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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 announcements of the Company in relation to a composite services framework agreement and its supplemental agreement dated 28 February 2018 and 28 June 2019 respectively which expired on 31 December 2020.

On 4 January 2021, the Company has renewed the Composite Services 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 previous framework agreement and its supplemental agreement.

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 and the Service Providers, being the subsidiaries of SPIC, are connected persons of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Composite Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The proposed annual caps of the Composite Services Framework Agreement for the three financial years ended 31 December 2021, 2022 and 2023 are RMB280,000,000, RMB315,000,000 and RMB325,000,000 (equivalent to approximately HK\$333,000,000, HK\$375,000,000 and HK\$387,000,000) respectively. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the maximum annual cap of the Composite Services Framework Agreement exceed 0.1% but fall below 5%, the transactions contemplated under the 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.

Reference is made to the announcements of the Company in relation to a composite services framework agreement and its supplemental agreement dated 28 February 2018 and 28 June 2019 respectively which expired on 31 December 2020.

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## **COMPOSITE SERVICES FRAMEWORK AGREEMENT**

### ***Date***

4 January 2021

### ***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 term of the agreement is three years commencing from 1 January 2021 and ending 31 December 2023.

### ***Scope of Services***

Under the Composite Services Framework Agreement, the Services Providers will provide the Employers various services with respect to technical repair and maintenance and management for the power generating units and related power generation facilities, as well as daily operational supports for 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).

### ***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 annual caps (inclusive of all taxes) of the past transactions with the Service Providers for the three financial years ended 31 December 2018, 2019 and 2020 are set out below:

Year	Historical amount (RMB'000)	Annual caps (RMB'000)
2018	160,055 (Actual)	186,750
2019	190,447 (Actual)	221,000
2020	214,707 (Estimated)	258,000

### ***Proposed Annual Caps***

The proposed annual caps (inclusive of all taxes) of the transactions with the Service Providers for the three financial years ended 31 December 2021, 2022 and 2023 are set out below:

Year	Annual caps (RMB'000)
2021	280,000
2022	315,000
2023	325,000

The aforesaid proposed annual caps were 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 unit, 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 plant and/or office;
- (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 Framework Agreement, the factors upon which the proposed annual caps 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 Composite Services 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. In addition, the specialized experience of the Service Providers in handling and transporting fuel, chemicals and waste will ensure that the various processes as well as the subsequent disposal of waste are undertaken in compliance with the relevant PRC regulations.

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 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 Composite Services 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 Framework Agreement and therefore no Director has abstained from voting on the related Board resolution.

## **INFORMATION ON THE GROUP, SPIC AND THE SERVICE PROVIDERS**

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.

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.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, SPIC owns approximately 60.04% 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 Composite Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The proposed annual caps of the Composite Services Framework Agreement for the three financial years ended 31 December 2021, 2022 and 2023 are RMB280,000,000, RMB315,000,000 and RMB325,000,000 (equivalent to approximately HK\$333,000,000, HK\$375,000,000 and HK\$387,000,000) respectively. As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the maximum annual cap of the Composite Services Framework Agreement exceed 0.1% but fall below 5%, the transactions contemplated under the 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
“Composite Services Framework Agreement” or “Framework Agreement”	the framework agreement for the provision of the Composite Services entered into between the Company and SPIC dated 4 January 2021
“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
“Service Providers”	the direct or indirect subsidiaries of SPIC, individually the “Service Provider” or collectively the “Service Providers”
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

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By Order of the Board  
**China Power International Development Limited**  
**Tian Jun**  
*Chairman*

Hong Kong, 4 January 2021

*As at the date of this announcement, the directors of the Company are: executive directors Tian Jun and He Xi, non-executive directors Guan Qihong and Wang Xianchun, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.*