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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 Supply Supplemental Agreement and Revision of Annual Caps

On 26 November 2021, the Company entered into the Coal Supply Supplemental Agreement with Huainan Mining to revise the amount of annual caps for the years 2021 and 2022 in relation to the supply of coal by Huainan Mining to the Purchasers (subsidiaries of the Company) under Huainan Mining Coal Supply Framework Agreement.

As at the date of this announcement, Huainan Mining holds 40% equity interest in each of Pingwei I, Pingwei II and Pingwei III, and 42% equity interest in Dabieshan Power Plant (non-wholly owned subsidiaries of the Company). As such, Huainan Mining is a substantial shareholder of the subsidiaries of the Company, and thus a connected person at the subsidiary level of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Coal Supply Supplemental Agreement constitute continuing connected transactions of the Company according to Chapter 14A of the Listing Rules.

Pursuant to the Coal Supply Supplemental Agreement, the Revised Annual Caps for the two financial years ended 31 December 2021 and 2022 shall be increased to RMB7,639,000,000 and RMB8,171,000,000 (equivalent to approximately HK\$9,315,854,000 and HK\$9,964,634,000) respectively.

Given the continuing connected transactions contemplated under the Coal Supply Supplemental Agreement are at the subsidiary level of the Company, have been approved by the Board and confirmed by the independent non-executive Directors that the terms of such transactions are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, they will 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 announcement of the Company dated 31 December 2019 in relation to the Huainan Mining Coal Supply Framework Agreement entered between the Company and Huainan Mining, pursuant to which the Huainan Mining agreed to supply coal to the Purchasers for three financial years commencing from 1 January 2020 to 31 December 2022.

On 26 November 2021, the Company entered into the Coal Supply Supplemental Agreement with Huainan Mining to revise the amount of annual caps for the coal supply under Huainan Mining Coal Supply Framework Agreement as agreed between the Purchasers and the Supplier.

THE COAL SUPPLY SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAPS

Date

26 November 2021

Parties

- (i) the Company (representing its subsidiaries, collectively the Purchasers); and
- (ii) Huainan Mining (the Supplier).

Original Annual Caps

Pursuant to the Huainan Mining Coal Supply Framework Agreement, the Original Annual Caps for the coal supply from the Supplier to the Purchasers for the years ended 31 December 2021 and 2022 were:

Year	Original Annual Caps (RMB'000)
2021	5,849,000
2022	6,055,000

As detected by the internal control systems, the Company expects the Purchasers' annual total consumption value amount of coal is going to exceed the Original Annual Cap for the year ended 31 December 2021. As at the date of this announcement, the total amount paid by the Purchasers to the Supplier has not yet exceeded the Original Annual Cap for the year ended 31 December 2021.

Revised Annual Caps

Taking into account of (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); (ii) the available data published at the website of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn; (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, the Revised Annual Caps for the coal supply from the Supplier to the Purchasers under the Coal Supply Supplemental Agreement shall be:

Year	Revised Annual Caps (RMB'000)
2021	7,639,000
2022	8,171,000

Save as disclosed above, all the other terms of the Huainan Mining Coal Supply Framework Agreement remain unchanged.

REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

With the increase in electricity sales of the Group's coal-fired power generation in the first three quarters of this year by over 20% year-on-year (as disclosed in the Company's announcement dated 27 October 2021), coupled with the surge in the market prices of coal in recent months, the Group recorded corresponding increase in coal consumption in terms of fuel cost. Under the Huainan Mining Coal Supply Framework Agreement, the Purchasers are able to enjoy more favourable prices by bulk purchases and consistent coal supply, the Purchasers therefore has been substantially increasing its coal procurement with the Supplier to lower its cost of production and to ensure stable supply of coal during the past few months. It is expected that the increasing coal procurement with the Supplier will persist to the end of this year. Through discussion and negotiation at arm's length basis, the Company entered into the Coal Supply Supplemental Agreement with the Supplier to amend the total volume and the amount of coal to be transacted, and revised the annual caps of the continuing connected transactions for the years 2021 and 2022.

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 Supply Supplemental Agreement has been entered into in ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions of the Coal Supply Supplemental Agreement or is required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE GROUP

The Company is a core subsidiary of SPIC for conventional energy business. SPIC (together with its subsidiaries) is one of the five major electricity generation groups and is the 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 hydropower, wind power, photovoltaic power and coal-fired power plants. Its businesses are located in the major power grid regions of China.

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.

INFORMATION OF HUAINAN MINING

Huainan Mining is a limited liability company incorporated under the laws of the PRC in November 1981 with its headquarter situated at Huainan City, Anhui Province, the PRC. Huainan Mining is principally engaged in various industries such as coal mining, electricity, logistics and finance. It is ranked one of the coal bases of 100-million-ton level and one of the largest coal-electricity bases in the PRC. It is ultimately controlled by Huaihe Energy Holding Group Co., Ltd. *(淮河能源控股集團有限責任公司), a wholly State-owned enterprise established by the approval of the State Council of the PRC.

COMPLIANCE WITH THE LISTING RULES

Huainan Mining holds 40% equity interest in each of Pingwei I, Pingwei II and Pingwei III, and 42% equity interest in Dabieshan Power Plant (non-wholly owned subsidiaries of the Company). As such, Huainan Mining is a substantial shareholder of the subsidiaries of the Company, and thus a connected person at the subsidiary level of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Coal Supply Supplemental Agreement constitute continuing connected transactions of the Company according to Chapter 14A of the Listing Rules.

Given the continuing connected transactions contemplated under the Coal Supply Supplemental Agreement are at the subsidiary level of the Company, have been approved by the Board and confirmed by the independent non-executive Directors that the terms of such transactions are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, they will 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.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Coal Supply Supplemental Agreement”	a supplemental agreement to the Huainan Mining Coal Supply Framework Agreement dated 26 November 2021 entered in between the Company and Huainan Mining
“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

“Dabieshan Power Plant”	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司), a company incorporated in the PRC with limited liability and a 51%-owned subsidiary of the Company
“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
“Huainan Mining” or “Supplier”	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司), a company incorporated in the PRC with limited liability
“Huainan Mining Coal Supply Framework Agreement”	the framework agreement for the supply of the coal between the Company and Huainan Mining dated 31 December 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Annual Caps”	the annual maximum value amount of sale and purchase of coal under the Huainan Mining Coal Supply Framework Agreement for the two financial years ended 31 December 2021 and 2022
“Pingwei I”	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of the Company
“Pingwei II”	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of the Company
“Pingwei III”	Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of the Company

“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
“Purchasers”	including but not limited to Dabieshan Power Plant, Pingwei I, Pingwei II, Pingwei III and Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司), subsidiaries of the Company, collectively the “Purchasers”
“Revised Annual Caps”	the annual maximum value amount of sale and purchase of coal under the Coal Supply Supplemental Agreement for the two financial years ended 31 December 2021 and 2022
“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)
“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 RMB0.82 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, 26 November 2021

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