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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

Renewal of Composite Services Framework Agreement

Reference is made to the announcement of the Company in relation to the Second Renewal Framework Agreement dated 4 January 2021 which expired on 31 December 2023.

On 12 January 2024, the Company has entered into the Third Renewal Framework Agreement with SPIC for a term of three years, pursuant to which the parties agreed that the Service Providers will continue to provide the Employers, subsidiaries of the Company, with the Composite Services upon expiry of the Second Renewal Framework Agreement.

As at the date of this announcement, SPIC owns approximately 63.81% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC and the Service Providers, being the subsidiaries of SPIC, are connected persons of the Company within the meaning of the Listing Rules. Accordingly, the transactions contemplated under the Third Renewal Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual cap of the Third Renewal Framework Agreement for each of the three financial years ending 31 December 2024, 2025 and 2026 is RMB350,000,000 respectively (equivalent to approximately HK\$384,615,000). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the annual cap of the Third Renewal Framework Agreement exceed 0.1% but fall below 5%, the transactions contemplated under the Third Renewal Framework Agreement 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.

THE THIRD RENEWAL FRAMEWORK AGREEMENT

Date

12 January 2024

Parties

- (i) the Company (representing its subsidiaries, individually the “**Employer**” or collectively the “**Employers**”); and
- (ii) SPIC (representing its subsidiaries, individually the “**Service Provider**” or collectively the “**Service Providers**”).

Service Period

The service period is renewed for three years commencing 1 January 2024 and ending 31 December 2026. The Company confirms that there have been no transactions done under the Third Renewal Framework Agreement from 1 January 2024 to 12 January 2024 (i.e. the date of this announcement).

Scope of Services

Under the Third Renewal Framework Agreement, the Services Providers will provide the Employers various services with respect to technical repair and maintenance and management for their power generating units and related power generation facilities, as well as various daily supporting services to the operation of power plants and offices. The Composite Services include:

- pre-production preparation and planning, safety, health and environmental management, operational supervision management;
- daily routine repair and maintenance, including protection against frost, heat and other seasonal conditions;
- maintenance and repair management (including ongoing technical testing and technical improvements from time to time to ensure compliance with the requirements and specifications for power generation governed by the relevant PRC regulatory authorities);
- planning periodic comprehensive inspection, maintenance, parts replacement, and calibration of measuring apparatus;
- fuel related services, including transportation, loading and unloading of coal, chemical treatment and handling chemical containers, treatment of ash, coal residue and waste produced from power generation;
- daily cleaning, repair and maintenance services at production site and for production facilities of the power plants, including boiler rooms, steam rooms, hot and cold air-conditioning systems, internal transport railway, fire safety systems, etc.;
- composite supporting services, including provision of special vehicles and cargo transport, workers commuting shuttle buses, office area property management, security and fire safety management, etc.;

- marketing coordination for electricity sales, general materials and procurement management;
- such other services for the operation of the power generating units and related power generation facilities as agreed between the Employers and the Service Providers from time to time; and/or
- other ancillary services in relation to the operation of power plants or offices.

Pricing Principles and Control Mechanism

The service fee payable shall be agreed by mutual agreement between the relevant Service Provider and Employer on normal commercial terms based on the following factors:

- the costs of the services provided; and/or not higher than the anticipated operating costs (including labour costs such as wages, social security and welfare) of the Employer's own running of all relevant power plants or offices and the price level of the supplies required;
- by reference to and compare the latest market quotations or tenders (at least two comparable transactions) for provision of the similar services from independent third parties with similar experience and service quality akin to that of the Service Providers in the same region, in order to ensure that the prices and terms provided by the relevant Service Providers are no less favourable than those offered by unrelated third parties in the prevailing market; and
- the standard rates of the same kind of operational management services for the same type of clean energy power plants charged by SPIC to its member companies (if applicable).

Regular checks will be conducted on a quarterly basis to review and assess by the relevant responsible personnel and management of the Group in order to ensure the transactions contemplated under the Third Renewal Framework Agreement are conducted on normal commercial terms, the fees charged are fair and reasonable and in accordance with the aforesaid pricing principles and will not be prejudicial to the interests of the Company and its shareholders as a whole.

The independent non-executive Directors will continue to review the transactions contemplated under the Third Renewal Framework Agreement and the auditors of the Company will also conduct an annual review on the pricing principles and annual cap of the relevant continuing connected transactions thereof.

In view of the foregoing, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Third Renewal Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the shareholders as a whole.

Payment Term

The Employers shall settle the service fees by cash and according to the timelines as both parties shall negotiate and agree in contracts.

Historical Amounts

The historical amounts and the previous annual caps of the past transactions with the Service Providers for the three financial years ended 31 December 2021, 2022 and 2023 are set out below:

Year	Historical amount (RMB'000)	Annual caps (RMB'000)
2021	167,126 (Actual)	280,000
2022	158,149 (Actual)	315,000
2023	135,330 (Estimated)	325,000

Proposed Annual Cap

The proposed annual cap of the anticipated transactions with the Service Providers for the three financial years ending 31 December 2024, 2025 and 2026 is set out below:

Year	Annual cap (RMB'000)
2024	350,000
2025	350,000
2026	350,000

The aforesaid proposed annual cap has been determined by both parties after arm's length negotiations with reference to the following factors:

- (a) the historical amounts of the past transactions;
- (b) the age, condition and repair and maintenance needs of each of the power generating unit and power generation facility;
- (c) the installed capacity, type of power generating units, geological environment of where the power plant is located;
- (d) the complexity of the repair and maintenance works involved and the facilities management and the operations of the power plants involved;
- (e) the demands for daily supporting services and operating services of each of the power plants and/or offices *(In particular, the substantial increase in the number of power plants after completion of the acquisitions. Please refer to the Company's announcement dated 31 October 2023 for details.)* ;
- (f) the expected time cost of technicians and labour required; and
- (g) a moderate inflation expectation.

The Group will follow the terms set out in the Third Renewal Framework Agreement, the factors upon which the proposed annual cap are based and all the internal control procedures (including quotations or tenders from independent third parties) in order to maintain the fairness of the prices and terms of all the relevant services provided by SPIC to ensure they are no less favourable than those available from independent third parties.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Composite Services under the Third Renewal Framework Agreement are necessary for the normal day to day operations of the respective power plants and offices of the Employers. The repair and maintenance services required for the power plants are highly-technical in nature and can only be carried out by engineers and technicians equipped with the relevant technical skills and specialized knowledge. The Service Providers not only have the relevant technical expertise but also specific in-depth knowledge of the power generating units and related power generation facilities of the Company's relevant power plants.

Since the Service Providers are all conveniently located in close proximity to the relevant power plants and offices of the Employers, entrusting them to provide the required services is relatively cheaper than our anticipated operating costs for self-running. As such, entering into the Third Renewal Framework Agreement can further save the Group's operating costs and will ensure the Employers to receive continual reliable services, and facilitate their safe, effective and efficient operations.

Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Third Renewal Framework Agreement has been renewed 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 Third Renewal Framework Agreement and therefore no Director has abstained from voting on the related Board resolution.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is the core and flagship listed subsidiary of SPIC. The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and thermal power plants, and provision of energy storage, green power transportation, and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

INFORMATION OF THE SERVICE PROVIDERS AND SPIC

The Service Providers are subsidiaries of SPIC which are principally engaged in the provision of technical repair and maintenance services for various types of power generating units and related power generation facilities, as well as providing various daily supporting services to power plant and office operations.

SPIC is an investment holding company principally engaged in businesses that cover various sectors, including power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. SPIC, together with its subsidiaries, is an integrated energy group which simultaneously owns thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SPIC owns approximately 63.81% 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.

As the Service Providers are subsidiaries of SPIC, the Service Providers are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Third Renewal Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The proposed annual cap of the Third Renewal Framework Agreement for each of the three financial years ending 31 December 2024, 2025 and 2026 is RMB350,000,000 respectively (equivalent to approximately HK\$384,615,000). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the annual cap of the Third Renewal Framework Agreement exceed 0.1% but fall below 5%, the transactions contemplated under the Third Renewal Framework Agreement 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.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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
“Composite Services”	the services in relation to the provision of the technical repair and maintenance and management for the power generating units and related power generation facilities, as well as various daily supporting services to the operation of power plants and offices
“Director(s)”	director(s) of the Company
“Employers”	subsidiaries of the Company, individually the “Employer” or collectively the “Employers”
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Second Renewal Framework Agreement”	the second renewal of framework agreement dated 4 January 2021 entered into between the Company and SPIC in respect of the provision of the Composite Services by the Services Providers to the Employers for the period from 1 January 2021 to 31 December 2023
“Service Providers”	the direct or indirect subsidiaries of SPIC, individually the “Service Provider” or collectively the “Service Providers”
“SPIC”	國家電力投資集團有限公司 (State Power Investment Corporation Limited*), 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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Renewal Framework Agreement”	the third renewal of framework agreement dated 12 January 2024 entered into between the Company and SPIC in respect of the provision of the Composite Services by the Services Providers to the Employers for a term commencing retrospectively from 1 January 2024 to 31 December 2026

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.91 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, 12 January 2024

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and HUANG Qinghua, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.