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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Power International Development Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND MAJOR TRANSACTION IN RELATION TO THE RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 9 to 25 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from Somerley Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 45 of this circular.

The general meeting of the Company (the “GM”) will be held on **Thursday, 5 June 2025 at 11:00 a.m.** The notice of the GM is set out on pages 56 to 58 of this circular. The GM will be held by way of virtual meeting using electronic system which allows all Shareholders to participate and vote through the online platform. Whether or not Shareholders are able to attend the GM, they are encouraged to appoint the Chairman of the GM as their proxy. The deadline to submit completed proxy forms is Tuesday, 3 June 2025 at 11:00 a.m.

SUMMARY OF GUIDANCE FOR THE GM

Please see pages 1 to 4 of this circular for details of the guidance for the virtual GM, including:

- Attendance
 - Online Platform
 - Login details for registered Shareholders
 - Login details for non-registered Shareholders
 - Login details for duly appointed proxies or corporate representatives
 - Login details for new registered Shareholders
- Proxy appointment and voting
- Questions at or prior to the GM

21 May 2025

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GUIDANCE FOR THE GM

The general meeting (the “**GM**”) of China Power International Development Limited (the “**Company**”) will be held by way of virtual meeting through broadcasting at the website of https://meetings.computershare.com/CHINAPOWER_2025GM1 (the “**Online Platform**”). Shareholders attending and participating in the GM using the Online Platform will be deemed present at, and will be counted towards the quorum of, the GM and they will be able to cast their votes and submit questions through the Online Platform. Unless otherwise defined herein, terms used in this guidance for the GM shall have the same meanings in the “Definitions” section on pages 5 to 8.

ATTENDANCE

Both registered and non-registered Shareholders will be able to **attend and view** a live webcast of the GM, **pose questions** and **cast vote** through the Online Platform.

Online Platform

The Online Platform will be opened for registered and non-registered Shareholders to log in approximately 30 minutes prior to the commencement of the GM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures.

A step-by-step “Online Meeting User Guide” for the login process of the GM has been made available on the Company’s website at www.chinapower.hk for assistance.

Login details for registered Shareholders

For registered Shareholders, the login details for joining the GM through the Online Platform are provided on the notification letter that has been sent together with this circular.

Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend and vote at the GM through the Online Platform should:

- (1) contact and instruct your banks, brokers, custodians, nominees or HKSCC Nominees Limited by which your Shares are held (collectively, the “**Intermediary**”) to appoint you as the proxies or corporate representatives to attend and vote at the GM; and
- (2) provide your email addresses to your Intermediary before the time limit required by your Intermediary.

Login details to access the Online Platform will be sent to the non-registered Shareholders by the Company’s share registrar, Computershare Hong Kong Investor Services Limited (“**Computershare**”), to the email address you provided to the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 11:00 a.m. on Wednesday, 4 June 2025 should reach out to Computershare for assistance.

GUIDANCE FOR THE GM

Without the login details, non-registered Shareholders will not be able to attend, participate and vote in the GM. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

Login details for duly appointed proxies or corporate representatives

Login details to access the Online Platform will be sent by Computershare to the email address of the proxies provided in the returned forms of proxy.

For corporate Shareholders who wish to appoint representatives to attend, participate and vote at the GM on their behalf through the Online Platform, please call the service hotline of Computershare at (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m. (Hong Kong time) from Monday to Friday, excluding Hong Kong public holidays for arrangement.

Any proxy or corporate representative who has not received the login details by email by 11:00 a.m. on Wednesday, 4 June 2025 should reach out to Computershare for assistance.

Login details for new registered Shareholders

For new registered Shareholders (who have registered after dispatch date of the documents but are still entitled to attend, participate and vote at the GM), login details can be obtained at request from Computershare with contact details below:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

Website: www.computershare.com/hk/contact

POINTS TO NOTE —

Registered and non-registered Shareholders should note that **only one device** is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the GM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise. Shareholders should also note that an active and stable internet connection is required in order to allow them to participate, vote and submit questions at the GM through the Online Platform. It is the users' own responsibility to ensure that they have a sufficient and stable internet connection.

PROXY APPOINTMENT AND VOTING

Voting by Proxy

A Shareholder who is entitled to attend and vote at the GM is entitled to appoint a proxy to exercise the Shareholder's rights at the GM. A proxy may attend, speak and vote instead of the Shareholder who needs not be a Shareholder of the Company.

Irrespective of whether Shareholders are able to attend the GM, you are encouraged to appoint the Chairman of the GM as your proxy. **If the proxy appointed is not the Chairman of the GM, you are requested to provide a valid email address of your proxy to receive the login details. If no email address is provided, your proxy cannot attend, participate and vote at the GM.**

Where there are joint registered holders of any Share(s), any one of such persons (or his/her proxy) may vote at the GM, through the Online Platform, in respect of such Share(s) as if he/she is solely entitled to, but if more than one of such joint holders (or his/her proxy) be present at the GM through the Online Platform that **only one device** is allowed per login.

Proxy Forms and Voting Record Date

A proxy form is enclosed with this circular or can be downloaded from the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinapower.hk.

All proxy forms must be completed and signed in accordance with the instructions printed thereon and be returned (i) to Computershare at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) electronically via the Company's email address at eproxy@chinapower.hk not less than 48 hours before the time appointed for the holding of the GM or any adjournment thereof (as the case may be). **The deadline to submit completed proxy forms is Tuesday, 3 June 2025 at 11:00 a.m.**

Submission of the form of proxy will not preclude any member of the Company from attending the GM through the Online Platform or any adjournment thereof and voting online if such member so wishes and in such event, the form of proxy will be deemed to be revoked.

QUESTIONS AT OR PRIOR TO THE GM

Shareholders attending the GM online will be able to raise questions relevant to the proposed resolutions through the Online Platform. The usual Q&A time will be restricted to a maximum of 15 minutes.

Prior to the GM, no matter Shareholders attend the GM or not, they are also welcome to send any question in writing about any resolution or about the Company, or have any matter for communication with the Board, to the Company's registered office **or to our email at ir@chinapower.hk no later than 6:00 p.m. on Monday, 2 June 2025.**

GUIDANCE FOR THE GM

The Company will endeavor to address relevant questions in relation to the proposed resolutions at the GM. However, the Company may not be able to answer all the questions during the time allocated. Unanswered questions may be responded to after the GM.

If Shareholders have any questions relating to the GM arrangements, please contact the share registrar of the Company as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

Online Enquiries: www.computershare.com/hk/en/online_feedback

DEFINITIONS

In this circular, (other than the Notice of General Meeting) the following expressions have the following meanings unless the context requires otherwise:

“Annual Cap”	the maximum daily balance of deposits (including accrued interest) placed by the Group with SPIC Financial during the term of the Framework Agreement
“associates”	has the meaning given to it by the Listing Rules
“Board”	the board of Directors of the Company
“CNAFC”	China National Association of Finance Companies (中國財務公司協會)
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“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 Hong Kong Stock Exchange
“CPDL”	China Power Development Limited, a company incorporated in the British Virgin Islands with limited liability, the substantial shareholder of the Company and a subsidiary of CPI Holding, thus an associate of SPIC and a connected person of the Company
“CPI Holding”	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling company of the Company and a wholly-owned subsidiary of SPIC, thus an associate of SPIC and a connected person of the Company
“CPNE”	China Power (New Energy) Holdings Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of the Company and an indirect non-wholly owned subsidiary of SPIC, thus an associate of SPIC and a connected person of the Company and a connected person of the Company
“Deposit Services”	the deposit services transactions contemplated under the Framework Agreement
“Director(s)”	director(s) of the Company

DEFINITIONS

“Framework Agreement” or “Financial Services Framework Agreement”	the framework agreement dated 29 April 2025 entered into between the Company and SPIC Financial for provision of financial services by SPIC Financial to the Group
“GM” or “Meeting”	the general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Framework Agreement and the transactions contemplated therein
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Deposit Services and the Annual Cap
“Independent Financial Adviser” or “Somerley Capital”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services and the Annual Cap
“Independent Shareholders”	the shareholders of the Company other than SPIC and its associates
“Latest Practicable Date”	15 May 2025, being the latest practicable date prior to publication of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“NFRA”	the National Financial Regulatory Administration (國家金融監督管理總局)
“Online Platform”	(https://meetings.computershare.com/CHINAPOWER_2025GM1) the internet based online platform through which the Shareholders can attend, participate and vote by electronic means at the GM

DEFINITIONS

“PBOC”	The People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China
“Previous Framework Agreement”	the financial services framework agreement dated 6 May 2022 entered into between the Company and SPIC Financial in relation to the provision of financial services by SPIC Financial to the Group, which includes, among other services, the provision of deposit services with an annual cap on the maximum daily balance of RMB5.5 billion
“Proposed Asset Pre-Restructuring”	the pre-restructuring of assets of the Group prior to the Proposed Asset Restructuring (as defined below), which involves the formation of joint ventures, intragroup reorganization, the acquisition of clean energy assets by Wu Ling Power and the acquisition of Lanshanxian Zhuoyue. For further details, please refer to the announcement of the Company dated 17 January 2025
“Proposed Asset Restructuring”	the proposal to transfer the Company’s controlling interests in its subsidiaries primarily engaged in hydropower business, including Wu Ling Power and Changzhou Hydropower, to Yuanda Environmental, so as to subscribe for its allotment of new shares plus cash consideration. If the proposal is successfully completed, the Company is expected to become the direct controlling shareholder of Yuanda Environmental. For further details, please refer to the announcements of the Company dated 30 September 2024, 18 October 2024, 17 January 2025 and 16 April 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	person(s) whose names appear on the register of members as a registered holder(s) of the Share(s)
“SPIC”	國家電力投資集團有限公司 (State Power Investment Corporation Limited*), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council

DEFINITIONS

“SPIC Finance HK”	SPIC International Finance (Hong Kong) Company Limited (國家電投香港財資管理有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of SPIC, thus an associate of SPIC
“SPIC Financial”	SPIC Financial Co., Ltd (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 NFRA
“SPIC Group”	SPIC and its subsidiaries from time to time
“SPIC Innovation”	SPIC Innovation Investment Co., Ltd. (國家電投集團創新投資有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of SPIC, thus an associate of SPIC
“subsidiaries”	has the meaning given to it by the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the Previous Framework Agreement (as defined above) dated 17 August 2023 entered into between the Company and SPIC Financial to revise the original annual cap on the maximum daily deposit balance from RMB5.5 billion to RMB9 billion
“Wu Ling Power”	五凌電力有限公司 (Wu Ling Power Corporation*), a company incorporated in the PRC with limited liability and a subsidiary owned as to 63% equity interest by the Company
“Yuanda Environmental”	SPIC Yuanda Environmental-Protection Co., Ltd. (國家電投集團遠達環保股份有限公司), a company incorporated in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (A-shares stock code: 600292.SH) and is an associate of SPIC

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

This circular contains translation between Renminbi and Hong Kong dollars at RMB0.93 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.

LETTER FROM THE BOARD



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)

Executive Directors:

HE Xi (*Chairman of the Board*)

GAO Ping (*President*)

Registered Office:

Suite 6301, 63/F, Central Plaza

18 Harbour Road

Wanchai, Hong Kong

Non-executive Directors:

HU Jiandong

ZHOU Jie

HUANG Qinghua

CHEN Pengjun

Independent Non-executive Directors:

LI Fang

YAU Ka Chi

HUI Hon Chung, Stanley

21 May 2025

To the shareholders of the Company

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION IN RELATION TO
THE RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
(2) NOTICE OF GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 29 April 2025 in relation to the Financial Services Framework Agreement entered into between the Company and SPIC Financial, the Deposit Services contemplated thereunder and the proposed Annual Cap.

LETTER FROM THE BOARD

SPIC Financial has been providing financial services to the Group since June 2016 under the original financial services framework agreement, which was renewed in 2019 and 2022 respectively. The new Financial Services Framework Agreement is to renew and replace the Previous Framework Agreement and its Supplemental Agreement, which will be due to expire on 6 June 2025.

The purpose of this circular is to provide you with, among other things, (a) details of the Framework Agreement, (b) a letter from the Independent Board Committee and a letter from Somerley Capital, both advising on the terms of Framework Agreement in relation to the Deposit Services and the Annual Cap, and (c) a notice convening the GM to consider and, if thought fit, approve, among other things, the Framework Agreement (including the Annual Cap) and the Deposit Services.

2. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Framework Agreement

Date

29 April 2025

Parties

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

Condition Precedent

The Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at the GM approving, among other things, the continuing connected transactions under the Framework Agreement in relation to the Deposit Services and the Annual Cap.

Effective period

For a term of three years from 7 June 2025 and ended 6 June 2028 (both days inclusive).

Principal terms

(1) Services to be provided

SPIC Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the NFRA on a non-exclusive basis.

LETTER FROM THE BOARD

(2) *Pricing principles*

When determining the price for any financial services to be provided pursuant to the Framework Agreement, each of the Group and SPIC Financial shall refer to at least two comparable transactions with independent third parties or two quotes obtained from independent third parties during the same period.

Subject to compliance with the relevant laws, regulations and regulatory requirements, SPIC Financial has agreed to adhere to the following principles in providing the above financial services to the Group:

- (a) **Deposit services:** 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 PBOC 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.

In addition, subject to the above, the applicable interest rate for the amount of the Group's deposit in current account(s) that exceeds RMB100,000, will be 20 basis points higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

- (b) **Loan services:** The interest rate for loans to the Group granted by SPIC Financial during the same period shall not be higher than: (i) the benchmark interest rate specified by the PBOC for the same type of loans; (ii) the interest rate obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of the same type of loans under the same conditions offered by SPIC Financial to other members of the SPIC Group.

In addition, subject to the above, the interest rate for loans granted to the Group shall be 10 basis points lower than the loan prime rate (LPR) of the same type of loan as specified by the PBOC during the same period and to be governed by individual loan agreement(s).

Subject to compliance with the relevant laws, regulations and regulatory requirements, SPIC Financial will provide the loan services on normal commercial terms or better and such loans will not be secured by the assets of the Group.

- (c) **Settlement services:** The settlement services to the Group to facilitate clearing among members of the Group shall be free of charge.

LETTER FROM THE BOARD

- (d) **Other financial services:** The services fees for other financial services during the same period shall be in accordance with the standard of fees for the same type of services set by the PBOC or the NFRA (if applicable), and shall not be higher than: (i) the fees charged by other major commercial banks in the PRC for the same type of services/business activities; and (ii) the fees charged to other members of the SPIC Group under the same conditions for providing the same type of services/business activities by SPIC Financial.

(3) *Capital risk control measures*

- (a) SPIC Financial, as a non-bank financial institution approved by the NFRA, complies strictly with the regulatory requirements of the NFRA to conduct its operation and business, establish effective and complete internal control and risk management systems in order to effectively manage risks and ensure the safety of all capital.
- (b) When providing financial services to the Group on a non-exclusive basis, SPIC Financial shall ensure the Group's rights to own, use and benefit derived from its funds shall not be affected. SPIC Financial is obliged to ensure the safety of the Group's funds deposited with it and the Group's independent use of such funds.
- (c) The Group shall have the right to immediately suspend or terminate its cooperation with SPIC Financial if any of the following events, which would expose or may potentially expose the Group to losses such as (i) any breach or potential breach of any PRC laws and regulations by SPIC Financial; (ii) any liquidity difficulties experienced by SPIC Financial; (iii) misappropriation of funds placed by the Group with SPIC Financial; and (iv) any actual deposit interest rate or loan interest rate offered by SPIC Financial that violates the interest rates stipulated in the pricing principles of the Framework Agreement related to deposit and loan services as outlined above. In such cases, SPIC Financial shall be liable for all related breach of contract liabilities, including but not limited to, the obligation to compensate the Group for all the losses incurred as a result.
- (d) If any member of the Group cannot recover the deposits placed with SPIC Financial as a result of SPIC Financial misappropriated the deposits of the Group or used such deposits in breach of the Framework Agreement, the Group has the right to set off the deposit amounts due to the Group from SPIC Financial against any amounts of loan outstanding owing by the Group to SPIC Financial. Furthermore, the Group has the right to demand SPIC Financial to immediately repay any remaining deposits or provide corresponding guarantees to the Group, and simultaneously demand compensation from SPIC Financial for all losses incurred thereby. SPIC Financial does not has any right of set-off in this regard.

LETTER FROM THE BOARD

- (e) SPIC has given an undertaking to the Company that: (i) SPIC shall bear the primary responsibility for risk prevention and mitigation associated with SPIC Financial, thereby putting in place an effective risk isolation mechanism to preclude any spillover of risks from SPIC Financial to the Group; and (ii) SPIC shall provide financial support to SPIC Financial, including the replenishment of capital for SPIC Financial as and when necessary, in order to ensure that the funds deposited by the Group at SPIC Financial are available for full withdrawal at any time. SPIC shall also bear the ultimate responsibility for any financial risks caused by the SPIC Financial to the Group.
- (f) The monthly financial statements of SPIC Financial shall be provided to the senior management of the Group on the fifth working day of the following month to enable the Group to have timely information on the financial conditions of SPIC Financial.
- (g) The Group, based on its own business needs, has the right, but not the obligation, to choose to acquire no less than 10% of the equity interest in SPIC Financial, hold the relevant voting rights and appoint director(s) of SPIC Financial, and such right is being granted at no premium or additional cost. In the event that SPIC Financial achieves exceptionally good results performance, the Group may choose to exercise its right to acquire equity, thereby enhancing its strategic partnership with SPIC Financial and enabling the Group to capitalize on its increased profitability. If the Group chooses to exercise such right, the terms of acquisition (including determination of the price for such equity interest in SPIC Financial) will be subject to negotiations with relevant parties on an arm's length basis and approvals required under relevant laws and regulations (including the Listing Rules).
- (h) The Group has the unilateral right to terminate any services provided by SPIC Financial under the Framework Agreement if the fees charged by any other commercial banks in the PRC for such services are more favourable to the Group.
- (i) The Group is entitled to appoint any other financial institutions for the provision of the financial services in accordance with its own business needs and requirements. SPIC Financial will be given preferential consideration under same terms and conditions compared with other financial institutions.
- (j) The information system platform of SPIC Financial facilitates real-time monitoring of the actual balance of deposits (including accrued interest) placed by the Group with SPIC Financial. Therefore, SPIC financial can assist the Group in conducting internal fund management and provide the Group timely updates on its accounts balances and fund status. This capability ensures that the actual daily balance of deposits does not exceed the proposed Annual Cap.
- (k) SPIC Financial shall assist the Group in monitoring the Annual Cap in relation to the Deposit Services.

LETTER FROM THE BOARD

(4) *Payment*

The consideration for the transactions contemplated under the Framework Agreement will be settled in accordance with the specific terms to be agreed between the parties involved under separate agreements from time to time.

3. HISTORICAL TRANSACTION AMOUNTS

Deposit Services

The table below sets out the historical highest daily deposit balance (including accrued interests) of the Group placed with SPIC Financial under the Previous Framework Agreement and its Supplemental Agreement in respect of the Deposit Services.

Actual highest daily deposit balance (including accrued interests) <i>(RMB billion)</i>			
The period from 7 June 2022 to 31 December 2022	Year ended 31 December		The period from 1 January 2025 to 12 May 2025
	2023	2024	
5.471	8.975	8.997	7.450

The table below outlines the existing annual cap established under the Previous Framework Agreement and its Supplemental Agreement. The Company expects that the daily deposit balance of the Group during the remaining term of the Previous Framework Agreement ending 6 June 2025 will not exceed the maximum daily deposit balance.

Existing Annual Cap <i>(RMB billion)</i>			
The period from 7 June 2022 to 31 December 2022	Year ended 31 December		The period from 1 January 2025 to 6 June 2025
	2023	2024	
5.5	9.0*	9.0*	9.0*

* As a result of the acquisition of certain clean energy companies, the Company entered the Supplemental Agreement with SPIC Financial on 17 August 2023 to revise the original annual cap on the maximum daily deposit balance placed by the Group with SPIC Financial from RMB5.5 billion under the Previous Framework Agreement to RMB9.0 billion, while all the other principal terms remained unchanged.

LETTER FROM THE BOARD

Loan services

The table below sets out the historical highest daily loan balances owed to SPIC Financial by the Group in respect of the loan services under the Previous Framework Agreement.

Actual highest outstanding loan balance <i>(RMB billion)</i>			
The period from 7 June 2022 to 31 December 2022	Year ended 31 December		The period from 1 January 2025 to 31 March 2025
	2023	2024	
4.396	4.078	8.462	7.019

Other financial services

The table below sets out the historical amounts of the other financial services fees paid by the Group to the SPIC Financial under the Previous Framework Agreement.

Actual other financial services fees <i>(RMB'000)</i>			
The period from 7 June 2022 to 31 December 2022	Year ended 31 December		The period from 1 January 2025 to 31 March 2025
	2023	2024	
3,233	6,973	8,451	174

4. PROPOSED ANNUAL CAP AND BASIS OF DETERMINATION

In determining the proposed maximum daily deposit balance (including accrued interests) in the Group's settlement account with SPIC Financial during the term of the Framework Agreement, the Board has considered the following factors:

- (1) The aforementioned historical highest daily balances of deposits of the Group as stated in the above section headed "HISTORICAL TRANSACTION AMOUNTS".
- (2) The expanded scale and operations of the existing businesses of the Group taking into account of the various acquisitions completed in the past years.
- (3) The expected net increase in cash generated from operating activities, which is likely to lead to an increase in the Group's demand for Deposit Services from SPIC Financial on the basis that the interest rates offered by SPIC Financial to the Group are no less favorable than those offered by the other major commercial banks in the PRC according to the pricing principles of the Framework Agreement. The Group's net cash generated from operating activities for the past three years ended 31 December 2022, 2023 and 2024 amounted to approximately RMB5.72 billion, RMB9.90 billion and RMB10.62 billion respectively, representing a compounded annual growth rate ("CAGR") of approximately 36.2%.

LETTER FROM THE BOARD

The existing annual cap of the Deposit Services for the past three years represents approximately 96.2%, 90.9% and 84.75% of the net cash generated from operating activities of the Group as at 31 December 2022, 2023 and 2024 respectively (the “**Cap Ratio**”). By applying a growth rate of 5% to the Group’s net cash generated from operating activities in 2024, in reference to China’s gross domestic product for that year and utilizing the Cap Ratio of 84.75% in 2024, it is anticipated that the demand for Deposit Services of the expanded scale and operations of the existing businesses of the Group will increase by approximately RMB0.5 billion.

- (4) The anticipated completion of (i) the acquisition of certain clean energy assets currently underway by Wu Ling Power under the Proposed Asset Pre-Restructuring in the next twelve months; and (ii) the acquisition of Yuanda Environmental, a company listed on the Shanghai Stock Exchange, under the Proposed Asset Restructuring which is subject to the Independent Shareholders’ approval in a general meeting soon to be scheduled. Both acquisitions are expected to increase the Group’s demand for financial services in the coming three years.

For the clean energy companies to be acquired under the Proposed Asset Pre-Restructuring, the expected amount of Deposit Services with SPIC Financial is approximately RMB0.5 billion based on their historical deposit data. For Yuanda Environmental, the historical highest daily deposit amounts with SPIC Financial were approximately RMB0.576 billion, RMB0.698 billion, and RMB0.829 billion for the past three years ended 31 December 2022, 2023, and 2024, respectively. This represents CAGR of approximately 19.97%. By applying this CAGR, the expected additional Deposit Services that Yuanda Environmental will be placed with SPIC Financial is approximately RMB1.0 billion.

- (5) The possibility of acquisitions (otherwise than the Proposed Asset Restructuring) and/or formation of new joint ventures that are expected to increase the Group’s demand for financial services in the coming three years.
- (6) The number of expected power plants/stations or projects that will commence commercial productions and the possible future projects (especially the rapidly increasing numbers of clean and low carbon energy projects in response to the national dual-carbon targets of “30 • 60 Carbon Emission Peak and Carbon Neutrality” and assuming each of projects will be operated by a subsidiary of the Group) in the coming three years.
- (7) The operating cash flow and financial needs of the Group in respect of its future business expansion through organic growth across various business segments, particularly in emerging industries such as energy storage, green power transportation and integrated intelligent energy projects.

LETTER FROM THE BOARD

The Group's power generation business is capital-intensive in nature and further business development and expansion of the Group will call for additional capital resources. The historical consolidated installed capacity (MW) of the Group as of 31 December for the past three years of 2022, 2023, and 2024 were 31,599.2MW, 45,018.8MW, and 49,390.9MW, respectively, representing a CAGR of approximately 25%. Taking into account the current pace of development and plans for expansion, the Company may need additional financing to meet both of its capital and operating requirements.

- (8) To support the rapid growth of the Group as mentioned in points (5), (6) and (7) above, the Company expects a buffer of approximately 10% increase to the historical annual cap of RMB9 billion, equivalent to approximately RMB1 billion, shall be reserved for the potential issuance of financial instruments such as short-term commercial papers, notes, debentures, bonds or other financing instruments from time to time which will likely to increase the Group's daily maximum deposit balance at SPIC Financial.
- (9) The maintenance of sufficient amount of funds deposited with SPIC Financial corresponding to the growing scale of the Group worked as a funding pool platform which can be withdrawn anytime and therefore facilitates to meet the financial requirements of the subsidiaries of the Group arising from different timing.

The proposed Annual Cap will not exceed RMB12 billion (equivalent to approximately HK\$12.9 billion) for each of (i) the period from 7 June 2025 to 31 December 2025, (ii) the two years ended 31 December 2026 and 2027, and (iii) for the period from 1 January 2028 to 6 June 2028.

Proposed Annual Cap <i>(RMB billion)</i>			
The period from 7 June 2025 to 31 December 2025	Year ended 31 December		The period from 1 January 2028 to 6 June 2028
	2026	2027	
12	12	12	12

5. INTERNAL CONTROL POLICIES AND PROCEDURES

Notwithstanding that the Company considers that the above capital risk control measures under the Framework Agreement are adequate to manage any risks involved in depositing funds with SPIC Financial, the Group will review contracts and monitor the amount and interest rate of the deposits to ensure the fairness of the terms of the relevant transactions as compared to placing the relevant deposits with independent third parties other than SPIC Financial.

LETTER FROM THE BOARD

In practice, the Group shall undertake to adhere to the following internal control measures in dealing with the financial services provided by SPIC Financial to the Group:

- (i) The Company assigns designated persons to monitor interest rates for deposits and loans and service fees for other financial services published on the official websites of PBOC and other major commercial banks in the PRC (including but not limited to China Construction Bank Corporation, Industrial and Commercial Bank of China Limited, Bank of China Limited, Bank of Communications Co., Ltd. or China Merchants Bank Co., Ltd.) for each transaction with SPIC Financial.
- (ii) The Company liaises with the major commercial banks in the PRC. The customer service managers of such banks will provide written quotes for deposits, loans and other financial services regularly as needed to the finance department of the Company through email.

If the terms obtained through the two methods above are more favourable to the Group than those provided by SPIC Financial, the Company's finance department will report this fact to the chief accountant of the Company. Such information will be used by the Group for re-negotiating the price with SPIC Financial. The Group also can exercise the unilateral right to terminate any services to be provided by SPIC Financial under the Framework Agreement if the fees charged by any other commercial banks in the PRC for such services are more favourable to the Group.

On SPIC Financial side, the Company understands that the general manager's office in SPIC Financial will be in charge of its pricing policy. SPIC Financial's finance settlement department and its credit department will be in charge of proposals for pricing of the deposit services and the loan services, respectively. The specific interest rate of deposit services will be approved by the general manager(s) of SPIC Financial's funding department, while the specific interest rate of loan services will be approved by the credit review committee of SPIC Financial. The credit review committee of SPIC Financial is independent of its credit department and is in charge of reviewing the terms for loans including but not limited to interest rates.

The Company understands that SPIC Financial adopts a similar information system to those of commercial banks in the PRC. SPIC Financial will provide banking security devices to the Group for log-in and identification purposes on the internet. The Group must deploy such security devices to make account enquiries or carry out payment and settlement activities. The Company believes that it will have the same level of security when depositing funds with other commercial banks.

6. REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

(1) Increase interest income and save finance cost

The Group generates cashflow from operating activities and maintains deposits with financial institutions and receives interest income in its ordinary course and usual course of business. The interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall be no less favourable than the benchmark interest rate specified by the PBOC for the same type of deposits during the same period, and no less than the interest rate of the same type of deposits offered by other major commercial banks in the PRC to the Group during the same period, which is beneficial in improving the Group's interest income.

To finance the Group's operating activities as well as development and expansion of its existing scale of power plants and stations, debt financing is often used in its ordinary and usual course of business. The interest rate of loans set by SPIC Financial for loans granted to the Group will be no less favourable than the interest rate provided by other major commercial banks in the PRC for same type of loans during the same period, and no security is to be granted by the Group over its assets in respect of such loans, enabling the lending procedure to be easier and more efficient than that provided by other major commercial banks in the PRC.

The Group uses the settlement services provided by SPIC Financial for the settlement of income and expenditure (including drawdown and repayment of borrowings from SPIC Financial) during the ordinary and usual course of business among the members of the Group. The Group may take full advantage of the favourable policy of free settlement services provided by SPIC Financial and reduce the banking commission charges payable by the Group. The fees to be charged by SPIC Financial for other financial services will be equal to or more favourable to the Group than those charged by other major commercial banks in the PRC.

Since the signing of all the previous framework agreements, the Company has noticed an enhanced efficiency in utilization of funds and that the Group has, in connection therewith, saved a considerable amount of finance costs. With the expansion of the Group's businesses, SPIC Financial will continue to provide diversified, efficient, expedient and secure financial services to the Group under the Framework Agreement. It is expected that by conducting the transactions under the Framework Agreement, the Group will continue to further save a considerable amount of finance costs.

(2) Facilitate fund management and control by the Group

SPIC Financial has a sophisticated information system through which the Group can access the latest information concerning the collection and payment of funds of the Group as well as the status of fund balance at any time during the ordinary and usual course of business (in particular, to enable the Group to monitor the daily balance of deposits with SPIC Financial such that it does not exceed the Annual Cap), thus reducing and avoiding operational risks.

LETTER FROM THE BOARD

(3) Enhance the efficiency of fund utilization

The Deposit Services and settlement services provided by SPIC Financial will continue to strengthen the Group's centralized fund management of its subsidiaries and reduce the time for capital transmission within the Group. The use of SPIC Financial as a clearing platform will facilitate the clearing amongst the members of the Group, reduce the time for transmitting the funds, and thereby expedite turnaround of funds.

(4) Cross-border flexibility for utilization of the Group's funds

SPIC Financial is qualified for centralized cross-border funds operation and cross-border bilateral RMB cash pooling, and therefore SPIC Financial will be able to provide the Group with a channel for cross-border transmission and utilization of funds, to achieve a flexible and highly efficient utilization and transmission of the Group's funds within and outside the PRC. This is among the other financial services to be provided by SPIC Financial, and this service does not involve deposit services and loan services.

(5) Improve competitiveness

The arrangement of entrusted loans for the Company's subsidiaries provided by SPIC Financial represents a substitute for high-interest loans from the licensed banks or financial institutions; and will lessen the liquidity requirements of individual subsidiaries of the Group. The increase in the Group's entrusted loans will in turn help to improve the Group's bargaining power to commercial banks for getting more favourable financing terms.

(6) Strengthen the Group's source of funding

In particular, during the hard time of market volatility and corporate borrowing, it is expected that SPIC Financial will play a vital role in providing the Group with expedient fund support, therefore securing the Group's funding chain.

(7) Risk Assurance

Pursuant to the regulatory requirements of the NFRA, SPIC, as the controlling shareholder of SPIC Financial, has undertaken to the Company that it shall bear the primary responsibility for risk prevention and mitigation associated with SPIC Financial, thereby putting in place an effective risk isolation mechanism to preclude any spillover of risks from SPIC Financial to the Group. SPIC shall also provide financial support to SPIC Financial, including the replenishment of capital for SPIC Financial as and when necessary, in order to ensure the safety and liquidity of the deposits placed by the Group at SPIC Financial.

SPIC Financial is regulated by the NFRA and provides its services in accordance with the rules and operational requirements of the NFRA.

LETTER FROM THE BOARD

(8) Possible profit sharing of SPIC Financial

Subject to approvals required by the relevant laws and regulations applicable to both relevant parties, if the Group exercises the right to acquire no less than 10% equity interest in SPIC Financial together with the relevant voting rights, it is anticipated that the Group will participate in the profit sharing of SPIC Financial. In the event that SPIC Financial achieves exceptionally good results performance, the Group may choose to exercise its right to acquire equity, thereby enhancing its strategic partnership with SPIC Financial and enabling the Group to capitalize on its increased profitability.

The transactions contemplated under the Framework Agreement are expected to bring the above benefits to the Group without compromising its independence.

The Directors (including the independent non-executive Directors whose view are express in the letter from the Independent Board Committee) consider that (i) the Deposit Services under the Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms or better, and (ii) the terms of the transactions contemplated under the Framework Agreement and the proposed Annual Cap are fair and reasonable and are 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.

7. IMPLICATIONS UNDER THE LISTING RULES

SPIC owns approximately 65.19% 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.

SPIC Financial is a wholly-owned subsidiary of SPIC. Accordingly, SPIC Financial is a connected person of the Company and the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Deposit Services

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

Loan Services

The loan services to be provided by SPIC Financial to the Group are on normal commercial terms or better (i.e. terms that are similar or more favourable than those offered by other major commercial banks in the PRC for the provision of comparable services) and are in the interest of the Group. No security over the assets of the Group is granted to SPIC Financial in respect of the loan services. They will therefore be exempted from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Settlement Services and Other Financial Services

The Company expects that each of the percentage ratios as defined in Rule 14.07 of the Listing Rules applicable to the total fees payable by the Group to SPIC Financial in respect of the provision of settlement services (which will be free of charge) by SPIC Financial and other financial services approved by the NFRA under the Framework Agreement will fall within the *de minimis* threshold and will be exempted from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with the Listing Rules, an Independent Board Committee has been formed to advise and provide recommendation to the Independent Shareholders on the terms of the Framework Agreement in relation to the Deposit Services and the Annual Cap and to advise the Independent Shareholders on how to vote. Somerley Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

9. INFORMATION OF SPIC FINANCIAL

SPIC Financial was established in the PRC as a non-banking financial institution on 2 September 1992. It is licensed and regulated by the NFRA 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 NFRA. 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.

LETTER FROM THE BOARD

The table below compares various financial indicators of SPIC Financial as provided by itself against average levels in the finance company industry in the PRC and the relevant regulatory requirements (if any).

Financial indicators	SPIC Financial's data for the financial year ended 31 December 2024	Average levels in the finance company industry in the PRC (Note)	Regulatory requirements
Capital adequacy ratio	16.52%	20.51%	Not less than 10.5%
Return on asset	1.31%	0.88%	No regulatory requirements
Return on net asset ratio	6.78%	6.10%	No regulatory requirements
Non-performing loan ratio	0.04%	0.09%	Not higher than 2%
Owner's equity	RMB16.453 billion	RMB5.671 billion	No regulatory requirements

Note: Based on CNAFC's statistics for the year ended 31 December 2024.

10. 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.

11. INFORMATION OF SPIC

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.

LETTER FROM THE BOARD

12. GM AND PROXY ARRANGEMENT

A GM will be convened to seek the Independent Shareholders' approval regarding the Framework Agreement (including the Annual Cap) and the Deposit Services. CPDL, CPI Holding, CPNE, SPIC Finance HK and SPIC Innovation, being shareholders of the Company and associates of SPIC, holding 2,662,000,000 Shares, 2,833,518,060, 1,854,648,662, 446,275,453 Shares and 267,151,000 Shares representing approximately 21.52%, 22.91%, 14.99%, 3.61% and 2.16% of the total number of Shares in issue as at the Latest Practicable Date respectively, will abstain from voting at the GM. Votes of the Independent Shareholders at the GM will be taken by poll.

The notice of the GM is set out on pages 56 to 58 of this circular. Additional information regarding the business to be considered at the GM is set out on pages 46 to 55 of this circular.

Shareholders whose names appeared on the register of members on 5 June 2025 (the date of the GM) are eligible to attend, speak and vote at the GM through the Online Platform.

A form of proxy for use at the GM is enclosed with this circular or can be downloaded from the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and on the Company's website at **www.chinapower.hk**.

To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited (i) at Computershare at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, **or (ii) electronically via the Company's email address at eproxy@chinapower.hk** not less than 48 hours before the time assigned for holding the GM or any adjournment thereof (as the case may be).

For the GM to be convened on Thursday, 5 June 2025 at 11:00 a.m., **the deadline to submit completed proxy forms is Tuesday, 3 June 2025 at 11:00 a.m.**

Completion and return of the form of proxy will not preclude any member of the Company from attending the GM through the Online Platform or any adjournment thereof and voting if such member so wishes and in such event, the form of proxy will be deemed to be revoked.

Shareholders are advised to read the "Guidance for the GM" carefully prior to attending the GM.

LETTER FROM THE BOARD

13. RECOMMENDATION

The Directors (including the independent non-executive Directors whose view are express in the letter from the Independent Board Committee) consider that the terms of the Framework Agreement, including the Deposit Services and the Annual Cap are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution with respect to the Framework Agreement (including the Annual Cap) and the Deposit Services to be proposed at the GM.

14. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 26 to 27 of this circular and the letter from Somerley Capital to the Independent Board Committee and the Independent Shareholders set out on pages 28 to 45 of this circular, and the information set out in the appendix of this circular.

Yours faithfully,
On behalf of the Board
China Power International Development Limited
HE Xi
Chairman



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)

21 May 2025

To the Independent Shareholders

Dear Sir and Madam,

**CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION IN RELATION TO
THE RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT**

We refer to the circular dated 21 May 2025 (the “**Circular**”) issued by the Company to its shareholders of which this letter forms part. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Deposit Services (including the Annual Cap) under the Financial Services Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms or better, in the interests of the Company and its shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. For such purpose, Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 9 to 25 of the Circular which contains, among others, information in connection with the terms and reasons for the Framework Agreement, as well as the letter from Somerley Capital set out on pages 28 to 45 of the Circular which contains its advice and recommendation in the same respect.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for entering into the Framework Agreement and the basis upon which its terms (including the Annual Cap) have been determined. We have also considered the key factors taken into account by the Independent Financial Adviser in arriving at its opinion regarding the terms of the Framework Agreement in relation to the Deposit Services and the proposed Annual Cap.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account, among other things, the advice of the Independent Financial Adviser, we consider that the entering into of the Framework Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group. The terms of the Framework Agreement in relation to the Deposit Services and the proposed Annual Cap are fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and its shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the GM at the end of the Circular.

Yours faithfully,
For and on behalf of the
Independent Board Committee
China Power International Development Limited

LI Fang
YAU Ka Chi
HUI Hon Chung, Stanley

LETTER FROM SOMERLEY CAPITAL

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

21 May 2025

To: the Independent Board Committee and Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION IN RELATION TO THE RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Deposit Services contemplated under Financial Services Framework Agreement and the Annual Cap, details of which are set out in the letter from the Board of the circular of the Company dated 21 May 2025 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 29 April 2025, the Company and SPIC Financial entered into the Financial Services Framework Agreement, pursuant to which SPIC Financial has agreed to provide the Group with Deposit Services, settlement services, loan services and other financial services approved by the NFRA on a non-exclusive basis, for a term of three years from 7 June 2025 to 6 June 2028.

As at the Latest Practicable Date, SPIC owns approximately 65.19% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company. Accordingly, SPIC, its subsidiaries and associates are connected persons of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, SPIC Financial, being a subsidiary ultimately owned and controlled by SPIC, is a connected person of the Company as defined in the Listing Rules. Accordingly, the transactions contemplated under the Financial Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM SOMERLEY CAPITAL

In respect of the proposed annual caps of the Deposit Services, as certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Cap exceeds 25% but are all less than 100%, the Deposit Services therefore constitute (i) non-exempt continuing connected transactions subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules; and (ii) also a major transaction of the Company subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley, has been established to advise the Independent Shareholders in relation to the Deposit Services and the Annual Cap. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated or connected with the Company, SPIC, SPIC Financial or their respective close associates or core connected persons and, accordingly, are considered eligible to give independent advice on the Deposit Services and the Annual Cap. In the last two years prior to this appointment, saved for our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to the Proposed Asset Restructuring, as defined and set out in the circular of the Company dated 20 May 2025, there was no engagement between the Group and us. The aforementioned transactions for which we were engaged to provide independent advice on are not related to the Financial Services Framework Agreement. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, SPIC, SPIC Financial or their respective close associates or core connected persons. Accordingly, we are independent pursuant to Rule 13.84 of the Hong Kong Listing Rules and are considered eligible to give independent advice on the Deposit Services and the Annual Cap.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, including, among other things, (i) the annual reports of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and 2024 (the “**2024 Annual Report**”); and (ii) other information contained in the Circular.

In addition, we have relied on the information and facts supplied, and the opinions expressed by the Directors and management of the Company (collectively, the “**Management**”), which we have assumed to be true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete in all material aspects up to the date of the general meeting. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information

LETTER FROM SOMERLEY CAPITAL

provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group and SPIC Financial, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Deposit Services and the Annual Cap, we have considered the following principal factors and reasons:

1. Information on the Group

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 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.

Set out below is the summary of the financial information of the Group for the three years ended 31 December 2022, 2023 and 2024 as extracted from the 2023 Annual Report and 2024 Annual Report:

	For the year ended 31 December		
	2024	2023	2022
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Revenue			
— Thermal power	24,268,883	23,929,482	28,583,266
— Wind power	11,737,415	8,719,661	5,232,439
— Photovoltaic power	9,491,881	6,011,637	4,292,128
— Hydropower power	4,806,371	3,052,804	4,685,036
— Energy storage	<u>3,908,242</u>	<u>2,548,183</u>	<u>896,260</u>
	<u>54,212,792</u>	<u>44,261,767</u>	<u>43,689,129</u>
Operating profit	<u>12,167,191</u>	<u>8,715,187</u>	<u>7,604,262</u>
Profit attributable to equity holders of the Company	<u>3,861,822</u>	<u>3,084,469</u>	<u>2,648,051</u>

LETTER FROM SOMERLEY CAPITAL

For the two years ended 31 December 2023 and 2024

Revenue of the Group amounted to approximately RMB54,212.79 million for the year ended 31 December 2024, representing an increase of approximately 22.48% compared with that of approximately RMB44,261.77 million for the year ended 31 December 2023. As disclosed in the 2024 Annual Report, revenue from hydropower increased by approximately RMB1,753.57 million, which was attributable to the increase in electricity sales of hydropower during the year. Revenue from wind power and photovoltaic power increased by approximately RMB6,498.00 million in total due to the expansion of consolidated installed capacity through strategic mergers and acquisitions and the commencement of commercial operation of various power generation projects. Revenue from thermal power moderately increased by approximately RMB339.40 million, which was attributable to the higher demand for frequency-modulating and peak-shaving power sources within the power system. Revenue from energy storage increased by RMB1,360.06 million as the Group consistently expanded its energy storage business.

Operating profit of the Company amounted to approximately RMB12,167.19 million for the year ended 31 December 2024, representing an increase of approximately 39.61% as compared with that of approximately RMB8,715.19 million for the previous year, mainly due to the aforementioned increase in revenue.

Profit attributable to the equity holders of the Company increased by approximately 25.20% for the year ended 31 December 2024 as compared to that for the prior year. With reference to the 2024 Annual Report, such increase was mainly due to the net effect of (i) the increase in operating profit as mentioned above; (ii) the increase in profits from the share of results of associates; and (iii) the increase in the finance costs primarily due to the increase in interest expense on bank borrowings.

For the two years ended 31 December 2022 and 2023

Revenue of the Group amounted approximately RMB44,261.77 million for the year ended 31 December 2023, representing an increase of approximately 1.31% compared with that of approximately RMB43,689.13 million for the year ended 31 December 2022. As disclosed in the 2023 Annual Report, revenue from hydropower decreased by approximately RMB1,632.23 million, which was attributable to the decrease in electricity sales of hydropower during the year. Revenue from wind power and photovoltaic power increased by approximately RMB5,206.73 million in total due to the consolidation and commencement of commercial operation of various projects. Revenue from thermal power decreased by approximately RMB4,653.78 million, which was attributable to the effect of the disposal of shares in two coal-fired power subsidiaries at the end of 2022, excluding the effects of such disposal, the revenue from thermal power would increase year-on-year. Revenue from energy storage increased by approximately RMB1,651.92 million as the Group consistently expanded its energy storage business in alignment with the rapid growth of the energy storage market.

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Operating profit of the Company amounted to approximately RMB8,715.19 million for the year ended 31 December 2023, representing an increase of approximately 14.61% as compared with that of approximately RMB7,604.26 million for the previous year, mainly due to (i) the aforementioned increase in revenue; (ii) the increase in other income, mainly attributable to income from provision of IT and other services and waste treatment income; and (iii) the decrease in total fuel costs, mainly due to the significant decrease in fuel consumption after the disposal of shares in two coal-fired power subsidiaries at the end of 2022.

Profit attributable to the equity holders of the Company increased by approximately 16.48% for the year ended 31 December 2023 as compared to that for the prior year. With reference to the 2023 Annual Report, such increase was mainly due to (i) the increase in operating profit as mentioned above; and (ii) the increase in profits from the share of results of associates primarily driven by the year-on-year decrease in coal prices, which resulted in a substantial year-on-year profit growth of associates engaged in coal-fired power-related businesses.

Set out below is the summary of the financial position of the Group as at 31 December 2022, 2023 and 31 December 2024 as extracted from the 2023 Annual Report and 2024 Annual Report:

	As at 31 December		
	2024	2023	2022
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Total assets	<u>340,455,547</u>	<u>305,806,779</u>	<u>211,404,964</u>
Total liabilities	<u>232,923,154</u>	<u>210,786,067</u>	<u>142,814,859</u>
Total equity	<u>107,532,393</u>	<u>95,020,712</u>	<u>68,590,105</u>

As at 31 December 2024, the Group's total assets amounted to approximately RMB340,455.55 million, mainly comprised of (i) property, plant and equipment of approximately 226,873.37 million; (ii) accounts receivables of approximately RMB31,647.50 million; and (iii) other intangible assets of approximately RMB14,960.69 million. As at 31 December 2024, the Group has cash and cash equivalents and restricted deposits of approximately RMB6,073.62 million and RMB60.66 million, respectively.

As at 31 December 2024, the Group's total liabilities amounted to approximately RMB232,923.15 million, mainly comprised of (i) bank borrowings of approximately RMB140,523.15 million; (ii) borrowings from related parties of approximately RMB28,283.62 million; (iii) other borrowings of approximately RMB23,587.72 million; and (iv) construction costs payable of approximately RMB18,218.51 million.

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As at 31 December 2024 and 31 December 2023, the Group's total equity amounted to approximately RMB107,532.39 million and RMB95,020.71 million, respectively, representing an increase of approximately 13.17%.

In our view, based on the above analysis, the Group has financed its growth and retained a satisfactory financial position.

2. Information on SPIC Financial

SPIC Financial was established in the PRC as a nonbanking financial institution on 2 September 1992. It is licensed and regulated by the NFRA 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》) (the “**Administrative Measures**”) promulgated by the NFRA. 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.

Regulatory environment of the SPIC Financial

The SPIC Financial is a major domestic non-banking financial institution providing financial services to Members of the Group and is subject to compliance with relevant rules and regulations as promulgated by the NFRA including compliance with the Administrative Measures which is to regulate the operation of group finance companies and reduce the possible financial risk, and other regulations promulgated by the PBOC and the NFRA.

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We have discussed with the Management and understand that the Administrative Measures imposes certain requirements on finance companies such as the SPIC Financial, including but not limited to, maintaining certain capital adequacy, cash balance and liquidity ratios. We also requested and obtained the rating score sheet from the regulatory authority, which illustrated the specific major regulatory ratio requirements. Set out below are the major regulatory ratio requirements confirmed by the Company to be applicable the relevant ratios of the SPIC Financial as at 31 December 2024:

Major regulatory ratios	Requirements	As at 31 December 2024
Capital adequacy ratio	Not lower than the regulatory requirement <i>(Note)</i>	16.5%
Non-performing asset ratio	Not higher than 3%	0.02%
Impaired loan ratio	Not higher than 2%	0.04%
Current ratio	Not lower than 25%	60.7%
Self-owned fixed assets to total net capital ratio	Not higher than 20%	2.22%
Guarantee Ratio	Not higher than 100%	0.35%

Note: According to NFRA, the regulatory requirement is not lower than 10.5%

As shown in the table above, we note that all applicable ratios of the SPIC Financial are in compliance with the regulatory requirements as promulgated by the NFRA. As confirmed by the SPIC Financial, the NFRA has not taken any disciplinary actions, or imposed penalties or fines on the SPIC Financial since its incorporation.

As further advised by the management of SPIC Financial, SPIC Financial is required to submit quarterly compliance report regarding the business operation of SPIC Financial to the NFRA. We have further discussed and confirmed with the Company that, the Company is not aware of any record of non-compliance with the relevant rules and regulations by the SPIC Financial during the past three years.

Furthermore, pursuant to the Administrative Measures, in the event that a group finance company faces any difficulty in making payment, its controlling shareholder(s) will increase such group finance company's capital accordingly based on the actual need. We noted from SPIC Financial's articles of association that SPIC, being the controlling shareholder of the Company, undertook that SPIC will provide funding to SPIC Financial to satisfy its capital needs in the event that SPIC Financial experiences any urgent payment difficulties.

3. Reasons for and benefits of entering into the Financial Services Framework Agreement

SPIC Financial has been providing financial services to the Group since June 2016 under the original financial services framework agreement, which was renewed in 2019 and 2022 respectively. On 29 April 2025, the Company entered into a new Financial Services Framework Agreement with SPIC Financial to continue with the transactions upon expiry of the Previous Framework Agreement and its Supplemental Agreement.

With reference to the letter from the Board in the Circular, reasons for and benefits of the entering into of the Financial Services Framework Agreement (including the Deposit Services) included, among other things, the following. Please refer to the section headed “6. REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT” in the letter from the Board of the Circular for details.

Increase interest income and save finance cost

The Group generates cashflow from operating activities and maintains deposits with financial institutions and receives interest income in its ordinary course and usual course of business. The interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall be no less favourable than the benchmark interest rate specified by the PBOC for the same type of deposits during the same period, and no less than the interest rate of the same type of deposits offered by other major commercial banks in the PRC to the Group during the same period, which is beneficial in improving the Group’s interest income.

To finance the Group’s operating activities as well as the development and expansion of its existing scale of power plants and stations, debt financing is often used in its ordinary and usual course of business. The interest rate of loans set by SPIC Financial for loans granted to the Group will be no less favourable than the interest rate provided by other major commercial banks in the PRC for same type of loans during the same period, and no security is to be granted by the Group over its assets in respect of such loans, enabling the lending procedure to be easier and more efficient than that provided by other major commercial banks in the PRC.

The Group uses the settlement services provided by SPIC Financial for the settlement of income and expenditure (including drawdown and repayment of borrowings from SPIC Financial) during the ordinary and usual course of business among the members of the Group. The Group may take full advantage of the favourable policy of free settlement services provided by SPIC Financial and reduce the banking commission charges payable by the Group. The fees to be charged by SPIC Financial for other financial services will be equal to or more favourable to the Group than those charged by other major commercial banks in the PRC.

Since the signing of all the previous framework agreements, the Company has noticed an enhanced efficiency in utilization of funds and that the Group has, in connection therewith, saved a considerable amount of finance costs. With the expansion of the Group’s businesses, SPIC Financial will continue to provide diversified, efficient,

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expedient and secure financial services to the Group under the Framework Agreement. It is expected that by conducting the transactions under the Framework Agreement, the Group will continue to further save a considerable amount of finance costs.

Facilitate fund management and control by the Group

SPIC Financial has a sophisticated information system through which the Group can access the latest information concerning the collection and payment of funds of the Group as well as the status of fund balance at any time during the ordinary and usual course of business (in particular, to enable the Group to monitor the daily balance of deposits with SPIC Financial such that it does not exceed the Annual Cap), thus reducing and avoiding operational risks.

Enhance the efficiency of fund utilization

The Deposit Services and settlement services provided by SPIC Financial will continue to strengthen the Group's centralized fund management of its subsidiaries and reduce the time for capital transmission within the Group. The use of SPIC Financial as a clearing platform will facilitate the clearing amongst the members of the Group, reduce the time for transmitting the funds, and thereby expedite turnaround of funds.

Risk Assurance

Pursuant to the regulatory requirements of the NFRA, SPIC, as the controlling shareholder of SPIC Financial, has undertaken to the Company that it shall bear the primary responsibility for risk prevention and mitigation associated with SPIC Financial, thereby putting in place an effective risk isolation mechanism to preclude any spillover of risks from SPIC Financial to the Group. SPIC shall also provide financial support to SPIC Financial, including the replenishment of capital for SPIC Financial as and when necessary, in order to ensure the safety and liquidity of the deposits placed by the Group at SPIC Financial.

SPIC Financial is regulated by the NFRA and provides its services in accordance with the rules and operational requirements of the NFRA.

Pursuant to the Financial Services Framework Agreement, 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 PBOC 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. In addition, subject to the above, the applicable interest rate for the amount of the Group's deposit in current account(s) that exceeds RMB100,000, will be 20 basis points higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

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We further noted from the Financial Services Framework Agreement that SPIC Financial has agreed to provide the Group with the Deposit Services, settlement services, loan services and other financial services approved by the NFRA on a non-exclusive basis subject to the terms and conditions provided therein. As disclosed in the letter from the Board, SPIC Financial is regulated by the NFRA and provides its services in accordance with the rules and operational requirements of the NFRA. Further details of the Finance Company's background and regulatory requirements are set out in the sections headed "2. Information on SPIC Financial — Regulatory environment of the SPIC Financial" above.

As disclosed in the section headed "3. Reasons for and benefits of entering into the Financial Services Framework Agreement", we noted and understand that (i) the Group generates cashflow from operating activities and maintains deposits with financial institutions and receives interest income in its ordinary course and usual course of business; and (ii) SPIC Financial has a sophisticated information system through which the Group can access the latest information concerning the collection and payment of funds of the Group as well as the status of fund balance at any time during the ordinary and usual course of business.

In light of the above reasons, in particular, (i) the Financial Services Framework Agreement was entered to renew the term of the Previous Framework Agreement with similar terms; (ii) the interest rate of the Deposit Services shall not be lower than those offered by the PBOC and other major commercial banks, and those offered to other members of SPIC Group; and (iii) the Group can utilize the Deposit Services of the SPIC Financial on a voluntary, non-exclusive basis and is not obliged to engage the SPIC Financial for any particular service and, the SPIC Financial represents an additional, reliable and stable source of financial services provider for the Group, which in turn serves to enhance flexibility for members of the Group's capital management, we concur with the Directors that the Deposit Services contemplated under the Financial Services Framework Agreement to be in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders.

4. Principal terms of the Deposit Services

The following table tabulates a summary of the major terms of the Deposit Services, details of which are set out in the section headed "2. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT" of the letter from the Board of the Circular:

Date	29 April 2025
Parties	(i) the Company; and (ii) SPIC Financial.
Effective period	For a term of three years from 7 June 2025 and ended 6 June 2028 (both days inclusive).

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Condition precedent	The Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at the GM approving, among other things, the continuing connected transactions under the Framework Agreement in relation to the Deposit Services and the Annual Cap.
Services to be provided	SPIC Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the NFRA on a non-exclusive basis.
Pricing principles of the Deposit Services	<p>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 PBOC 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.</p>

In addition, subject to the above, the applicable interest rate for the amount of the Group's deposit in current account(s) that exceeds RMB100,000, will be 20 basis points higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

We have reviewed the terms of the Financial Services Framework Agreement and compared to that of the Previous Framework Agreement and its Supplemental Agreement. From our review and as confirmed by the Management, the principal terms of the Financial Services Framework Agreement are generally in line with those in the Previous Framework Agreement and its Supplemental Agreement.

In order to ensure that the interest rates of the deposits placed by the Group with SPIC Financial are on normal commercial terms and no less favorable to the Group, the Company will (i) assign designated persons to monitor interest rates for deposits and loans and service fees for other financial services published on the official websites of PBOC and other major commercial banks in the PRC (including but not limited to China Construction Bank Corporation, Industrial and Commercial Bank of China Limited, Bank of China Limited, Bank of Communications Co., Ltd. or China Merchants Bank Co., Ltd.) (together the “**Major Commercial Banks**”) for each transaction with SPIC Financial, and (ii) liaise with the Major Commercial Banks in the PRC. The customer service managers of such banks will provide written quotes for deposits, loans and other financial services regularly as needed to the finance department of the Company through email. Furthermore, price determination of deposits interest rate offered by the SPIC Financial will be under strict supervision and the Company will enforce relevant internal approval procedures.

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We have obtained and reviewed 11 sample deposit agreements entered into between the Group and SPIC Financial during the period from June 2022 to March 2025 (the “**Sample Deposits**”). From our review, the deposit interest rates offered by the SPIC Financial were not lower than those quoted by the PBOC and other Major Commercial Banks for the same type of deposit.

Furthermore, there is a set-off clause where if any member of the Group cannot recover the deposits placed with SPIC Financial as a result of SPIC Financial misappropriated the deposits of the Group or used such deposits in breach of the Framework Agreement, the Group has the right to set off the deposit amounts due to the Group from SPIC Financial against any amounts of loan outstanding owing by the Group to SPIC Financial. As set out in the letter from the Board, the historical highest outstanding loan balance during the term of the Previous Framework Agreement was approximately RMB8.462 billion. The set-off clause serves as a risk control measure and provides additional protection to the Company in respect of the deposits placed with SPIC Financials.

Based on the above, in particular that the (i) interest rates offered and fees charged by SPIC Financial to the Group were no less favourable than those quoted by the PBOC and other Major Commercial Banks in the PRC; and (ii) the Deposit Services contemplated under the Financial Services Framework Agreement are conducted on a non-exclusive basis, we are of the view that the principal terms of the Deposit Services contemplated under the Financial Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

5. Proposed Annual Cap for the Deposit Services

The table below sets out the historical highest daily deposit balance (including accrued interests) of the Group placed with SPIC Financial under the Previous Framework Agreement and its Supplemental Agreement in respect of the Deposit Services:

	For the period from 7 June 2022 to 31 December 2022 (RMB' billion)	For the year ended 31 December 2023 (RMB' billion)	For the year ended 31 December 2024 (RMB' billion)	For the period from 1 January 2025 to 12 May 2025 (RMB' billion)
Historical transaction amounts				
Highest daily deposit balance (including accrued interests)	5.471	8.975	8.997	7.450
Existing annual cap	5.5	9.0	9.0	9.0 ^(Note)
Utilisation rate	99.47%	99.72%	99.97%	82.78%

Note: Existing annual cap was for the period from 1 January 2025 to 6 June 2025.

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Pursuant to the Financial Services Framework Agreement, the proposed Annual Cap will not exceed RMB12 billion for each of (i) the period from 7 June 2025 to 31 December 2025, (ii) the two years ended 31 December 2026 and 2027, and (iii) for the period from 1 January 2028 to 6 June 2028.

As disclosed in the letter from the Board of the Circular, in determining the proposed maximum daily deposit balance (including accrued interests) in the Group's settlement account with SPIC Financial during the term of the Framework Agreement, the Board has considered the following factors:

- (1) The aforementioned historical highest daily balances of deposits of the Group as stated in the section headed "HISTORICAL TRANSACTION AMOUNTS" of the letter from the Board.
- (2) The expanded scale and operations of the existing businesses of the Group taking into account of the various acquisitions completed in the past years.
- (3) The expected net increase in cash generated from operating activities, which is likely to lead to an increase in the Group's demand for Deposit Services from SPIC Financial on the basis that the interest rates offered by SPIC Financial to the Group are no less favorable than those offered by the other major commercial banks in the PRC according to the pricing principles of the Framework Agreement. The Group's net cash generated from operating activities for the past three years ended 31 December 2022, 2023 and 2024 amounted to approximately RMB5.72 billion, RMB9.90 billion and RMB10.62 billion respectively, representing a compounded annual growth rate ("CAGR") of approximately 36.2%.

The existing annual cap of the Deposit Services for the past three years represents approximately 96.2%, 90.9% and 84.75% of the net cash generated from operating activities of the Group as at 31 December 2022, 2023 and 2024 respectively (the "**Cap Ratio**"). By applying a growth rate of 5% to the Group's net cash generated from operating activities in 2024, in reference to China's gross domestic product for that year and utilizing the Cap Ratio of 84.75% in 2024, it is anticipated that the demand for Deposit Services of the expanded scale and operations of the existing businesses of the Group will increase by approximately RMB0.5 billion.

- (4) The anticipated completion of (i) the acquisition of certain clean energy assets currently underway by Wu Ling Power under the Proposed Asset Pre-Restructuring in the next twelve months; and (ii) the acquisition of Yuanda Environmental, a company listed on the Shanghai Stock Exchange, under the Proposed Asset Restructuring which is subject to the Independent Shareholders' approval in a general meeting soon to be scheduled. Both acquisitions are expected to increase the Group's demand for financial services in the coming three years.

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For the clean energy companies to be acquired under the Proposed Asset Pre-Structuring, the expected amount of Deposit Services with SPIC Financial is approximately RMB0.5 billion based on their historical deposit data. For Yuanda Environmental, the historical highest daily deposit amounts with SPIC Financial were approximately RMB0.576 billion, RMB0.698 billion, and RMB0.829 billion for the past three years ended 31 December 2022, 2023, and 2024, respectively. This represents CAGR of approximately 19.97%. By applying this CAGR, the expected additional Deposit Services that Yuanda Environmental will be placed with SPIC Financial is approximately RMB1.0 billion.

- (5) The possibility of acquisitions (otherwise than the Proposed Asset Restructuring) and/or formation of new joint ventures that are expected to increase the Group's demand for financial services in the coming three years.
- (6) The number of expected power plants/stations or projects that will commence commercial productions and the possible future projects (especially the rapidly increasing numbers of clean and low carbon energy projects in response to the national dual-carbon targets of "30 • 60 Carbon Emission Peak and Carbon Neutrality" and assuming each of projects will be operated by a subsidiary of the Group) in the coming three years.
- (7) The operating cash flow and financial needs of the Group in respect of its future business expansion through organic growth across various business segments, particularly in emerging industries such as energy storage, green power transportation and integrated intelligent energy projects.

The Group's power generation business is capital-intensive in nature and further business development and expansion of the Group will call for additional capital resources. The historical consolidated installed capacity (MW) of the Group as of 31 December for the past three years of 2022, 2023, and 2024 were 31,599.2MW, 45,018.8MW, and 49,390.9MW, respectively, representing a CAGR of approximately 25%. Taking into account the current pace of development and plans for expansion, the Company may need additional financing to meet both of its capital and operating requirements.

- (8) To support the rapid growth of the Group as mentioned in points (5), (6) and (7) above, the Company expects a buffer of approximately 10% increase to the historical annual cap of RMB9 billion, equivalent to approximately RMB1 billion, shall be reserved for the potential issuance of financial instruments such as short-term commercial papers, notes, debentures, bonds or other financing instruments from time to time which will likely to increase the Group's daily maximum deposit balance at SPIC Financial.
- (9) The maintenance of sufficient amount of funds deposited with SPIC Financial corresponding to the growing scale of the Group worked as a funding pool platform which can be withdrawn anytime and therefore facilitates to meet the financial requirements of the subsidiaries of the Group arising from different timing.

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In assessing the fairness and reasonableness of the proposed Annual Cap, we have discussed with the Management and carried out independent analyses and noted that the proposed Annual Cap was determined principally based on the following:

- (i) the utilisation rates of the existing annual caps amounting to approximately 99.47%, 99.72%, 99.97% and 82.78% for the for the period from 7 June 2022 to 31 December 2022, for the year ended 31 December 2023 and 2024, and for the period from 1 January 2025 to 12 May 2025, respectively;
- (ii) the highest daily deposit balance (including accrued interests) of the Group during the term of the Previous Framework Agreement of approximately RMB8.997 billion, representing approximately 99.97% of the existing annual cap of RMB9.0 billion, and the remaining funds available for deposit of the Group of approximately RMB0.358 billion;
- (iii) the expected growth rate of 10% in the Group's available funds for deposits. We note from the 2023 Annual Report and the 2024 Annual Report that, (a) the Group's cash and cash equivalent amounted to approximately RMB4.23 billion, RMB5.74 billion and RMB6.07 billion as at 31 December 2022, 2023 and 2024 respectively, representing a CAGR of approximately 19.85%; and (b) profit attributable to the equity holders of the Group amounted to approximately RMB2.65 billion, RMB3.08 billion and RMB3.86 billion for each of the year ended 31 December 2022, 2023 and 2024 respectively, representing a CAGR of approximately 20.76%. Taking into account the historical growth rate in the Group's cash and cash equivalent and profit of approximately 20%, we note that the Company has taken a prudent approach in arriving at the expected increase for funds available for deposit after considering potential funding needs and working capital requirements of the Group. As such, the expected growth rate of 10% used in formulating the proposed Annual Cap is justified;
- (iv) the anticipated completion of the Proposed Asset Restructuring, in which Yuanda Environmental, a company listed on the Shanghai Stock Exchange and controlled by SPIC, will become a subsidiary of the Company. The Company expected that the deposit amounts by Yuanda Environmental would reach RMB1 billion in the coming years. As advised by the Management, Yuanda Environmental has been placing deposits with SPIC Financial prior to the Proposed Asset Restructuring. We have obtained the historical highest daily deposits amounts of Yuanda Environmental with SPIC Financial in the past three years and noted that the highest daily deposit balance (including accrued interests) of Yuanda Environmental with SPIC Financial was approximately RMB0.576 billion, RMB0.698 billion and RMB0.829 billion for the three years ended 31 December 2022, 2023 and 2024 respectively, representing a CAGR of approximately 19.97%. Taking into account the historical amount and growth rate of the deposits placed by Yuanda Environmental with SPIC Financials, the anticipated deposit amounts of RMB1 billion by Yuanda Environmental is justified; and

- (v) the anticipated completion of the acquisition of certain clean energy assets by Wu Ling Power under the Proposed Asset Pre-Restructuring in the next twelve months (the **“Wu Ling Acquired Assets”**), which will be injected into Yuanda Environmental under the Proposed Asset Restructuring. As advised by the Management, the expected deposit amount from such companies is approximately RMB0.5 billion, which is based on their historical deposit amount. We have obtained and reviewed the historical deposit amount of the Wu Ling Acquired Assets for the past three years and noted that the highest daily deposit balance (including accrued interests) was approximately RMB0.5 billion, which is in line with the projection.

Having considered above, and the fact that the proposed Annual Cap provide the Group an option, but not an obligation, for the Group to deposit its funds with SPIC Financial, providing flexibility to the Group when sourcing financial service providers with favorable interest rates, we are of the view that the proposed Annual Cap, which is the same during the three-year term of the Financial Services Framework Agreement, are fair and reasonable so far as the Independent Shareholders are concerned.

6. Internal approval procedures for the price determination process relating to the Deposit Services

As set out under the section headed “5. INTERNAL CONTROL POLICIES AND PROCEDURES” of the letter from the Board of the Circular, notwithstanding that the Company considers that the capital risk control measures under the Framework Agreement, as set out in the section headed “(3) Capital risk control measures” in the letter from the Board of the Circular, are adequate to manage any risks involved in depositing funds with SPIC Financial, the Group will review contracts and monitor the amount and interest rate of the deposits to ensure the fairness of the terms of the relevant transactions as compared to placing the relevant deposits with independent third parties other than SPIC Financial.

In practice, the Group shall undertake to adhere to the following internal control measures in dealing with the financial services provided by SPIC Financial to the Group:

- (i) The Company assigns designated persons to monitor interest rates for deposits and loans and service fees for other financial services published on the official websites of PBOC and other major commercial banks in the PRC (including but not limited to China Construction Bank Corporation, Industrial and Commercial Bank of China Limited, Bank of China Limited, Bank of Communications Co., Ltd. or China Merchants Bank Co., Ltd.) for each transaction with SPIC Financial.
- (ii) The Company liaises with the major commercial banks in the PRC. The customer service managers of such banks will provide written quotes for deposits, loans and other financial services regularly as needed to the finance department of the Company through email.

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If the terms obtained through the two methods above are more favourable to the Group than those provided by SPIC Financial, the Company's finance department will report this fact to the chief accountant of the Company. Such information will be used by the Group for re-negotiating the price with SPIC Financial. The Group can also exercise the unilateral right to terminate any services to be provided by SPIC Financial under the Framework Agreement if the fees charged by any other commercial banks in the PRC for such services are more favourable to the Group.

We have discussed with the designated personal in monitoring the interests rates for deposits and loans and service fees for other financial services and noted that such persons will perform a desktop search for each transaction with SPIC Financial on relevant rates published on the official websites of PBOC and other major commercial banks in the PRC. Taking into account the above, as well as our review of the Sample Deposits, in which the deposit interest rates offered by the SPIC Financial were not lower than those quoted by the PBOC and other Major Commercial Banks for the same type of deposit, we are of the view that appropriate measures are in place to ensure the price determination process in relation to the Deposit Services is properly carried out by the Group.

In addition, pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Deposit Services contemplated under the Financial Services Framework Agreement are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Deposit Services every year and confirm in the annual report that the transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Deposit Services:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
 - (iv) have exceeded the relevant annual caps;

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- (c) the Company must allow, and ensure that the counterparties to the Deposit Services allow, the Company's auditors sufficient access to their records for the purpose of the reporting on such transactions; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the Deposit Services, in particular, (i) the comparison of the interest rate offered by SPIC Financial to those announced by the PBOC and Major Commercial Banks; (ii) the restriction of the transaction value by way of annual caps; and (iii) the ongoing review by the independent non-executive Directors and auditors of the Company of the Deposit Services and the proposed Annual Cap not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Deposit Services pursuant to the Financial Services Framework Agreement and assist in safeguarding the interests of the Company and the Independent Shareholders as a whole.

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the entering into of Deposit Services under the Financial Services Framework Agreement, including the proposed Annual Cap, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the Deposit Services and the proposed Annual Cap to be proposed at the GM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial information of the Group for each of the three years ended 31 December 2024, 2023 and 2022 have been disclosed in the annual reports of the Company.

Details of the financial statements have been published on the Hong Kong Stock Exchange website (<http://www.hkexnews.hk>) and Company website (<http://www.chinapower.hk>) and can be accessed by the direct hyperlinks below:

- (a) in respect of the annual report of the Company for the year ended 31 December 2024 published on 24 April 2025 (pages 150 to 263)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042401749.pdf>
- (b) in respect of the annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (pages 138 to 252)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042602995.pdf>
- (c) in respect of the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 143 to 265)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703911.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2025, being the benchmark date and latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total issued debts of RMB200,406.9 million. Details of which are as follows:

	Interest Rate	RMB'000
Bank borrowings	0.97%–4.90%	
— Secured and guaranteed		378,746
— Secured and unguaranteed		43,553,173
— Unsecured and unguaranteed		98,586,937
Borrowings from related parties	1.75%–4.65%	
— Secured and unguaranteed		64,620
— Unsecured and guaranteed		600,000
— Unsecured and unguaranteed		26,802,195
Other borrowings	1.20%–4.65%	
— Secured and unguaranteed		2,989,787
— Unsecured and unguaranteed		20,829,081
Obligations under leases		
— Secured and unguaranteed		3,761,670
— Unsecured and unguaranteed		2,840,714
		<u>200,406,923</u>

As at the benchmark date, certain of the bank borrowings, borrowings from related parties, other borrowings and obligation under leases were secured by the rights on certain accounts receivable and items of property, plant and equipment. Certain of the bank borrowings were guaranteed by Hunan Provincial Finance Bureau while certain of the bank borrowings and borrowings from related parties were guaranteed by related parties of the Company.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as at the close of business on 31 March 2025, the Group did not have other debt securities issued and outstanding, and authorized or otherwise created but unissued, outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group, including the internally generated funds and the unutilized facilities from banks and related parties and the available unutilized short-term commercial paper, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirement for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

China's energy and electricity demand continued to grow at a fast pace. Since 2020, the growth rate of power demand has steadily outpaced that of gross domestic product ("GDP"). In 2024, the national total electricity consumption reached 9.85 trillion kWh, representing a year-on-year growth of 6.8%, which was higher than its year-on-year GDP growth of 5%.

In response to the growing power demand and in order to achieve the Dual Carbon Goals, the installed capacity of new energy power generation in China is expected to continue to grow at a rapid pace. By the end of 2024, the installed capacity of new energy power generation, including wind power, solar power and biomass power, has reached 1.45 billion kW, surpassing that of thermal power generation for the first time, and marking an important milestone in China's energy mix transition.

The increasing incorporation of power generated by new energy has put forward new requirements for the power grid system, but also created a vast room for development in terms of technological innovation and industrial upgrade. It is expected that the ability of the power grid system to incorporate green power will be further strengthened by fulfilling the flexible interaction of load and storage between the power sources and the power grid in the coming future.

As the power industry reform in PRC will accelerate further, the market-oriented development of electricity trading transactions, particularly in the spot market, will more accurately reflect the supply and demand dynamics of electricity at various times and locations. This shift is expected to positively influence to the Group with balanced mix of power sources, including thermal, hydro, wind and photovoltaic power supply.

To navigate these changes, the Group will enhance its review of market conditions and economic activities, closely monitoring key indicators such as electricity volume and tariffs. The Group aims to optimize the priority and structure of power generation to seize opportunities for electricity generation and sales. Additionally, it will continue to optimize various types of power sources to flexibly respond to the evolving market environment.

The Group will focus on exploring industries and regions with high returns and strong risk resistance, such as large-scale projects, offshore wind power, and coal-and-power joint operations. The objective is to achieve coordinated development among various energy sources, including hydro, onshore and offshore wind, and photovoltaic power, while ensuring that thermal power effectively supports and regulates the energy mix during the peak-shaving season.

To enhance overall asset quality and improve the rate of return from development projects, the Group will accelerate the disposal and revitalization of inefficient assets. Further efforts will be made to enhance the operating quality and efficiency of new energy projects and strengthen power sales initiatives. This will position the Group well for spot transactions as new energy fully participates in the market.

Furthermore, the Group will intensify investments in scientific research and development, concentrating on breakthroughs in key areas such as energy storage, green power transportation, and integrated intelligent energy systems. The goal is to promote the commercialization of technological advancements.

Looking ahead, the Group remains cautiously optimistic about our business outlook. While committed to achieving sustainable growth in recurring earnings, the Group will exercise stringent and prudent financial, liquidity and cash flow management in order to maintain a sound financial position.

Following the renewal of the Financial Services Framework Agreement, the Group will continue to leverage the advantages of SPIC Financial to strengthen the monitoring and more efficient allocation of funds among its member companies, further enhancing resources integration. Additionally, as the interest rates for deposit and loan services provided by SPIC Financial are equal to or more favourable than those offered by independent third parties to the Group for comparable services of the same tenor, this will result in increased interest income and reduced interest expenses for the Group.

As the comprehensive clean energy flagship listed company of SPIC, the Group will continue to utilize SPIC's support to accelerate high-quality transformation and development, expand its asset and business portfolio, and continuously improve market competitiveness to enhance its shareholder returns.

5. EFFECT OF THE TRANSACTIONS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

SPIC Financial offers interest rate of deposits no less than those offered by other major commercial banks in the PRC. The Company estimates that, if the maximum daily deposit amount the Group deposits with SPIC Finance is RMB12 billion for each of (i) the period from 7 June 2025 to 31 December 2025, (ii) the two years ending 31 December 2026 and 2027, and (iii) for the period from 1 January 2028 to 6 June 2028, it is expected that the maximum amount of interests the Group will receive during the aforesaid periods will be RMB0.09 billion, RMB0.162 billion, RMB0.162 billion and RMB0.070 billion respectively, which only represented a small proportion of the Group's last-year net profit and prevailing assets. Accordingly, the Company considers that the interest income to be derived from the deposits with SPIC Financial will not have a material impact on the Group's earnings, assets and liabilities during the term of Financial Services Framework Agreement.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in securities

As at the Latest Practicable Date, save as the share options granted to our Directors under a share option incentive scheme pursuant to the ordinary resolution passed by the Shareholders on 15 June 2022 as disclosed in the table below, none of the Directors or the chief executive of the Company has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name of Director	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives	Percentage of issued share capital of the Company (%)	Long/short position
HE Xi	Beneficial owner	the Company	5 July 2022	737,000	0.006	Long
GAO Ping	Beneficial owner	the Company	5 July 2022	737,000	0.006	Long

(b) Substantial shareholders' interests in securities

As at the Latest Practicable Date, save as disclosed below, no person, not being a Director nor chief executive of the Company had an interest or short position in the Shares or underlying Shares which should fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives ⁽⁴⁾	Percentage of issued share capital of the Company (%)	Long/short position
CPDL	Beneficial owner	2,662,000,000	21.52	Long
CPNE	Beneficial owner	1,854,648,662	14.99	Long
CPI Holding ⁽¹⁾	Interest of controlled corporations	4,516,648,662	36.51	Long
	Beneficial owner	2,883,518,060	22.91	Long
SPIC Finance HK	Beneficial owner	446,275,453	3.61	Long
SPIC Innovation	Beneficial owner	267,151,000	2.16	Long
SPIC ⁽²⁾	Interest of controlled corporations	8,063,593,175	65.19	Long
China CITIC Financial AMC International Holdings Limited ("CITIC International")	Beneficial owner	618,508,000	5.00	Long
China CITIC Financial Asset Management Co., Ltd ("CITIC Financial AMC") ⁽³⁾	Interest of a controlled corporation	618,508,000	5.00	Long
	Beneficial owner	12,650,000	0.10	Long

Notes:

- (1) CPI Holding is the beneficial owner of CPDL and CPNE and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL and CPNE for the purposes of the SFO.
- (2) SPIC is the beneficial owner of CPI Holding, SPIC Finance HK and SPIC Innovation and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding, SPIC Finance HK and SPIC Innovation for the purposes of the SFO.

- (3) According to the Corporate Substantial Shareholder Notice filed by CITIC Financial AMC with the Hong Kong Stock Exchange pursuant to Part XV of the SFO — Disclosure of Interests, on 6 August 2024, CITIC Financial AMC directly holds 12,650,000 shares of the Company and indirectly holds 618,508,000 shares of the Company through its wholly-owned subsidiary, CITIC International. CITIC Financial AMC is the beneficial owner of CITIC International and therefore CITIC Financial AMC is deemed to be interested in the shares of the Company owned by CITIC International for the purpose of the SFO.
- (4) Save as disclosed above and to the best of the Company's knowledge, information and belief, SPIC, CPI Holding, CPDL, CPNE, SPIC Finance HK and SPIC Innovation do not have any other interests in the equity derivatives of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not determinable by the employing company within one year without payment of any compensation other than statutory compensation.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their associates had any competing interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of the Director	Position(s) within the Company	Other Interests
HE Xi	Chairman of the Board and Executive Director	Chairman of CPI Holding and National Bio Energy Group Co., Ltd.
GAO Ping	Executive Director and President	Vice-chairman of National Bio Energy Group Co., Ltd.
HU Jiandong	Non-executive Director	Special duty director of SPIC, director of CPI Holding, Qinghai Yellow River Upstream Hydropower Development Co. Ltd., SPIC Yellow River Upstream Hydropower Development Co., Ltd., SPIC Hydrogen Energy Technology Development Co., Ltd. and Jilin Electric Power Co., Ltd. (a company listed on the Shenzhen Stock Exchange)

Name of the Director	Position(s) within the Company	Other Interests
ZHOU Jie	Non-executive Director	Special duty director of SPIC, director of CPI Holding, Qinghai Yellow River Upstream Hydropower Development Co., Ltd., SPIC Yellow River Upstream Hydropower Development Co., Ltd. and SPIC Aluminum and Power Investment Co., Ltd.
HUANG Qinghua	Non-executive Director	Special duty director of SPIC, director of CPI Holding, SPIC Chongqing Electric Power Co., Ltd. and SPIC Guizhou Jinyuan Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors held any position as a director or employee of SPIC, CPI Holding, CPDL, CPNE, SPIC Finance HK or SPIC Innovation.

5. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement entered into by any members of the Group subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.

6. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion, letter or advice contained in this circular:

Name	Qualifications
Somerley Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Somerley Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter as set out in this circular and the references to its name in the form and context in which they were included.

As at the Latest Practicable Date, Somerley Capital did not have any shareholding in any members of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

7. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors or the expert named in paragraph 6 of this appendix had any direct or indirect interest in any assets which have been or were proposed to be, acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2024, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. CHEUNG Siu Lan, who is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who holds the dual designations of Chartered Secretary and Chartered Governance Professional, and is also a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia.
- (b) The registered office of the Company is Suite 6301, 63/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (c) Computershare Hong Kong Investor Services Limited, the share registrar of the Company, is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of inconsistency, the English text of this circular will prevail over the Chinese text.

11. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (a) the sale and purchase agreement dated 26 July 2023 entered into by the Company and SPIC;
- (b) the sale and purchase agreement dated 26 July 2023 entered into by the Company, SPIC Guangdong Electric Power Co., Ltd.* and China Power Complete Equipment Co., Ltd.*; and
- (c) the Supplemental Agreement.

Note: All the above three agreements were related to the acquisitions of certain clean energy project companies in the PRC. Please refer to the Company's circular dated 18 August 2023.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.chinapower.hk) and the Hong Kong Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular:

- (a) the Financial Services Framework Agreement;
- (b) the letter dated 21 May 2025 from the Independent Board Committee, the text of which is set out on pages 26 to 27 of this circular;
- (c) the letter dated 21 May 2025 from Somerley Capital, the text of which is set out on pages 28 to 45 of this circular; and
- (d) the written consent given by the Independent Financial Adviser as referred to in the paragraph headed "Expert and Consent" of this appendix.

NOTICE OF GENERAL MEETING



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)

NOTICE OF GENERAL MEETING

A general meeting will be held by way of virtual meeting via online platform which can be accessed from any location with connection to the internet. Shareholders of the Company need not to attend the general meeting in person.

NOTICE IS HEREBY GIVEN that a general meeting (the “**General Meeting**” or “**GM**”) of China Power International Development Limited (the “**Company**”) will be held on **Thursday, 5 June 2025 at 11:00 a.m.**, by way of virtual meeting via the Online Platform (as hereinafter defined) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the renewal of the financial services framework agreement (the “**Framework Agreement**”) between the Company and SPIC Financial Co., Ltd. (國家電投財務有限公司) (“**SPIC Financial**”) dated 29 April 2025 (a copy of the Framework Agreement has been produced to the meeting marked “A” and has been initialled by the chairman of the meeting for the purpose of identification) and the provision of deposit services contemplated under the Framework Agreement and all other matters of and incidental thereto or in connection therewith be and are hereby approved and confirmed;
- (b) the annual cap of the deposit services contemplated under the Framework Agreement in the amount of RMB12 billion, being the maximum daily balance of deposits placed by the Company and its subsidiaries from time to time with SPIC Financial during the term of the Framework Agreement as more particularly set out in the circular of the Company dated 21 May 2025 (a copy of which has been produced to the meeting marked “B” and has been initialled by the chairman of the meeting for the purpose of identification), be and are hereby approved and confirmed; and

NOTICE OF GENERAL MEETING

- (c) any director(s) of the Company be and is/are hereby authorized for and on behalf of the Company, amongst other matters, to sign, seal, execute, perfect, deliver, do or to authorize signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the Framework Agreement and to make and agree such variations of a non-material nature in or to the terms of the Framework Agreement as he/she may in his discretion consider to be desirable and in the interests of the Company.”

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

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 21 May 2025

Registered Office:
Suite 6301, 63/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Notes:

1. The GM will be a virtual meeting. All shareholders of the Company (“**Shareholders**”) can attend, participate and vote at the GM by accessing to the website at https://meetings.computershare.com/CHINAPOWER_2025GM1 (the “**Online Platform**”). Shareholders are reminded that physical attendance in person at the GM is NOT necessary. Shareholders joining the GM using the Online Platform will be counted towards the quorum and they will be able to cast their votes and submit questions through the Online Platform.
2. Details regarding GM arrangements and login access for joining the GM through the Online Platform are provided on the notification letter to be despatched together with the Company’s circular dated 21 May 2025 (the “**Circular**”) and related documents. Shareholders attend the GM are reminded to read the “GUIDANCE FOR THE GM” set out in the Circular prior to joining the GM.
3. The resolution as set out in the Circular will be voted by way of a poll. A member of the Company entitled to vote at the GM is entitled to appoint one or more proxies to attend the GM and vote on his/her behalf. A proxy need not be a member of the Company.
4. All Shareholders who wish to appoint a proxy to attend and vote at the GM through the Online Platform, they are advised to appoint the chairman of the GM as their proxy to act according to their indicated voting instructions, by completing, signing and returning the proxy form accompanying the Circular.
5. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited (i) at the Company’s share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, or (ii) **electronically via the Company’s email address at eproxy@chinapower.hk** not less than 48 hours before the time appointed for the holding of the GM or any adjournment thereof (as the case may be). This email address is provided solely for receiving proxy forms relating to the GM and shall not be used for any other purposes.

NOTICE OF GENERAL MEETING

6. **Closure of register of members of the Company for the GM:** The register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to **qualify to vote at the GM**, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong **not later than 4:30 p.m. on Friday, 30 May 2025**.
7. Shareholders attending the GM will be able to raise questions relevant to the proposed resolution during the GM using the Online Platform. Prior to the GM, Shareholders are also welcome to send such questions or matters in writing to the Company's email at **ir@chinapower.hk no later than 6:00 p.m. on Monday, 2 June 2025**. The Company will endeavor to address relevant questions in relation to the proposed resolutions at the GM. However, the Company may not be able to answer all the questions during the time allocated. Unanswered questions may be responded to after the GM.
8. In the event that a gale warning (tropical cyclone no. 8 or above) or black rainstorm warning is in effect at any time between 9:00 a.m. and 11:00 a.m. on the day of the GM, the GM will be automatically postponed to a later date. In this event, the Company will, as soon as practicable, post an announcement on its website and on the website of The Stock Exchange of Hong Kong Limited to notify the Shareholders that the GM has been postponed (however, a failure to post such an announcement shall not affect the automatic postponement of such meeting). The Shareholders may also telephone the Company's share registrar's hotline on (852) 2862 8555 to enquire whether the GM has been cancelled. When the date, time and details of the rescheduled meeting has been fixed, the Company will post a further announcement on its website and on the website of The Stock Exchange of Hong Kong Limited to notify the Shareholders of the date, time and location of the rescheduled meeting. At least seven clear days' notice shall be given of the rescheduled meeting.
9. As at the date of this notice, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors HU Jiandong, ZHOU Jie, HUANG Qinghua and CHEN Pengjun, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.

If Shareholders have any questions relating to the GM, please contact the share registrar of the Company as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

Tel: (852) 862 8555

Fax: (852) 2865 0990

Online Enquiries: www.computershare.com/hk/en/online_feedback