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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 pursuant to Rule 14A.60 of the Listing Rules and Waiver in relation to Non-exempt Continuing Connected Transactions

Reference is made to the announcement dated 26 July 2023 and the circular dated 18 August 2023 of the Company, and the Completion Announcement in relation to the Acquisitions of the Equity Interests in the Target Companies.

Upon completion of the Acquisitions, all the five Target Companies have become subsidiaries of the Company.

EXISTING CCT PURSUANT TO RULE 14A.60 OF THE LISTING RULES

Loan Agreements

Prior to the Completion, Jieyang Company, Beijing Company and two of its subsidiaries (Lenders) had entered into the Loan Agreements with five indirect subsidiaries of SPIC (Borrowers).

As at the date of this announcement, SPIC indirectly owns approximately 62.89% 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.

Since the Borrowers are subsidiaries of SPIC, the transactions contemplated under the Loan Agreements have become continuing connected transactions of the Company following the Completion. Pursuant to Rule 14A.60 of the Listing Rules, the Loan Agreements are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules if the Group continues to conduct the Loans immediately following the Completion. In the event that the terms of the Loan Agreements are renewed or varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

Bank Services Transactions with ABC Group

Beijing Company is held as to 10.31% equity interest by ABC Financial. Following the Completion, Beijing Company have become a non wholly-owned subsidiary of the Company. As ABC Financial holds 10% or more of equity interest in Beijing Company, ABC Financial and its associates have become connected persons at the subsidiary level of the Company upon Completion.

Prior to the Completion, the Group and all the five Target Companies had entered into the Bank Services Transactions with members of ABC Group relating to the provision of deposit services and loan services by ABC Group. Such transactions have become continuing connected transactions of the Company following the Completion pursuant to Rule 14A.60 of the Listing Rules.

WAIVER IN RELATION TO NON-EXEMPT CCT

As ABC Group is one of the Group's principal banking partners, the Group is going to engage the above financial services with members of ABC Group on a continuing and recurring basis after the Completion. Those transactions will constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the written agreement requirement under Rules 14A.34 and 14A.51 of the Listing Rules, which would apply to each non-exempt continuing connected transaction with ABC Group, on the basis that the Company will set Annual Caps for the CCT in accordance with Rule 14A.53 of the Listing Rules.

Bank Services Transactions in respect of (i) the deposit services and (ii) some of the loan services which involve the provision of security by the Group at the subsidiary level of the Company, will be entered into on normal commercial terms or better, approved by the Board and confirmed by the independent non-executive Directors that the terms of such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They will therefore be exempted from the circular (including independent financial advice) and shareholders' approval requirements, pursuant to Rules 14A.101(1) and (2) of the Listing Rules, but are subject to annual review and relevant disclosure requirements.

Reference is made to the Company's announcement dated 26 July 2023 and the circular dated 18 August 2023 ("**Circular**") and the Completion Announcement in relation to the Acquisitions of the Equity Interests in the Target Companies. Unless otherwise defined, all capitalized terms used herein shall have the respective meanings ascribed to them in the Circular and the Completion Announcement.

EXISTING CCT PURSUANT TO RULE 14A.60 OF THE LISTING RULES

Loan Agreements

Prior to Completion, Jieyang Company, Beijing Company and two of its subsidiaries (Lenders) had entered into the Loan Agreements with five indirect subsidiaries of SPIC (Borrowers). The transactions contemplated under the Loan Agreements have become continuing connected transactions of the Company following the Completion pursuant to Rule 14A.60 of the Listing Rules.

The principal terms of the existing eleven Loan Agreements are set out as follows:

Parties:	(i) Jieyang Company, Beijing Company and two of its subsidiaries (as Lenders); and (ii) Five indirect subsidiaries of SPIC (as Borrowers).
Term:	Fixed term ranging from less than one year to three years
Interest rate:	Ranging from 3.0% to 4.9% per annum
Subject matter:	The Lenders agreed to provide the Loans to the Borrowers for project financing, construction of offshore wind projects, and general working capital purposes which may include (i) daily business operations and/or (ii) repayment of debts.
Principal amounts of the Loans:	Ranging from RMB10,000,000 to RMB563,290,743
Total outstanding principal amount of the Loan at the date of this announcement:	RMB792,144,425
Repayment:	One-off repayment of the principal amount and accrued interest upon maturity.
Outstanding balance up to maturity:	The aggregate outstanding amounts (including the principal amount, accrued interest and tax) payable by the Borrowers to the Lenders under the Loan Agreements up to maturity is approximately RMB961,614,542 (equivalent to approximately HK\$1,045,000,000).

Bank Services Transactions with ABC Group

Prior to the Completion, the Group and all the five Target Companies had entered into the Bank Services Transactions with members of ABC Group relating to the provision of deposit services and loan services by ABC Group. Such transactions have become continuing connected transactions of the Company following the Completion pursuant to Rule 14A.60 of the Listing Rules.

The principal terms of the Bank Services Transactions are set out as follows:

Parties

- (i) The Company and/or any members of the Group; and
- (ii) Any members of the ABC Group.

Effective period

Fixed period ranging from one year (including within one year) to twenty years.

Services

(i) Deposit Services:

- a. **Deposits:** the bank accounts the Group maintained with ABC Group and deposit funds into such accounts. Deposits can be in the form of overnight deposits and secured or non-secured time deposits, etc.
- b. **Settlement and Other Services:** the provision of settlement and other services from ABC Group to the Group, including but not limited to settlement, acceptance of bills, letter of guarantee, entrusted loans, securities or bonds underwriting, financial advisory, insurance brokerage and sale and purchase of foreign exchange.

(ii) Loan Services:

- a. **Loans:** the provision of loan services from ABC Group to the Group with or without security over the assets of the Group in accordance with the terms and conditions of the relevant loan agreements.
- b. **Finance Leases:** the provision of finance lease services from ABC Group (as lessor) to the Group (as lessee), whereby the lessor will purchase equipment and facilities from suppliers and then provide such equipment and facilities to the lessee by way of finance lease, who shall, in return make regular lease payments (principal and interest) to the lessor accordingly. Such equipment and facilities include but are not limited to power generating equipment, substations and ancillary facilities, fixtures and fittings, power cables and other equipment and facilities.

Pricing principles

When determining the price for any financial services provided by ABC Group pursuant to the terms and conditions therein, the Group would refer to at least two comparable transactions of a same type with, or quotes obtained from at least two other commercial banks (which are independent third parties) during the same period.

Outstanding amounts

As of 31 December 2022, the Group's account balances with ABC Group in relation to each category of the financial services is as follows:

Services	Amount (RMB'000)
Deposit Services <i>(including accrued interest, and settlement and other services fees charged)</i>	2,618,385.4
Loan Services <i>(including loans, finance leases, factoring and any other forms of borrowing, and accrued interest)</i>	24,665,036.1

WAIVER IN RELATION TO BANK SERVICES TRANSACTIONS WITH ABC GROUP

As ABC Group is one of the Group's principal banking partners, the Group is going to engage the above financial services with members of ABC Group on a continuing and recurring basis after Completion. Those transactions will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

Pursuant to Rules 14A.34 and 14A.51 of the Listing Rules, the Company is required to enter into a written agreement for continuing connected transactions. However, despite the Company's efforts to reach a written framework agreement in respect of the Bank Services Transactions with ABC Group, no such written agreement has been or is expected to be entered into for the difficulties and the main reasons below:

- (i) ABC Group is amongst the four State-owned commercial banks (四大國有商業銀行) directly controlled by the State through Central Huijin Investment Limited* (中央匯金投資有限責任公司) and the Ministry of Finance of the PRC (中華人民共和國財政部) and have branches covering all the provinces in the PRC. Even if any written agreement is reached with one provincial branch, it may not apply to the other provincial branches of ABC Group, and it is extremely difficult to conclude a single written framework agreement between the Company and ABC Group applicable to its entire banking network with terms limiting to 3-year or less or setting an Annual Cap for its normal business (this is especially the case when the Group is not perceived as a connected person from the perspective of ABC Group).
- (ii) ABC Group is a licensed commercial bank operating under the rules and regulations of the National Administration of Financial Regulation* (國家金融監督管理總局), and any changes or updates to those rules and regulations from time to time are open and accessible to the public. ABC Group is legally required to operate under the external rules and regulations applicable to its own banking industry and to follow its own internal policies. As such, it is unlikely for ABC Group to provide any kind of services to any single commercial client (i.e. the Group) that deviate from its standard practice.

- (iii) In practice, there will be specific financial service agreements in place for different types of banking services offered by the ABC Group. The relevant interest rate and other commercial terms of such financial services will be wholly market driven, and will only be agreed after tedious negotiations between the Group and the ABC Group. Therefore, it is unrealistic to expect the parties to be able to reach a single written framework agreement on the key terms of these services.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the written agreement requirement under Rules 14A.34 and 14A.51 of the Listing Rules, which would apply to each non-exempt continuing connected transaction with ABC Group, on the basis that the Company will set Annual Caps for the CCT in accordance with Rule 14A.53 of the Listing Rules.

PROPOSED ANNUAL CAPS FOR BANK SERVICES TRANSACTIONS WITH ABC GROUP

The historical transaction records of the financial services provided by ABC Group to the Group in respect of (i) the maximum daily balance of deposit services provided (including accrued interest, and settlement and other services fees charged); (ii) the maximum balance of loan services (including loans, finance leases, factoring and any other forms of borrowing, and accrued interest) involving the provision of security by the Group; and (iii) the maximum balance of loan services provided to the Group which did not involve the provision of security by the Group are set out as follows:

Services	Maximum balance with ABC Group		
	For the year ended 31 December 2021 <i>(RMB billion)</i>	For the year ended 31 December 2022 <i>(RMB billion)</i>	For the seven months ended 31 July 2023 <i>(RMB billion)</i>
(i) Deposit Services <i>(including accrued interest, and settlement and other services fees charged)</i>	16.82	25.02	23.11
(ii) Loan Services involving the provision of security by the Group <i>(including loans, finance leases, factoring and any other forms of borrowing, and accrued interest)</i>	10.48	11.46	10.78
(iii) Loan Services which did not involve the provision of security by the Group <i>(including loans, finance leases, factoring and any other forms of borrowing, and accrued interest)</i>	10.50	14.00	16.54

In determining the proposed Annual Caps for the two key categories of services to be provided by members of ABC Group to the Group during the three financial years ended 31 December 2023, 2024 and 2025, the Board considered the following factors:

- (a) **Deposit Services:** (i) the historical maximum balance of funds deposited to the accounts with ABC Group; (ii) the projected working capital needs for maintaining the daily operations of the Group for the next three financial years; (iii) the amount of idle funds of subsidiaries which are expected to remain in accounts of ABC Group; and (iv) the projected growth of the Group's businesses.
- (b) **Loan Services involving the provision of security by the Group:** (i) the historical maximum balance of loans with ABC Group; (ii) the projected loan amounts required for investment and working capital purposes for the next three financial years; (iii) the projected growth of the Group's businesses; and (iv) the maximum amount of additional new loans, finance leases, factoring and any other forms of borrowing of the Group that may require the taking of security in the next three financial years.

The proposed Annual Caps for the Bank Services Transactions with ABC Group in respect of the maximum daily balance of deposit services provided to the Group (including accrued interest) for the three financial years ended 31 December 2023, 2024 and 2025 are RMB30.12 billion, RMB36.35 billion and RMB43.87 billion (equivalent to approximately HK\$32.74 billion, HK\$39.51 billion and HK\$47.68 billion) respectively.

The proposed Annual Caps for the Bank Services Transactions with ABC Group in respect of the maximum new contract amount of loan services (including loans, finance leases, factoring and any other forms of borrowing, and accrued interest) provided to the Group involving the provision of security by the Group, for the three financial years ended 31 December 2023, 2024 and 2025 are RMB16.58 billion, RMB19.78 billion and RMB23.65 billion (equivalent to approximately HK\$18.02 billion, HK\$21.50 billion and HK\$25.71 billion) respectively.

	Year ended 31 December		
	2023 (RMB billion)	2024 (RMB billion)	2025 (RMB billion)
Annual Cap – Deposit Services	30.12	36.35	43.87
Annual Cap – Loan Services involving the provision of security by the Group	16.58	19.78	23.65

INTERNAL CONTROL POLICIES AND PROCEDURES

Subject to compliance with relevant laws, regulations and regulatory requirements, the Group shall undertake to adhere to the following principles in dealing with the financial services provided by ABC Group to the Group:

- (i) **Deposit Services:** The interest rate applicable to the Group for its deposits with ABC Group during the same period will not be lower than (a) the benchmark interest rate specified by the People's Bank of China* (中國人民銀行) for the same type of deposits in the PRC, or (b) the interest rate for the same type of deposits (at least two quotes) offered by other major commercial banks. A maximum daily deposit balance will be set for each of the subsidiaries that are having operating accounts with ABC Group to ensure the Group will not exceed the annual cap for deposit services.

- (ii) **Loan Services:** The interest rate and related fees for loans (including loans, finance leases, factoring and any other forms of borrowing) granted to the Group by ABC Group that involving the provision of security by the Group will not be higher than the interest rate and related fees (at least two quotes) offered by other major commercial banks to the Group for the same type of borrowing during the same period. All new loan contracts with ABC Group shall be subject to internal approval by our Beijing office to ensure the Group will not exceed the annual cap for loan services.
- (iii) **Settlement and Other Services:** The services fees for these financial services to be provided by ABC Group will not be higher than the fees charged by other major commercial banks for the same type of services during the same period.

The Company confirms that for the purposes of Rules 14A.55, 14A.56 and 14A.71(6) of the Listing Rules, the relevant contracts in respect of the CCT during the relevant years will be made available for independent non-executive Directors' and the Company's auditors' review to ensure the relevant CCT have been entered into in accordance with the terms, pricing policies and internal control procedures set out in this announcement. The details of the CCT will be disclosed in the Company's future annual reports accordingly.

The Company also confirms that it will comply with the connected transaction rules requirements under Chapter 14A of the Listing Rules for any transactions with ABC Group outside the scope of the above financial services related transactions.

REASONS FOR AND BENEFITS OF THE CCT

Loan Agreements

The terms of the Loan Agreements, including the interest rate, were arrived at after arm's length negotiations between the respective Lenders and Borrowers having taken into account the prevailing market interest rates and practices. Based on the above, the Directors (including independent non-executive Directors) are of the view that the Loan Agreements and the transactions contemplated thereunder are conducted on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has abstained from voting on the Board resolution in approving the continuation of the Agreements.

Bank Services Transactions with ABC Group

The Board considers that the provision of deposit services, various loan services and other financial services by ABC Group are essential to the Group in terms of facilitating the daily operating cash flows and securing stable and reliable financing support to the Group, and therefore maintaining the financial health and assisting the business expansion of the Group in the coming years.

The Directors (including the independent non-executive Directors) are of the view that the Bank Services Transactions are conducted on normal commercial terms or better and in the ordinary course of business of the Group, and the proposed Annual Caps for the Bank Services Transactions for the three financial years ended 31 December 2023, 2024 and 2025 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interest in the Bank Services Transactions with ABC Group set out above or is required to abstain from voting on the related Board resolutions.

INFORMATION OF ABC GROUP

Agricultural Bank of China Limited is the ultimate controlling shareholder of ABC Financial. ABC Group is principally engaged in the provision of a diverse portfolio of corporate and retail banking products and services for a broad range of customers, and conducts treasury operations and asset management.

INFORMATION OF THE GROUP AND SPIC

The Company is a 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.

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.

INFORMATION OF THE LENDERS

The Lenders (which have become subsidiaries of the Company as at the date of this announcement) are principally engaged in the following businesses:

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| 1. Jieyang Company | generation and sales of electricity |
| 2. Beijing Company | generation and sales of electricity |
| 3. SPIC (Beijing) New Energy Investment Co., Ltd.* (國家電投集團(北京)新能源投資有限公司) | investment holdings, investment, development, construction, generation, supply and sales of electricity |
| 4. SPIC Shanxi New Energy Co., Ltd.* (國家電投集團山西新能源有限公司) | investment, development, construction and management of renewable energy projects; generation, supply and sales of electricity |

INFORMATION OF THE BORROWERS

The Borrowers are indirect subsidiaries of SPIC which are principally engaged in the following businesses:

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|--|--|
| 1. Jieyang Cihang Wind Power Co., Ltd.
(揭陽慈航風電有限公司) | generation, transmission and supply of electricity |
| 2. Jieyang Shenquan Wind Power Co., Ltd.
(揭陽神泉風電有限公司) | generation, transmission and supply of electricity |
| 3. Jieyang Jinghai Wind Power Co., Ltd.
(揭陽靖海風電有限公司) | generation, transmission and supply of electricity |
| 4. CPI Photovoltaic Power (Lingyuangang) Co., Ltd.* (中電投青雲光伏發電(連雲港)有限公司) | investment, development, construction and management of photovoltaic power projects; generation, supply and sales of electricity |
| 5. Shanxi Zhongshengda Energy Investment Co., Ltd.* (山西中盛達能源投資有限公司) | investment, development, construction and management of renewable energy projects; generation, supply and sales of electricity |

LISTING RULES IMPLICATIONS

Loan Agreements

As at the date of this announcement, SPIC indirectly owns approximately 62.89% 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.

Since the Borrowers are subsidiaries of SPIC, the transactions contemplated under Loan Agreements have become continuing connected transactions of the Company following the Completion. Pursuant to Rule 14A.60 of the Listing Rules, Loan Agreements are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules if the Group continues to conduct the Loans immediately following the Completion. In the event that the terms of the Loan Agreements are renewed or varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

Bank Services Transactions with ABC Group

Beijing Company is held as to 10.31% equity interest by ABC Financial. Following the Completion, Beijing Company have become a non wholly-owned subsidiary of the Company. As ABC Financial holds 10% or more of equity interest in Beijing Company, ABC Financial and its associates have become connected persons at the subsidiary level of the Company within the meaning of the Listing Rules upon Completion. The Bank Services Transactions have become continuing connected transactions of the Company following the Completion pursuant to Rule 14A.60 of the Listing Rules.

Bank Services Transactions in respect of (i) the deposit services and (ii) some of the loan services which involve the provision of security by the Group at the subsidiary level of the Company, will be entered into on normal commercial terms or better, will be approved by the Board and confirmed by the independent non-executive Directors that the terms of such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They will therefore be exempted from the circular (including independent financial advice) and shareholders' approval requirements, pursuant to Rules 14A.101(1) and (2) of the Listing Rules, but will be subject to annual review and relevant disclosure requirements.

Bank Services Transactions in respect of some of the loan services which do not involve the provision of security over the assets of the Group, and are on normal commercial terms or better, will be fully exempted under Rule 14A.90 of the Listing Rules.

Bank Services Transactions in respect of the settlement and other services (under deposit services) will be entered into on normal commercial terms or better, and the Company expects that each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules of the total fees payable by the Group to ABC Group will fall within the *de minimis* threshold. They will therefore be exempted from all reporting, announcement and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

DEFINITIONS

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

“ABC Financial”	ABC Financial Asset Investment Co., Ltd* (農銀金融資產投資有限公司), a company incorporated in the PRC with limited liability, whose ultimate controlling shareholder is Agricultural Bank of China Limited* (中國農業銀行股份有限公司)
“ABC Group”	Agricultural Bank of China Limited* (中國農業銀行股份有限公司) and its subsidiaries from time to time
“Annual Cap(s)”	the proposed annual cap amounts for the three financial years ended 31 December 2023, 2024 and 2025 in respect of the maximum daily balance of deposit services or maximum new contract amount of loan services, as the case may be, under the Bank Services Transactions
“Bank Services Transactions”	deposit services and loan services provided by ABC Group to the Group
“Borrowers”	Jieyang Cihang Wind Power Co., Ltd. (揭陽慈航風電有限公司), Jieyang Shenquan Wind Power Co., Ltd. (揭陽神泉風電有限公司), Jieyang Jinghai Wind Power Co., Ltd. (揭陽靖海風電有限公司), CPI Photovoltaic Power (Lingyuangang) Co., Ltd.* (中電投青雲光伏發電(連雲港)有限公司) and Shanxi Zhongshengda Energy Investment Co., Ltd.* (山西中盛達能源投資有限公司)

“CCT”	continuing connected transactions have the meaning ascribed to them under the Listing Rules
“Completion Announcement”	the announcement dated 31 October 2023 of the Company about the completion of the major and connected transactions in relation to the Acquisitions of the Equity Interests in the five Target Companies
“Lenders”	Jieyang Company, Beijing Company and two of its subsidiaries, SPIC (Beijing) New Energy Investment Co., Ltd.* (國家電投集團(北京)新能源投資有限公司) and SPIC Shanxi New Energy Co., Ltd.* (國家電投集團山西新能源有限公司)
“Loan Agreements” or “Agreements”	the loan agreements for the provision of the Loans entered into between the Lenders and the Borrowers prior to the Completion
“Loans”	the various lending from the Lenders to the Borrowers
“SPIC Group”	SPIC and its subsidiaries
“Target Companies”	Beijing Company, Heilongjiang Company, Fujian Company, Shanxi Company and Jieyang Company as defined and disclosed in the Circular and the Completion Announcement

* *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, 31 October 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.