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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

Coal Purchase and Sale Cooperation Framework Agreements

Reference is made to the announcement of the Company dated 6 July 2018 in relation to the two coal purchase and sale cooperation framework agreements which expired on 31 December 2019. The contracting parties have determined to resume the relevant transactions by renewing the framework agreements effective from 1 May 2021.

On 30 April 2021, CP Guorui (a wholly-owned subsidiary of the Company) entered into two new Coal Purchase and Sale Cooperation Framework Agreements with SPIC Aluminum and CPI Xianrong respectively in relation to the provision of coal through spot contracts.

As at the date of this announcement, SPIC is the ultimate controlling shareholder of the Company which is interested in approximately 60.04% of the issued share capital of the Company. SPIC Aluminum and CPI Xianrong, being the indirect subsidiaries of SPIC, are connected persons of the Company within the meaning as defined in the Listing Rules. Accordingly, the transactions contemplated under the Coal Purchase and Sale Cooperation Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the eight months ended 31 December 2021 and the two financial years ended 31 December 2022 and 2023, the Proposed Annual Caps for SPIC Aluminum Framework Agreement and CPI Xianrong Framework Agreement will not exceed RMB464,000,000 (equivalent to approximately HK\$559,036,000) and RMB174,000,000 (equivalent to approximately HK\$209,639,000) respectively.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the maximum Proposed Annual Cap for each of two Framework Agreements (individually and after aggregation) exceed 0.1% but all fall below 5%, the transactions contemplated under the two Framework Agreements are therefore subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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COAL PURCHASE AND SALE COOPERATION FRAMEWORK AGREEMENTS

Date

30 April 2021

Parties of the SPIC Aluminum Framework Agreement

- (i) CP Guorui (as the purchaser); and
- (ii) SPIC Aluminum (as the dealer).

Parties of the CPI Xianrong Framework Agreement

- (i) CP Guorui (as the purchaser); and
- (ii) CPI Xianrong (as the dealer).

Common Principal Terms and Pricing Principles for both Framework Agreements

Framework Agreements will be effective from 1 May 2021 to 31 December 2023 (both dates inclusive).

The parties agreed that the purchase price of coal shall be determined with reference to (i) the current transacted coal prices of the local coal exchange or market in the PRC (two or more latest comparable transactions of independent third parties for provision of similar type of coal in the same region); (ii) the available data published at the websites of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn or 中國煤炭資源網 (China Coal Resources*) at www.sxcoal.com or any public websites for the coal industry; (iii) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units); and (iv) the quantity of coal.

CP Guorui will settle the purchase price of coal via bank remittance within 30 days after the coal has been delivered by and accepted by CP Guorui, or such other payment terms as both parties may agree by individual contract. There will not be any handling fee, transaction fee or other fees chargeable by SPIC Aluminum or CPI Xianrong for dealing in the coal spot contracts.

It has also been agreed that the parties thereto shall from time to time determine the precise price, quality, quantity, delivery, transportation and acceptance methods of the coal to be procured, and subject to the parties' discussion and negotiation at arm's length basis.

Historical Amounts (SPIC Aluminum)

The historical amounts and the annual caps (inclusive of all taxes) of the past transactions with SPIC Aluminum for the two financial years ended 31 December 2018 and 2019[#] are set out below:

| Year | Historical amount (RMB'000) | Annual caps (RMB'000) |
|------|--------------------------------|--------------------------|
| 2018 | 464,334 (Actual) | 600,000 |
| 2019 | 533,871 (Actual) | 600,000 |

[#] *There were no transactions made between CP Guorui and SPIC Aluminum during the period 1 January 2020 to 30 April 2021.*

Proposed Annual Cap (SPIC Aluminum)

The proposed annual cap (inclusive of all taxes) of the transactions with SPIC Aluminum for the eight months ended 31 December 2021 and the two financial years ended 31 December 2022 and 2023 are set out below:

| For the financial year ended 31 December | Annual caps (RMB'000) |
|--|--------------------------|
| 2021 (eight months) | 464,000 |
| 2022 (full year) | 464,000 |
| 2023 (full year) | 464,000 |

Historical Amounts (CPI Xianrong)

The historical amounts and the annual caps (inclusive of all taxes) of the past transactions with CPI Xianrong for the two financial years ended 31 December 2018 and 2019[#] are set out below:

| Year | Historical amount (RMB'000) | Annual caps (RMB'000) |
|------|--------------------------------|--------------------------|
| 2018 | 14,710 (Actual) | 120,000 |
| 2019 | 43,845 (Actual) | 120,000 |

[#] *There were no transactions made between CP Guorui and CPI Xianrong during the period 1 January 2020 to 30 April 2021.*

Proposed Annual Cap (CPI Xianrong)

The proposed annual cap (inclusive of all taxes) of the transactions with CPI Xianrong for the eight months ended 31 December 2021 and the two financial years ended 31 December 2022 and 2023 are set out below:

| For the financial year ended 31 December | Annual caps (RMB'000) |
|--|--------------------------|
| 2021 (eight months) | 174,000 |
| 2022 (full year) | 174,000 |
| 2023 (full year) | 174,000 |

Each of the Proposed Annual Caps was determined by both parties after arm's length negotiations with reference to the following factors:

- (i) the abovementioned coal pricing principles;
- (ii) the estimated annual average price for the CCI5000 Index in 2021 according to the website of 中國煤炭資源網 (China Coal Resources*) at www.sxcoal.com;
- (iii) the estimated quality of the coal (including the estimated calorific value and sulphur contents of coal) as required by different coal-fired power generating units of the Group; and
- (iv) the estimated amount of coal required by the coal-fired power generating units of the Group.

Accordingly, the Company used the annual average coal price for the CCI5000 Index in the year 2020 as the benchmark coal price for estimating the annual caps for the coming three years which will be subject to further adjustments based on the market supply and demand conditions at the time of entering into individual contract.

INTERNAL CONTROL MEASURES AND PROCEDURES

The Group will adopt internal control measures and procedures relating to the transactions under the Coal Purchase and Sale Cooperation Framework Agreements, including but not limited to the following:

- (a) The Company assigns designated persons to monitor, collect and evaluate the coal market data including relevant coal price index published at the websites of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn or 中國煤炭資源網 (China Coal Resources*) at www.sxcoal.com and other public websites for the coal industry from time to time;
- (b) Under the circumstances such as the relevant coal price index changes, CP Guorui will, in accordance with the market prices, the category and quality of the coal as required under each of the transactions, re-negotiate and adjust the contract price with SPIC Aluminum and CPI Xianrong to ensure that the price is fair and reasonable, on normal commercial terms, as well as no less favourable to the Group than the terms available from independent third parties; and

- (c) The materials procurement department of the Company is responsible for monitoring, collecting and evaluating the pricing terms, payment arrangements and actual transaction amount under each of the individual contracts; and the internal audit department will conduct independent audits on a quarterly basis to ensure full compliance with the terms of the Framework Agreements.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Both SPIC Aluminum and CPI Xianrong are coal dealers which possess various channels of coal resource procurement, entering into the Coal Purchase and Sale Cooperation Framework Agreements will facilitate the Group in (i) getting favourable prices by bulk purchases, and (ii) securing a continuous and stable coal supply to the coal-fired power generating units of the Group. The Directors considered that, the terms contained in the Framework Agreements, the Proposed Annual Caps and the governing internal control measures and procedures can ensure the transactions are no less favourable than the terms available from independent third parties, and will ensure stable supply, efficient and timely delivery of the coal, which are beneficial to the normal operation of the Group's coal-fired power plants.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Coal Purchase and Sale Cooperation Framework Agreements are entered into in the ordinary course of the Company's business, on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the transactions contemplated under the Coal Purchase and Sale Cooperation Framework Agreements and therefore no Director has abstained from voting on the related Board resolutions.

INFORMATION ON THE GROUP AND CP GUORUI

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.

CP Guorui is a wholly-owned subsidiary of the Company and is principally engaged in wholesale of coal, electromechanical equipment and metal materials; provision of warehousing services; provision of investment consultation for coal mines, ports, railways, shipping and reuse of power generation by-products.

INFORMATION ON SPIC ALUMINUM AND CPI XIANRONG

SPIC Aluminum is an indirect subsidiary ultimately owned and controlled by SPIC established in 2010 which is principally engaged in sale of metal materials, electromechanical equipment and accessories, coal and products as well as import and export business of goods and technologies.

CPI Xianrong is an indirect subsidiary ultimately owned and controlled by SPIC established in 2016 which is principally engaged in providing risk management services, socio-economic consulting services, financial advisory services, import and export business of goods and technologies, and sale of coal and products.

SPIC is principally engaged in investment holding, electricity generation and sales, and provision of various energy related services, including but not limited to EPC contracting, project planning, survey, design and consulting, trading and manufacturing of materials and equipment required by power plants, and their related operational management, research and development in the PRC and overseas countries.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SPIC is the ultimate controlling shareholder of the Company which is interested in approximately 60.04% of the issued share capital of the Company. SPIC Aluminum and CPI Xianrong, being the indirect subsidiaries of SPIC, are connected persons of the Company within the meaning as defined in the Listing Rules. Accordingly, the transactions contemplated under the Coal Purchase and Sale Cooperation Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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DEFINITIONS

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

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| “Board” | the board of Directors of the Company |
| “CCI5000 Index” | the current transacted price of 5000 kcal/kg NAR coal at the Qinhuangdao Port and Bohai Rim Port areas |
| “Coal Purchase and Sale Cooperation Framework Agreements” or “Framework Agreements” | SPIC Aluminum Framework Agreement and CPI Xianrong Framework Agreement |

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|---------------------------------------|---|
| “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 |
| “CP Guorui” | China Power Guorui Logistics Company Limited* (中電國瑞物流有限公司), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of the Company |
| “CPI Xianrong” | CPI Xianrong (Tianjin) Risk Management Co., Ltd* (中電投先融(天津)風險管理有限公司), a company incorporated in the PRC with limited liability, an indirect subsidiary of SPIC |
| “CPI Xianrong Framework Agreement” | the framework agreement for the provision of coal through spot contracts entered into between CP Guorui and CPI Xianrong dated 30 April 2021 |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” or “China” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Proposed Annual Caps” | the Proposed Annual Cap (CPI Xianrong) and the Proposed Annual Cap (SPIC Aluminum), collectively the “Proposed Annual Caps” and individually the “Proposed Annual Cap” |
| “Proposed Annual Cap (CPI Xianrong)” | the maximum amount payable under the CPI Xianrong Framework Agreement for each of the eight months and the two financial years ended 31 December 2021, 2022 and 2023 |
| “Proposed Annual Cap (SPIC Aluminum)” | the maximum amount payable under the SPIC Aluminum Framework Agreement for each of the eight months and the two financial years ended 31 December 2021, 2022 and 2023 |

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|-------------------------------------|--|
| “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 shareholder 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 Aluminum” | SPIC Aluminum International Trading Co., Ltd.* (國家電投集團鋁業國際貿易有限公司), a company incorporated in the PRC with limited liability, an indirect subsidiary of SPIC |
| “SPIC Aluminum Framework Agreement” | the framework agreement for the provision of coal through spot contracts entered into between CP Guorui and SPIC Aluminum dated 30 April 2021 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.83 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
He Xi
Chairman

Hong Kong, 30 April 2021

As at the date of this announcement, the directors of the Company are: executive director He Xi, non-executive directors Wang Xianchun and Zhou Jie, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.