

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

China Power Clean Energy Development Company Limited **中國電力清潔能源發展有限公司**

(incorporated in Hong Kong with limited liability)

(Stock Code: 0735)

CONTINUING CONNECTED TRANSACTION

TECHNICAL SUPERVISION AND SERVICES FRAMEWORK AGREEMENT

SUMMARY

The Company is pleased to announce that on 25 July 2017, the Parties entered into the Technical Supervision and Services Framework Agreement, which is a framework agreement for the provision by CPHCETR, a subsidiary of CPIH (a substantial shareholder of the Company), of technical supervision and management services to the Power Generation Enterprises of CPINEHL for a term commencing on the date of the Agreement and ending on 31 December 2019.

CPINEHL is an indirect wholly-owned subsidiary of the Company. CPHCETR is a subsidiary of CPIH (a substantial shareholder of the Company) and therefore a connected person of the Company for the purpose of the Listing Rules. As such, the transaction contemplated under the Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable Percentage Ratio (other than the profits ratio) calculated with reference to the highest annual cap under the Agreement is more than 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company is pleased to announce that on 25 July 2017, the Parties entered into the Agreement, which is a framework agreement for the provision by CPHCETR, a subsidiary of CPIH (a substantial shareholder of the Company), of technical supervision and management services to the Power Generation Enterprises of CPINEHL for a term commencing on the date of the Agreement and ending on 31 December 2019.

PRINCIPAL TERMS OF THE AGREEMENT

1) Date

The Agreement was entered into on 25 July 2017.

2) Parties

- (1) CPINEHL; and
- (2) CPHCETR.

3) Term

The Agreement was entered into for a term commencing on the date of the Agreement and ending on 31 December 2019 and, subject to compliance with the relevant requirements under the Listing Rules, is renewable within the three months immediately preceding the expiry of the term by mutual agreement of the Parties.

4) Scope of service

Pursuant to the Agreement, subject to one or more Power Generation Enterprise(s) entering into definitive agreement(s) with CPHCETR, CPHCETR will provide technical supervision and management services to the relevant Power Generation Enterprise(s), including but not limited to:

- (1) detecting issues relating to equipment timely through conducting technical supervision, putting forward practical solutions to the issues and continuously tracking, supervising and rectifying the issues identified;
- (2) undertaking the training, collection of evidence, inspection and examination relating to technical supervision;
- (3) participating in the assessment and verification work relating to technical programs and feasibility study, etc.;
- (4) participating in on-site investigation, examination and project evaluation organised by CPINEHL;
- (5) providing technical analysis report and relevant technical supervision information and scientific and technological information; and
- (6) periodically reporting to CPINEHL the analysis, evaluation and inspection results and issues identified over the term of the Agreement.

5) Pricing

Services provided by CPHCETR under the Agreement will be charged in accordance with the fee schedule below.

(I) Technical-economic verification and consulting & valuation business

Type of business			Unit (Class)	Pricing standard (RMB10,000)
Post-evaluation	Newly constructed	Thermal power	Class≤2 x 300MW Class	100
			Class<2 x 600MW Class	120
			Class 2 x 1,000MW Class	130
		Hydro power	Total capacity≤50MW	50
			50MW<Total capacity≤300MW	70
			300MW<Total capacity≤1,200MW	100
			Total capacity>1,200MW	120
	New energy (Simplified evaluation)	Per item	7	
	M&A	Gas turbine	Per item	45
		Hydro power	Number of power plant acquired=1	40
			1<Number of power plants acquired≤3	50
			3<Number of power plants acquired≤5	55
			Number of power plants acquired>5	60
		Wind power	Per item	25
	Technical enhancement	Thermal power	Per item	7
	Feasibility review	Newly constructed	Wind power	Total capacity≤100MW
Total capacity>100MW				25
Photovoltaic power			Total capacity≤100MW	15
			Total capacity>100MW	20
Newly constructed		Thermal power	2 x 135MW	18
			2 x 200MW	24
			2 x 300MW	40
			2 x 600MW	60
	2 x 1,000MW		96	

Note: The above total capacity refers to the total installed capacity of projects subject to evaluation or review.

(II) Safety, energy conservation and environmental protection consultation business

Type of business		Unit (Class)	Pricing standard (RMB10,000)
HSE (Health, Safety and Environment department) system audit	Power generation and non-power businesses within the Group	Third class unit calculation with audit commenced as requested by companies under the Group	23
Standardised safety production that meets targets	Thermal power	Total capacity \leq 600MW	24
		600MW<Total capacity<1,200MW	26
		Total capacity \geq 1,200MW	30
	Hydro power	Total capacity \leq 50MW	23
		50MW<Total capacity<300MW	25
		Total capacity \geq 300MW	27
	New energy	Number of station (plant) is 1 and total capacity \leq 50MW	19
		Number of station (plant) is 2 and total capacity<100MW Number of station (plant) is 1 and 50MW<total capacity<100MW	21
		Number of station (plant) is 1 and total capacity \geq 100MW Number of station (plant) is 2 and total capacity \geq 100MW Number of station (plant) is \geq 3	24
Safety evaluation	Thermal power	Total capacity \leq 600MW	28
		Total capacity>600MW	32
	Hydro power	Total capacity \leq 50MW	17
		50MW<Total capacity<300MW	20
		Total capacity \geq 300MW	22
	New energy	Number of station (plant) is 1 and total capacity \leq 50MW	16
		Number of station (plant) is 1 and 50MW <Total capacity<100MW, Number of station (plant) is 2 and total capacity<100MW	18
		Number of station (plant) is 1 and total capacity \geq 100MW, Number of station (plant) is 2 and total capacity \geq 100MW, Number of station (plant) is \geq 3	19

Note: The above unit (class) refers to the total installed capacity or number of station (plant) of third class units subject to audit or evaluation.

(III) Technical supervision service business

Type of business			Unit (Class)	Pricing standard (RMB10,000)
Inspection	Photovoltaic	System efficiency	Total capacity<20MWp	20
			20MWp≤Total capacity<50MWp	30
			Total capacity≥50MWp	40
		Annual random inspection of components	Single component per instance	0.15
		Construction & installation quality inspection	MWp	0.6
		Technical investigation & evaluation	MWp	1.1

Note: The above total capacity refers to the total installed capacity of projects subject to inspection.

The Directors consider that the terms of the Agreement are no less favorable to the Company than those available from independent third parties.

ANNUAL CAPS FOR THE AGREEMENT AND BASIS OF DETERMINATION

The caps for the Agreement for the period ending 31 December 2017 and the years ending 31 December 2018 and 31 December 2019 are RMB12,000,000, RMB20,000,000 and RMB26,000,000, respectively, which were determined with reference to the service fees projected by CPINEHL to be payable under the Agreement based on the fee schedule above and CPINEHL's best estimate of the nature and extent of technical supervision and management services that will be required by the Power Generation Enterprises over the term of the Agreement on the assumptions that, over the term of the Agreement, (i) there will be no material acquisition or disposal of Power Generation Enterprises; and (ii) there will be no event or circumstances which will give rise to a need for technical supervision and management services beyond the level normally required by the Power Generation Enterprises.

REASONS FOR AND BENEFITS OF THE AGREEMENT

CPINEHL believes that engaging a professional team with strong technical capabilities to provide centralised management of the Power Generation Enterprises will facilitate the enhancement of technical supervision capabilities and the strengthening of preventive control of technical supervision and will promote the safe production environment of the Power Generation Enterprises and the stable operation of units.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Agreement is on normal commercial terms or better (which are fair and reasonable), in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Agreement.

INFORMATION ON THE COMPANY, CPINEHL AND CPHCETR

1) Information on the Company and CPINEHL

The Company, whose shares are listed on the Stock Exchange, has its head office in Hong Kong. The principal business activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the development, construction, ownership, operation and management of clean energy power plants in the PRC, and also engaged in investment holding in the clean energy power industry and property investments. CPINEHL is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

2) Information on CPHCETR

CPHCETR is a subsidiary of CPIH, which is a substantial shareholder of the Company. The principal activities of CPHCETR include the provision of full-cycle professional technical services for power generation enterprises of thermal power and new energy and engaging in four major business segments, namely technical research and development, technical consultation, technical supervision and technical services.

LISTING RULES IMPLICATIONS

CPINEHL is an indirect wholly-owned subsidiary of the Company. CPHCETR is a subsidiary of CPIH (a substantial shareholder of the Company) and therefore a connected person of the Company for the purpose of the Listing Rules. As such, the transaction contemplated under the Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable Percentage Ratio (other than the profits ratio) calculated with reference to the highest annual cap under the Agreement is more than 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreement”	The Technical Supervision and Services Framework Agreement entered into between CPINEHL and CPHCETR on 25 July 2017
“Board”	the board of Directors
“Company”	China Power Clean Energy Development Company Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange

“connected person”	has the same meaning as ascribed to it under the Listing Rules
“CPHCETR”	中電華創電力技術研究有限公司 (China Power Hua Chuang Electricity Technology Research Co., Ltd.*), a subsidiary of CPIH
“CPIH”	China Power International Holding Limited, a substantial shareholder of the Company
“CPINEHL”	中電國際新能源控股有限公司 (China Power International New Energy Holding Limited*), an indirect wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	CPINEHL and CPHCETR
“Percentage Ratios”	the percentage ratios described under Rule 14.07 of the Listing Rules and “Percentage Ratio” means any one of them
“Power Generation Enterprises”	the power generation enterprises owned or operated by CPINEHL or its subsidiaries (excluding hydropower enterprises)
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	the Renminbi, the lawful currency of the PRC
“SPIC”	State Power Investment Corporation, the holding company of CPIH
“SPIC Group”	SPIC and its subsidiaries

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board
China Power Clean Energy Development Company Limited
Wang Binghua
Chairman

Hong Kong, 25 July 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wang Fengxue, Mr. Zhao Xinyan, Mr. He Hongxin and Mr. Qi Tengyun; three non-executive directors, namely Mr. Wang Binghua, Mr. Bi Yaxiong and Mr. Wu Hanming; and four independent non-executive directors, namely Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai, and Ms. Ng Yi Kum.

* *For identification purposes only*