875MW of attributable installed capacity under construction as at 30 June 2017. All the projects in operations and under construction of the Target Companies as at 30 June 2017 were clean energy projects, of which the operational hydropower assets owned by Guangxi Company are among the best within SPIC.

After the Completion of the Acquisitions, the total attributable installed capacity of the Company in operation is expected to increase by approximately 11.84% and proportion of clean energy attributable installed capacity is expected to increase to approximately 32.93% in total. Once all projects under construction of the Target Companies become operational, the total clean energy attributable installed capacity is expected to increase close to 40% in total, without taking into account of the projects under construction by the Group prior to the Completion of the Acquisitions.

(3) Improve profitability

The Acquisitions provide stable and attractive earnings profile. Renewable energy projects have stable feed-in tariff structure and higher priority for power generation given by local governments in general, which would create additional visibility of the Company's earnings in the coming future.

(4) Strengthen presence in the high growth regional markets

The Acquisitions will strengthen the Company's presence in several regional markets in China where the Target Companies are located, namely the five provinces of Guangdong, Guangxi, Anhui, Hubei and Shandong, which are developed regions with healthy power supply-demand balance, mature economic conditions, and limited renewable curtailment issues. The markets may also have ample high quality power projects that would create bolt-on growth opportunities for the Company.

Given all the aforementioned factors, the Directors believe the Acquisitions will have positive impact on the Company's future prospects and thus benefiting the Company as well as the Shareholders as a whole.

D. PROPOSED FINANCING FOR THE ACQUISITIONS

The Company intends to raise further capital by way of rights issue to the existing Shareholders to finance a substantial part of the final adjusted Aggregate Consideration. The Company will make separate announcements regarding the proposed rights issue.

The remaining balance of the final adjusted Aggregate Consideration not covered by the proceeds from the proposed rights issue will be financed by the internal resources of the Group.

The final adjusted consideration payable by the Company to CPI Holding under Agreement I may be directly offset against such amount payable by CPI Holding as a shareholder to the Company pursuant to the proposed rights issue and the remaining portion of the consideration will be satisfied in cash.

The final adjusted consideration payable by the Company to SPIC under Agreement II will be satisfied in cash.

E. WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

China Enterprise has appraised Sihui Company value by using income approach. Such appraisal is required by the applicable PRC laws and regulations and is not a material factor to be taken into account by the Company in determining the consideration for the acquisition of the entire equity interest in Sihui Company. On this basis, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the profit forecast requirements under Rules 14.62, 14.66(2), 14A.68(7), 14A.70(13) of, and Paragraph 29(2) of Appendix 1B to, the Listing Rules in respect of the valuation of Sihui Company.

F. INFORMATION ABOUT THE TARGET COMPANIES

1. Target Companies

(1) Guangdong Company

Guangdong Company was incorporated in the PRC on 26 April 2012 and is wholly owned by SPIC. Guangdong Company is principally engaged in development, investment, construction, operation and management of power generation projects (mainly natural gas power, wind power and photovoltaic power plants at present).

As at 30 June 2017, Guangdong Company had an operational attributable installed capacity of approximately 830MW (among which, 780MW for natural gas power and 50MW for wind power), and an attributable installed capacity of approximately 152MW under construction (among which, 52MW is expected to commence operation by the end of 2017).

Unless otherwise indicated, set out below is the key audited financial information of Guangdong Company and its subsidiaries prior to the disposal of Qian Zhan prepared in accordance with the Hong Kong Financial Reporting Standard (“HKFRS”):

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)	For the six months ended 30 June 2016 (RMB'000) <i>(unaudited)</i>	For the six months ended 30 June 2017 (RMB'000)
Revenue	2,000,241	2,061,306	761,000	951,789
Net (loss)/profit before taxation	(80,742)	169,888	54,534	(1,941)
Net (loss)/profit after taxation	(78,326)	121,153	43,247	(9,677)
		As at 31 December 2016 (RMB'000)		As at 30 June 2017 (RMB'000)
Total assets		4,338,165		4,740,190
Net assets		989,421		893,544

Qian Zhan is not one of Target Companies. It will be disposed of from Guangdong Company to CPI Holding prior to the Completion of Acquisition I. The net loss of Qian Zhan accounted for a substantial part of the financial results in the current period stated above. Please see the sub-section headed “Qian Zhan Disposal” below for its disposal and financial information.

(2) Guangxi Company

Guangxi Company was incorporated in the PRC on 31 May 2016 and is wholly owned by SPIC. Guangxi Company is principally engaged in development, investment, construction, operation and management of power generation projects (mainly hydropower, wind power and photovoltaic power plants at present).

As at 30 June 2017, Guangxi Company had an operational attributable installed capacity of approximately 1,042MW (among which, 630MW for hydropower, 392MW for wind power and 20MW for photovoltaic power) and an attributable installed capacity of approximately 666MW under construction.

Unless otherwise indicated, set out below is the key audited financial information of Guangxi Company and its subsidiaries prepared in accordance with the HKFRS:

	For the year ended 31 December 2015*	For the year ended 31 December 2016	For the six months ended 30 June 2016	For the six months ended 30 June 2017
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	1,211,027	1,211,245	610,018	606,653
Net profit before taxation	306,604	328,611	178,897	168,604
Net profit after taxation	259,211	283,251	152,998	139,251
		As at 31 December 2016		As at 30 June 2017
		(RMB'000)		(RMB'000)
Total assets		8,555,828		9,409,057
Net assets		2,444,072		2,577,800

* Prior to the incorporation of Guangxi Company in 2016, it had been carrying out its business under Guangdong Company. Guangdong Company resolved to split the entire assets and operations of Guangxi Company into a separate legal entity in April 2016 and Guangxi Company was officially incorporated in May 2016.

(3) Sihui Company

Sihui Company was incorporated in the PRC on 14 March 2013 and is wholly owned by CPI Holding. Sihui Company is principally engaged in construction and operation of two sets of 400MW (F level) combined cooling, heat and power units using both a gas and a steam turbine together, production and sales of power and heat related products, supporting construction of heating pipeline projects.

As at 30 June 2017, Sihui Company had an attributable installed capacity of approximately 800MW under construction (all of which is expected to commence operation by the end of 2017).

Unless otherwise indicated, set out below is the key audited financial information of Sihui Company prepared in accordance with the HKFRS:

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)	For the six months ended 30 June 2016 (RMB'000) <i>(unaudited)</i>	For the six months ended 30 June 2017 (RMB'000)
Revenue	-	-	-	-
Net loss before taxation	(20,326)	(19,863)	(4,969)	(7,735)
Net loss after taxation	(15,244)	(14,897)	(3,727)	(5,801)
		As at 31 December 2016 (RMB'000)		As at 30 June 2017 (RMB'000)
Total assets		1,529,422		2,140,558
Net assets		276,917		271,116

(4) Anhui Company

Anhui Company was incorporated in the PRC on 11 May 2016 and is wholly owned by SPIC. Anhui Company is principally engaged in development, construction, operation and management of power generation projects (mainly photovoltaic power plants at present) and power distribution networks.

As at 30 June 2017, Anhui Company had an operational attributable installed capacity of approximately 122MW (all of which is photovoltaic power) and an attributable installed capacity of approximately 76MW under construction (all of which is expected to commence operation by the end of 2017).

Set out below is the key audited financial information of Anhui Company and its subsidiaries prepared in accordance with the HKFRS:

	Period from 11 May to 31 December 2016 (RMB'000)	For the six months ended 30 June 2017 (RMB'000)
Revenue	-	3,618
Net loss before taxation	(742)	(2,177)
Net loss after taxation	(742)	(2,177)

	As at 31 December 2016 (RMB'000)	As at 30 June 2017 (RMB'000)
Total assets	291,968	1,192,517
Net assets	32,758	194,281

(5) Hubei Company

Hubei Company was incorporated in the PRC on 7 June 2016 and is wholly owned by SPIC. Hubei Company is principally engaged in development, investment, construction, operation and management of power generation projects (mainly photovoltaic power and natural gas power plants at present), new energy projects and distribution networks.

As at 30 June 2017, Hubei Company had an attributable installed capacity of approximately 130MW under construction (among which, 105MW is expected to commence operation by the end of 2017).

Set out below is the key audited financial information of Hubei Company and its subsidiaries prepared in accordance with the HKFRS:

	Period from 7 June to 31 December 2016 (RMB'000)	For the six months ended 30 June 2017 (RMB'000)
Revenue	-	-
Net loss before taxation	(134)	(3,986)
Net loss after taxation	(134)	(3,986)

	As at 31 December 2016 (RMB'000)	As at 30 June 2017 (RMB'000)
Total assets	20,512	406,588
Net assets	19,866	47,910

(6) Shandong Company

Shandong Company was incorporated in the PRC on 8 June 2016 and is wholly owned by SPIC. Shandong Company is principally engaged in investment, power development, construction, operation and management of power generation projects (mainly wind power plants at present).

As at 30 June 2017, Shandong Company had an attributable installed capacity of approximately 51MW under construction (all of which is expected to commence operation by the end of 2017).

Set out below is the key audited financial information of Shandong Company and its subsidiaries prepared in accordance with the HKFRS:

	Period from 8 June to 31 December 2016 (RMB'000)	For the six months ended 30 June 2017 (RMB'000)
Revenue	-	-
Net loss before taxation	(2,508)	(2,235)
Net loss after taxation	(2,508)	(2,235)

	As at 31 December 2016 (RMB'000)	As at 30 June 2017 (RMB'000)
Total assets	27,844	133,217
Net assets	27,474	82,682

(7) Shouxian Company

Shouxian Company was incorporated in the PRC on 25 May 2016 and is wholly owned by SPIC. Shouxian Company is principally engaged in development, construction, operation and management of power generation projects and its distribution networks (mainly photovoltaic power plants at present).

As at 30 June 2017, Shouxian Company was still under early preparation stage and only had shovel ready projects.

Set out below is the key audited financial information of Shouxian Company and its subsidiaries (if any) prepared in accordance with the HKFRS:

	Period from 25 May to 31 December 2016 (RMB'000)	For the six months ended 30 June 2017 (RMB'000)
Revenue	-	-
Net loss before taxation	(1,547)	(1,072)
Net loss after taxation	(1,547)	(1,072)

	As at 31 December 2016 (RMB'000)	As at 30 June 2017 (RMB'000)
Total assets	3,753	2,681
Net assets	3,753	2,681

2. Qian Zhan Disposal

(1) Terms of Qian Zhan Agreement

On 9 October 2017, CPI Holding entered into Qian Zhan Agreement with Guangdong Company, pursuant to which CPI Holding has conditionally agreed to acquire and Guangdong Company has conditionally agreed to sell the entire equity interest in Qian Zhan, a wholly-owned subsidiary of Guangdong Company. The Closing Process and the Completion of the sale under Qian Zhan Agreement are conditional upon, among others, the Completion of the acquisition of Guangdong Company under the Pre-agreement. The Closing Process and the Completion of Guangdong Company under Agreement I are conditional upon, among others, the Completion of the transaction contemplated under Qian Zhan Agreement.

The consideration for the sale of the entire equity interest in Qian Zhan is RMB533,058,500 (equivalent to approximately HK\$627,127,600), which is subject to adjustment on Completion. The consideration was arrived at after arm's length negotiations between Guangdong Company and CPI Holding.

The consideration of RMB533,058,500 will be adjusted with the change in net asset value of Qian Zhan (between 1 April 2017 and the last day of the calendar month immediately prior to Completion) by reference to the completion audited report to be produced within 30 business days of the Completion under Qian Zhan Agreement. Within three calendar months after the Completion, the adjusted consideration will be paid by CPI Holding to Guangdong Company.

(2) Information on Qian Zhan

Qian Zhan was incorporated in the PRC on 31 March 2012 and is wholly owned by Guangdong Company. Qian Zhan is principally engaged in operation of cargo port, investment in waterborne freight projects and coal-fired power projects.

Set out below is the key unaudited financial information of Qian Zhan extracted from its management accounts for the relevant periods:

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)	For the six months ended 30 June 2016 (RMB'000)	For the six months ended 30 June 2017 (RMB'000)
Revenue	-	-	-	-
Net loss before and after taxation	(13,376)	(25,722)	(5,340)	(9,348)
		As at 31 December 2016 (RMB'000)		As at 30 June 2017 (RMB'000)
Net assets		462,483		453,135

G. INFORMATION ON THE GROUP, CPI HOLDING AND SPIC

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. CPI Holding is wholly owned by SPIC and owns and operates coal-fired, hydroelectric, wind and natural gas power plants in the PRC. As at the date of this announcement, SPIC through CPI Holding, owns approximately 55.61% 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.

II. LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions, when aggregated under Rule 14.22 of the Listing Rules, exceed 25% but are below 100%, the Acquisitions constitute major transactions for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholder's approval requirements under the Listing Rules.

As at the date of this announcement, SPIC is an indirect controlling shareholder of the Company holding approximately 55.61% of the issued share capital of the Company through CPI Holding. CPI Holding, a wholly-owned subsidiary of SPIC, is also a controlling shareholder of the Company directly holding approximately 28.47% of the issued share capital of the Company and through CPDL, a wholly-owned subsidiary of CPI Holding, indirectly holding approximately 27.14% of the issued share capital of the Company. As such, SPIC and CPI Holding are both substantial shareholders of the Company and hence connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisitions also constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are also subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from CPI Holding and CPDL, no other shareholder of the Company will be required to abstain from voting on the resolution for approving the Acquisitions at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the Acquisitions and an Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole.

III. GENERAL

A circular containing, among other things, (i) further details of the Acquisitions and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or around 23 October 2017.

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Acquisitions and the transactions contemplated thereunder.

The Acquisitions may or may not proceed to the Closing Process, the Completion and/or the Settlement of the Acquisitions. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 18 January 2016 regarding a letter of intent the Company signed with SPIC, whereby the Company proposed to acquire and SPIC proposed to sell 100% of the equity interest in SPIC Henan Electric Power Co., Ltd.* (國家電投集團河南電力有限公司, “Henan Power”, a wholly-owned subsidiary of SPIC). The Board would take this opportunity to inform the Shareholders that the Board resolved not to proceed with the proposed acquisition of Henan Power for the time being.

IV. DEFINITIONS

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

“Acquisitions”	Acquisition I and Acquisition II
“Acquisition Agreements”	Agreement I and Agreement II
“Acquisition I”	the proposed acquisition by the Company of the entire equity interests in Target Companies I pursuant to Agreement I
“Acquisition II”	the proposed acquisition by the Company of the entire equity interests in Target Companies II pursuant to Agreement II
“Aggregate Consideration”	the total consideration of RMB4,969,321,000 (equivalent to approximately HK\$5,846,260,000) payable by the Company under Agreement I and Agreement II which is subject to adjustment on Completion
“Agreement I”	the conditional sale and purchase agreement dated 9 October 2017 entered into by the Company and CPI Holding in relation to Acquisition I
“Agreement II”	the conditional sale and purchase agreement dated 9 October 2017 entered into by the Company and SPIC in relation to Acquisition II
“AIC”	the State Administration for Industry and Commerce of China or its local counterpart
“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 SPIC
“Asset Appraisal Reports I”	the asset appraisal reports prepared by China Enterprise, an independent appraiser, in relation to each of Target Companies I which indicates the aggregated net asset value as at 31 March 2017 is RMB4,850,240,500 (equivalent to approximately HK\$5,706,165,300)
“Asset Appraisal Reports II”	the asset appraisal reports prepared by China Alliance, an independent appraiser, in relation to each of Target Companies II which indicates the aggregated net asset value as at 31 March 2017 is RMB115,381,000 (equivalent to approximately HK\$135,742,400)

“associates”	has the meaning given to it under the Listing Rules
“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, being 31 March 2018 or a later date as agreed by the parties in writing), 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”	means, with respect to each of the Target Companies, the completion of the AIC filing in relation to the transfer of the entire equity interest in the relevant Target Companies after the Closing Process as required under the respective Acquisition Agreements but before the settlement of the consideration by the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CPI Holding
“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
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Acquisitions and the transactions contemplated thereunder, currently scheduled to take place on or around 8 November 2017
“Group”	the Company and its subsidiaries from time to time
“Guangdong Company”	SPIC Guangdong Power Company Limited* (國家電投集團廣東電力有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SPIC

“Guangxi Company”	SPIC Guangxi Power Company Limited* (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 SPIC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hubei Company”	SPIC Hubeilvdong 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 SPIC
“Independent Board Committee”	the committee of Directors, formed to advise the Independent Shareholders in respect of the terms of the Acquisitions
“Independent Financial Adviser”	Gram Capital Limited, a licensed corporate to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions
“Independent Shareholder(s)”	Shareholder(s) of the Company other than CPI Holding and CPDL and their associates
“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
“PRC” or “China”	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
“Pre-agreement”	the conditional sale and purchase agreement dated 9 October 2017 entered into by SPIC and CPI Holding in relation to the sale of the entire equity interest in Guangdong Company and Guangxi Company
“Qian Zhan”	CPI Qian Zhan Gang Dian Company Limited* (中電投前詹港電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Company
“Qian Zhan Agreement”	the conditional sale and purchase agreement dated 9 October 2017 entered into by Guangdong Company and CPI Holding in relation to the sale of the entire equity interest in Qian Zhan
“RMB”	Renminbi, the lawful currency of the PRC

“Settlement of the Acquisitions” or “Settlement of Acquisition I” or “Settlement of Acquisition II”	means the settlement of the consideration by the Company after the Completion as required under the Acquisition Agreements (or, where the context requires, Agreement I or Agreement II)
“Shandong Company”	SPIC Shandong Energy Development Co., Ltd.* (國家電投集團山東能源發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SPIC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	person(s) whose name(s) appear on the register of members as registered holder(s) of the Share(s)
“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 SPIC
“Sihui Company”	China Power (Sihui) Cogeneration Company Limited* (中電(四會)熱電有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Holding
“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
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Companies”	Target Companies I and Target Companies II
“Target Companies I”	Guangdong Company (excluding Qian Zhan), Guangxi Company and Sihui Company
“Target Companies II”	Anhui Company, Hubei Company, Shandong Company and Shouxian Company
“Target Group I”	Target Companies I and their respective subsidiaries (excluding Qian Zhan)
“Target Group II”	Target Companies II and their respective subsidiaries

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.85 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
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.