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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

Supplemental Agreement to Financial Services Framework Agreement and Revision of Annual Cap

On 17 August 2023, the Company and SPIC Financial entered into the Supplemental Agreement to increase the Existing Annual Cap for the Deposit Services from RMB 5.5 billion to RMB9.0 billion (equivalent to approximately HK\$9.78 billion), subject to Completion of any Target Companies.

Prior to the completion of the Acquisitions, SPIC Financial provided financial services to the Target Companies under similar terms as contemplated under the Financial Services Framework Agreement. Following Completion, the Target Companies would become subsidiaries of the Company. Accordingly, the provision of financial services by SPIC Financial to the Target Companies would become continuing connected transactions of the Company and would fall within the scope of the Financial Services Framework Agreement of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the financial services to be provided by SPIC Financial to the Enlarged Group before the Existing Annual Cap for the Deposit Services is exceeded.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised Annual Cap exceeds 25% but all are below 100%, the transactions under the Deposit Services will therefore constitute (i) major transactions of the Company subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules, and (ii) continuing connected transactions of the Company subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement dated 6 May 2022 and the circular dated 18 May 2022 of the Company in relation to the renewal of the Financial Services Framework Agreement entered into between the Company and SPIC Financial for a term of three years from 7 June 2022 to 6 June 2025.

Reference is also made to the announcement of the Company dated 26 July 2023 regarding the Acquisitions of the Target Companies. Following Completion, the Target Companies would become subsidiaries of the Company. Accordingly, the provision of financial services by SPIC Financial to the Target Companies would become continuing connected transactions of the Company and would fall within the scope of the Financial Services Framework Agreement of the Company.

After taking into account the estimated transaction amounts for the provision of financial services by SPIC Financial to the Enlarged Group after Completion for the remainder of the term of the Financial Services Framework Agreement, the Company expects that the Existing Annual Cap for the Deposit Services will be exceeded. Therefore, the Company and SPIC Financial entered into the Supplemental Agreement before Completion to increase the Existing Annual Cap.

SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAP

Save for the revision of the aforesaid Existing Annual Cap, other principal terms of the Financial Services Framework Agreement shall remain unchanged. Principal terms of the Supplemental Agreement are set out as follows.

Date

17 August 2023

Parties

- (i) the Company; and
- (ii) SPIC Financial.

Existing Annual Cap

Pursuant to the Financial Services Framework Agreement, the maximum daily balance of deposits (including accrued interests) placed by the Group with SPIC Financial for each of (i) the period from 7 June 2022 to 31 December 2022, (ii) the two years ended 31 December 2023 and 2024, and (iii) for the period from 1 January 2025 to 6 June 2025 is set out below.

Existing Annual Cap (in RMB billion)			
The period from 7 June 2022 to 31 December 2022	Year ending 31 December		The period from 1 January 2025 to 6 June 2025
	2023	2024	
5.5	5.5	5.5	5.5

Historical Transaction Amounts

The table below sets out the historical highest daily deposit balance (including accrued interests) in respect of the deposit services placed with SPIC Financial by (i) the Group (without taking into account transactions of the Target Companies); and (ii) the Group together with the Target Companies.

	The period from 7 June 2022 to 31 December 2022	The year ending 31 December 2023
	<i>(in RMB billion)</i>	
The Group (without taking into account transactions of the Target Companies)	5.475	4.757 <i>(up to 31 May 2023)</i>
The Group together with the Target Companies	10.018	7.798 <i>(up to 31 May 2023)</i>

Revised Annual Cap and Basis of Determination

In determining the proposed revised maximum daily deposit balance (including accrued interests) in the Group's settlement account with SPIC Financial for the remainder of the term of the Financial Services Framework Agreement, the Board has considered the following factors: (i) the aforementioned historical highest daily balances of deposits of the Group (without taking into account transactions of the Target Companies); and (ii) the aforementioned historical highest daily balances of deposits of the Group together with the Target Companies.

The Revised Annual Cap for the Deposit Services shall be:

	Year ending 31 December		The period from 1 January 2025 to 6 June 2025
	2023	2024	
	<i>(in RMB billion)</i>		
Proposed Revised Annual Cap	9.0	9.0	9.0

Effective Date

The Supplemental Agreement will only become effective upon Completion of any Target Company.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP

The benefits to the Group from the transactions under the Supplemental Agreement is the same as the Financial Services Framework Agreement which we outlined in the announcement of the Company dated 6 May 2022, including among others, increasing interest income, facilitating fund management and control by the Group and risk assurance. Upon completion of the Acquisitions, the Company expects that the Existing Annual Cap will be exceeded, and therefore should be adjusted upwards into the Revised Annual Cap to reflect the anticipated increase in the level of Deposit Services.

The Directors (save for the members of the Independent Board Committee who will express their views after having received advice from Gram Capital) consider that the Revised Annual Cap is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the aforesaid transactions or is required to abstain from voting on the relevant Board resolutions.

INFORMATION ON THE GROUP, SPIC AND SPIC FINANCIAL

The Company is a core 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, environmental 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.

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.

SPIC Financial was established in the PRC as a non-banking financial institution on 2 September 1992. It is licensed and regulated by the CBIRC and is engaged in the provision of financial services which principally include deposit taking, provision of loans, issue of corporate debentures, inter-bank lending, as well as other financial services such as finance leasing, bills acceptance and discounting, entrusted loans and entrusted investment, arrangement of buyer's credit for member companies' products, underwriting of corporate debentures of member companies, provision of financial advisory, credit certification and other advisory agency services and guarantee services to members of the SPIC Group. SPIC Financial only provides services to members of the SPIC Group under the Measures on Administration of the Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) promulgated by the CBIRC. SPIC Financial has a registered capital of RMB7.5 billion and is owned as to 40.86% by SPIC and as to 59.14% by other wholly-owned and controlled members of the SPIC Group, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC Financial is a wholly-owned subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 61.06% of the issued share capital of the Company. As such, SPIC Financial is a connected person of the Company as defined in the Listing Rules.

Prior to the completion of the Acquisitions, SPIC Financial provided financial services to the Target Companies under similar terms as contemplated under the Financial Services Framework Agreement. Following Completion, the Target Companies would become subsidiaries of the Company. Accordingly, the provision of financial services by SPIC Financial to the Target Companies would become continuing connected transactions of the Company and would fall within the scope of the Financial Services Framework Agreement of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the financial services to be provided by SPIC Financial to the Enlarged Group before the Existing Annual Cap for the Deposit Services is exceeded.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised Annual Cap exceeds 25% but all are below 100%, the transactions under the Deposit Services will therefore constitute (i) major transactions of the Company subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules, and (ii) continuing connected transactions of the Company subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

A General Meeting (the same general meeting for approval of the Acquisitions) will be convened to seek the Independent Shareholders' approval regarding the Supplemental Agreement and the Revised Annual Cap. China Power Development Limited, China Power International Holding Limited, SPIC International Finance (Hong Kong) Company Limited and China Power (New Energy) Holdings Limited, being shareholders of the Company and associates of SPIC, will abstain from voting at the General Meeting.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise and provide recommendations to the Independent Shareholders on the Revised Annual Cap, the terms of the Supplemental Agreement and how to vote. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Revised Annual Cap, a letter of recommendation from the Independent Board Committee and a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, and a notice of the General Meeting are expected to be despatched to the shareholders of the Company on or before 22 August 2023.

DEFINITIONS

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

“Acquisitions”	has the meaning as defined in the announcement of the Company dated 26 July 2023
“associates”	has the meaning given to it by the Listing Rules
“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會), which was replaced by The National Administration of Financial Regulation* (國家金融監督管理總局) in May 2023
“Company”	China Power International Development Limited (中國電力國際發展有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange

“Completion”	has the meaning as defined in the announcement of the Company dated 26 July 2023
“Deposit Services”	the deposit services transactions contemplated under the Financial Services Framework Agreement where the interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall not be lower than (i) the benchmark interest rate specified by The People’s Bank of China* (中國人民銀行) of the same type of deposits; (ii) the interest rate of the same type of deposits obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of same type of deposits placed by other members of SPIC Group with SPIC Financial
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisitions (assuming the Acquisitions have been completed)
“Existing Annual Cap”	the maximum daily balance of deposits (including accrued interests) placed by the Group with SPIC Financial during the term of the Financial Services Framework Agreement as set out in the announcement of the Company dated 6 May 2022
“Financial Services Framework Agreement”	the framework agreement dated 6 May 2022 entered into between the Company and SPIC Financial for provision of financial services by SPIC Financial to the Group
“General Meeting”	the general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Supplemental Agreement, the Revised Annual Cap and the transactions contemplated thereunder
“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
“Independent Board Committee”	the committee of all the independent non-executive Directors, consisting of Mr. LI Fang, Mr. YAU Ka Chi and Mr. HUI Hon Chung, Stanley, which has been formed to advise the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Cap
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited (嘉林資本有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Cap
“Independent Shareholder(s)”	the shareholder(s) of the Company other than SPIC and its associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“Revised Annual Cap”	the proposed revised maximum daily balance of deposits (including accrued interest) placed by the Group (including the Target Companies) with SPIC Financial during the term of the Financial Services Framework Agreement
“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 Financial”	SPIC Financial Company Limited* (國家電投集團財務有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of SPIC and a non-bank financial institution approved by the CBIRC
“SPIC Group”	SPIC and its subsidiaries from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Financial Services Framework Agreement entered into between the Company and SPIC Financial to increase the Existing Annual Cap set out in the Financial Services Framework Agreement to the Revised Annual Cap
“Target Company(ies)”	has the meaning as defined in the announcement of the Company dated 26 July 2023

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.92 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, 17 August 2023

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.