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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **Deemed Disposal of Equity Interest in Pingwei Power**

##### **Capital Injection Agreement**

On 6 December 2024, the Company, Huainan Mining and Pingwei Power (a 60%-owned subsidiary of the Company) entered into the Capital Injection Agreement, pursuant to which Huainan Mining agreed to acquire 11% equity interest of Pingwei Power at a consideration of RMB152,823,808.16 (equivalent to approximately HK\$166,113,000) by way of injection to the registered capital of Pingwei Power.

Upon Completion, the Company's equity interest in Pingwei Power will be diluted from 60% to 49%, Pingwei Power will then cease to be a subsidiary of the Company and become an associate of the Company.

##### **Listing Rules Implications**

As entering into the Capital Injection Agreement will result in a reduction in the percentage of equity interest held by the Company in Pingwei Power, it constitutes a Deemed Disposal by the Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Deemed Disposal is more than 5% but all of them are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As of the date of this announcement, Pingwei Power is owned as to 40% by Huainan Mining. Accordingly, Huainan Mining is a connected person of the Company at the subsidiary level. As such, the transaction contemplated under the Capital Injection Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given (i) Huainan Mining is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Capital Injection Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Capital Injection Agreement are fair and reasonable, the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Deemed Disposal is therefore subject to the reporting and announcement requirement but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement issued by the Company dated 30 June 2024 in relation to the Cooperation Framework Agreement, which involves, among others, the development of Pingwei Phase IV Project, the Potential Partial Disposal of Pingwei Power and other potential collaboration arrangements.

Further to the Cooperation Framework Agreement, the Company, Huainan Mining and Pingwei Power have entered into the Capital Injection Agreement to proceed with deepening the existing collaboration of “coal-and-power joint-operation” (煤電聯營) in respect of new project development and equity restructuring.

## **THE CAPITAL INJECTION AGREEMENT**

### ***Date***

6 December 2024

### ***Parties***

- (i) Company;
- (ii) Huainan Mining; and
- (iii) Pingwei Power.

### ***The Capital Injection and payment terms***

Pursuant to the Capital Injection Agreement, the parties agreed that Huainan Mining will acquire 11% equity interest of Pingwei Power by way of injection to the registered capital of Pingwei Power. Subject to the terms and conditions of the Capital Injection Agreement, Huainan Mining will make a cash contribution of RMB152,823,808.16 (equivalent to approximately HK\$166,113,000) to Pingwei Power.

Upon execution and effect of the Capital Injection Agreement and the conditions precedent (as stated in the following) have been satisfied, Huainan Mining shall, within 10 business days, pay the cash contribution into the designated bank account of Pingwei Power. If Huainan Mining fails to complete payment of the cash contribution to Pingwei Power accordingly, it shall be liable to pay the Company at the rate of 0.05% of the unpaid amount per day as damages.

### ***Basis of determination of the amount of Capital Injection***

The amount of the Capital Injection was determined by the contracting parties to the Capital Injection Agreement after arm's length negotiations with reference to (i) the Asset Appraisal Report for the entire equity interest of Pingwei Power as at Appraisal Benchmark Date, which was in the amount of RMB680,760,600 as appraised by an Independent Appraiser using the asset-based approach; and (ii) the percentage of equity interest in Pingwei Power to be acquired by Huainan Mining.

### ***Conditions precedent***

The Completion of the Capital Injection shall be subject to the satisfaction of (or waived by the contracting parties in writing, where applicable) the following conditions precedent:

- Pingwei Power has legally obtained and possesses all approvals, authorizations, licenses or qualifications required for operating its business, and there are no circumstances that may cause the above approvals, consents, authorizations, licenses or qualifications to become invalid;
- Pingwei Power has fulfilled all the necessary internal and external decision-making and approval procedures for the Capital Injection Agreement;
- The Board and the board of directors of Huainan Mining have approved the terms and conditions of the Capital Injection Agreement and the relevant board resolutions have been delivered to all the contracting parties;
- The shareholders or independent shareholders of the Company where applicable, have approved the Capital Injection Agreement (if applicable);
- The Asset Appraisal Report has been filed with or approved by the relevant authorities in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission;
- The original signed copies of the Capital Injection Agreement have been delivered to all the contracting parties;
- A revised new articles of association for Pingwei Power effective upon Completion and an Entrusted Management Agreement have been drafted and agreed upon between all the contracting parties;
- All necessary approvals or consents in relation to the Capital Injection Agreement and the transaction contemplated thereunder have been obtained from all relevant governments and regulatory authorities in all applicable jurisdictions (if applicable);
- All representations, warranties and commitments stated in the Capital Injection Agreement remain true, accurate and non-misleading as of the dates of the Capital Injection Agreement and Completion; and

- There are no applicable laws prohibiting the Capital Injection, or the signing and execution of the Capital Injection Agreement will not cause each of the contracting parties to violate applicable laws.

### ***Profit or loss during the Transitional Period***

During the Transitional Period, the profits and losses generated by Pingwei Power shall be entitled by the Company and Huainan Mining in accordance with their respective shareholding prior to Completion.

### ***Completion***

Completion shall take place when (i) all the conditions precedent have been satisfied (or waived where applicable), and (ii) all the borrowings owed by Pingwei Power to SPIC in the amount of RMB163.43 million and SPIC Financial in the amount of RMB160 million and their accumulated interests have been fully repaid.

Within 2 business days after the Capital Injection made by Huainan Mining, Pingwei Power shall convene a general meeting/board meeting to approve its revised new articles of association and update its register of members pursuant to the Capital Injection Agreement. Within 2 business days after conclusion of the aforesaid general meeting/board meeting, Pingwei Power shall make all necessary filings in relation to the Capital Injection with relevant regulatory authorities, obtain the necessary approvals and a new business license.

The date of obtaining the approval from SAMR for the aforesaid filings (registration of change) and issuance of the new business license to Pingwei Power shall deem to be the date of Completion.

### ***Post-Completion Commitments***

Pursuant to the Capital Injection Agreement, the contracting parties further agreed to the following post-Completion arrangements:

- (i) Within 30 days after the Completion, the operation and management of Pingwei Power shall be entrusted to Pingwei II and Pingwei III to achieve integrated mode of management by entering into an Entrusted Management Agreement.
- (ii) Huainan Mining has undertaken to provide long-term coal supply to Pingwei Companies at minimum of 8.6 million tons per annum upon Pingwei Phase IV Project commencing operation. This includes an allocation of 2.4 million tons to Pingwei II and 3.2 million tons to Pingwei III. Details of which shall be specified in a definitive coal supply agreement to be entered into between the Company and Huainan Mining.
- (iii) Within 30 business days after the Completion, Pingwei Power shall repay all the entrusted loans (approximately RMB488.52 million) and their accumulated interests due to the Group. If Pingwei Power fails to complete the aforesaid repayment to the Group and unilaterally due to the reason of Huainan Mining failed to provide support as its controlling shareholder, then based on the proportion of its 51% shareholding in Pingwei Power, Huainan Mining shall be liable to pay the Company at the rate of 0.01% of the total outstanding amount per day as damages.

### ***Governance of Pingwei Power after Completion***

Pursuant to the Capital Injection Agreement, the new board of directors of Pingwei Power shall consist of five members, with three be recommended by Huainan Mining (including one chairman) and two be recommended by the Company (including one vice chairman), with at least half of the board members shall be external directors. The new board of directors of Pingwei Power shall run in accordance with the terms of reference as specified in its revised new articles of association.

At the management level, Pingwei Power shall have one general manager, certain number of deputy managers, one financial controller and one chief engineer. For deputy managers, three of them shall be recommended by Huainan Mining and the others be recommended by the Company.

### **FINANCIAL IMPACT OF THE CAPITAL INJECTION AND DEEMED DISPOSAL**

After the Capital Injection, the registered capital of Pingwei Power will be increased to approximately RMB1,030.53 million. The change of shareholding structure of Pingwei Power before and after the Capital Injection will be as follows:

Shareholder	% of shareholding <i>Before</i>	% of shareholding <i>After</i>
China Power	60%	49%
Huainan Mining	40%	51%

Pingwei Power intends to use the proceed from the Capital Injection on repayment of the outstanding amounts due to the Group.

Upon Completion, the Company's equity interest in Pingwei Power will be diluted from 60% to 49%. Pingwei Power will then cease to be a subsidiary of the Company and become an associate of the Company. The Group will account for the financial results and financial position of Pingwei Power using the equity method in its consolidated financial statements. Based on the current unaudited internal management accounts, save for the relevant transaction costs and expenses and subject to any final audit adjustments, it is estimated that the Group will record a gain of approximately RMB56 million from the Deemed Disposal and a reduction of the Group's debt-to-asset ratio by approximately 0.2 percentage point.

### **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The Capital Injection Agreement represents a strategic partnership of the Company and Huainan Mining that builds upon the Cooperation Framework Agreement, which is meant to unleash the advantages of "two joint operations" (兩個聯營) industrial models of "coal plus coal-fired power" and "coal-fired power plus new energy power".

The Capital Injection further reinforces both parties' commitment to the development of Pingwei Phase IV Project under Pingwei Power, which is one of the principal power generation projects in Anhui Province under the national "14th Five-Year" plan and is of great significance to alleviating the power shortage in Anhui Province and supporting the sustainable development of the regional economy and community.

Entering into the Capital Injection Agreement will ensure that the Company would be able to fully benefit from the clean and high-efficiency new generating units of Pingwei Phase IV Project, and is coherent with the Company's strategic goal of green and sustainable development. In addition, the post-Completion commitments under the Capital Injection Agreement will enable the Group to realize strategic and operational synergies of ensuring the long-term dual security for stable coal supply and stable electricity generation of Pingwei Companies.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the Capital Injection Agreement has been conducted 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 material interest in the Capital Injection Agreement or is required to abstain from voting on the relevant Board resolutions.

## **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. As at the date of this announcement, the Company owns 60% equity interest in each of Pingwei Power, Pingwei II and Pingwei III.

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 HUAINAN MINING**

Huainan Mining is a limited liability company incorporated under the laws of the PRC in November 1981. It is principally engaged in various industries such as coal mining, electricity, logistics and finance and ultimately controlled by 淮河能源控股集團有限責任公司 (Huaihe Energy Holding Group Co., Ltd.\*), a wholly State-owned enterprise. As at the date of this announcement, Huainan Mining owns 40% equity interest in each of Pingwei Power, Pingwei II and Pingwei III. According to the Listing Rules, Huainan Mining is a connected person of the Company at the subsidiary level.

## **INFORMATION OF PINGWEI POWER**

Pingwei Power is a limited liability company incorporated in the PRC in September 1999. It is principally engaged in the generation and sales of coal-fired power. As of the date of this announcement, Pingwei Power is owned as to 60% by the Company and 40% by Huainan Mining.

Set out below is the audited financial information of Pingwei Power for the two financial years ended 31 December 2022 and 31 December 2023 prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC:

	<b>As at 31 December 2023 (RMB'000)</b>	<b>As at 31 December 2022 (RMB'000)</b>
Net assets	570,138	572,432

	<b>For the year ended 31 December 2023 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>
Profit before tax	59,138	63,236
Profit after tax	43,449	46,533

## LISTING RULES IMPLICATIONS

As entering into the Capital Injection Agreement will result in a reduction in the percentage of equity interest held by the Company in Pingwei Power being diluted from 60% to 49% upon Completion, it constitutes a Deemed Disposal by the Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Deemed Disposal is more than 5% but all of them are less than 25%, the Deemed Disposal constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As of the date of this announcement, Pingwei Power is owned as to 40% by Huainan Mining. Accordingly, Huainan Mining is a connected person of the Company at the subsidiary level. As such, the transaction contemplated under the Capital Injection Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given (i) Huainan Mining is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Capital Injection Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Capital Injection Agreement are fair and reasonable, the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Deemed Disposal is therefore subject to the reporting and announcement requirement but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

## DEFINITIONS

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

“Appraisal Benchmark Date”	31 December 2023, being the reference date on which the value of Pingwei Power was appraised
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“Asset Appraisal Report”	the asset appraisal report with regard to the market value of the net asset of Pingwei Power as at the Appraisal Benchmark Date, prepared by the Independent Appraiser
“Board”	the board of Directors of the Company
“Capital Injection”	the cash contribution of RMB152,823,808.16 (equivalent to approximately HK\$166,113,000) to be made by Huainan Mining as the consideration to acquire 11% equity interest in Pingwei Power by way of injection to the registered capital of Pingwei Power pursuant to the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 6 December 2024 entered into between the Company, Huainan Mining and Pingwei Power in respect of the Capital Injection
“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”	completion of the Capital Injection pursuant to the terms and conditions set out in the Capital Injection Agreement
“Cooperation Framework Agreement”	the framework agreement dated 30 June 2024 entered into between the Company and Huainan Mining in respect of the development of the Pingwei Phase IV Project, the Potential Partial Disposal and other potential collaboration arrangements (please refer to the Company’s announcement dated 30 June 2024)
“Deemed Disposal”	the dilution of the percentage of equity interest held by the Company in Pingwei Power from 60% to 49% as a result of the Capital Injection
“Director(s)”	director(s) of the Company
“Entrusted Management Agreement”	a management agreement to be entered between Pingwei Power, Pingwei II and Pingwei III within 30 days following the Completion which shall entrust Pingwei II and Pingwei III to take on the operation and management responsibilities for Pingwei Power in order to achieve integrated mode of management for the three companies involved, and their operating and administrative expenses shall be shared between the three companies based on a cost basis with reference to the installed capacity of their respective power generating units
“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”	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
“Independent Appraiser”	Beijing Zhongqihua Asset Appraisal Co., Ltd.* (北京中企華資產評估有限公司), a qualified asset valuer in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW which is a unit of measurement for the output of power generation
“Pingwei Companies”	Pingwei Power, Pingwei II and Pingwei III collectively
“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 which presently holds two supercritical coal-fired power generating units with total installed capacity of 1,280MW, located in Anhui Province of the PRC. As of the date of this announcement, it is owned as to 60% by the Company and 40% by Huainan Mining
“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 which presently holds two ultra-supercritical coal-fired power generating units with total installed capacity of 2,000MW, located in Anhui Province of the PRC. As of the date of this announcement, it is owned as to 60% by the Company and 40% by Huainan Mining
“Pingwei Phase IV Project”	the construction of two ultra-supercritical coal-fired power generating units with total installed capacity of 2,000MW, located in Anhui Province of the PRC
“Pingwei Power”	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 which presently holds two subcritical coal-fired power generating units with total installed capacity of 1,260MW, located in Anhui Province of the PRC. As of the date of this announcement, it is owned as to 60% by the Company and 40% by Huainan Mining

“Potential Partial Disposal”	the proposed disposal of an 11% equity interest in Pingwei Power from the Company to Huainan Mining, as outlined in the Cooperation Framework Agreement that entered into prior to the Capital Injection Agreement
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	State Administration for Market Regulation, the main PRC governmental authority responsible for comprehensive market supervision and administration as well as regulating market transactions of all the market entities in the PRC, which is under the direct supervision of the State Council (國務院)
“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 (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 National Financial Regulatory Administration* (國家金融監督管理總局)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transitional Period”	the period from the Appraisal Benchmark Date to the date of Completion

\* *English or Chinese translation, as the case may be, is for identification purposes 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, 6 December 2024

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