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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)**

### **CONNECTED TRANSACTION**

#### **Formation of a Joint Venture**

On 30 June 2021, Changzhou Hydropower (an indirect subsidiary of the Company) entered into a Joint Venture Agreement with Weining Energy, pursuant to which the parties agreed to form a Joint Venture in Nanning, Guangxi Zhuang Autonomous Region of the PRC.

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture is RMB100,000,000 (equivalent to approximately HK\$120,482,000) which shall be contributed by Changzhou Hydropower and Weining Energy for the amounts of RMB60,000,000 (equivalent to approximately HK\$72,289,000) and RMB40,000,000 respectively, representing 60% and 40% of their respective equity interest in the Joint Venture. Changzhou Hydropower will make contribution to the Joint Venture by way of cash.

Weining Energy is an associate of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 60.04% of the issued share capital of the Company. As such, Weining Energy is a connected person of the Company as defined in the Listing Rules. Accordingly, the formation of the Joint Venture constitutes a connected transaction of the Company under the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the formation of the Joint Venture exceeds 0.1% but falls below 5%, it is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

In September 2020, the People's Government of Guangxi Zhuang Autonomous Region has launched the "Three-year Action Plan for Accelerating the Development of Seaward Economy and Promoting the Construction of a Powerful Region of Marine Economy in Guangxi (2020-2022)\* (《廣西加快發展向海經濟推動海洋強區建設三年行動計劃(2020—2022年)》)", with an aim to promote the high-quality development of the seaward economy, take advantage of the marine resources, boost coordinated development of the land-sea economy and steadily promote the offshore wind power industry in Guangxi. As offshore wind power projects require relatively large-scale development, in order to seize the relevant opportunities and to accelerate the Group's clean energy transformation and development, the Company entered into a Joint Venture Agreement to jointly develop offshore wind power projects with Weining Energy in Guangxi.

## **PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT**

### **Date**

30 June 2021

### **Parties**

- (i) Changzhou Hydropower; and
- (ii) Weining Energy.

### **The Joint Venture**

Guangxi SPIC Offshore Wind Power Co., Ltd.\* (廣西國電投海上風力發電有限公司)

### **Place of incorporation**

Nanning, Guangxi Zhuang Autonomous Region of the PRC

### **Scope of business**

The Joint Venture focuses on clean energy investment and development. Subject to the approval by the relevant governmental authorities of the PRC, the business scope of the Joint Venture includes (but not limited to):

- (a) electric power generation, transmission and supply;
- (b) offshore wind power related system research and development; and
- (c) technical services for wind power generation.

The Joint Venture may revise its business scope by revising its articles of association and should apply for relevant governmental registration approval.

## Registered Capital

The registered capital of the Joint Venture is RMB100,000,000 (equivalent to approximately HK\$120,482,000). According to the Joint Venture Agreement, the JV Partners have no other commitments for the Joint Venture other than the registered capital.

The JV Partners at present have planned to jointly invest in the development of offshore wind power projects in Guangxi. The capital required for the construction of those projects will be contributed by JV Partners in proportion to their respective shareholding, the timing and method of financing those projects (if necessary) shall be determined by the board of directors of the Joint Venture based on the then market conditions. The Company will comply with the relevant Listing Rules as and when it requires further disclosure.

## Capital Contribution

The JV Partners will pay up their respective contributions to the registered capital of the Joint Venture as follows:

| <b>JV Partner</b>    | <b>Form of contribution</b> | <b>Amount of contribution (RMB)</b> | <b>Interest in the Joint Venture (%)</b> |
|----------------------|-----------------------------|-------------------------------------|--|
| Changzhou Hydropower | Cash                        | 60,000,000                          | 60                                       |
| Weining Energy       | Cash                        | 40,000,000                          | 40                                       |
| Total                |                             | <u>100,000,000</u>                  | <u>100</u>                               |

The first capital contribution of RMB5,000,000 will be paid by JV Partners in proportion to their respective shareholding of the Joint Venture before 31 December 2021. The remaining capital contribution shall be made within ten years after the establishment of the Joint Venture.

The above capital needs of the Joint Venture were determined by the JV Partners after arm's length negotiation and taking into account the development plan of the Joint Venture. The capital contribution by Changzhou Hydropower to the Joint Venture will be funded by the internal resources of the Group. The Joint Venture will become an indirect subsidiary of the Company.

## Board and management structure

The board of the Joint Venture shall consist of three members, of which one will be nominated by Changzhou Hydropower, one will be nominated by Weining Energy and one will be an employee director. The employee director is elected by employees of the Joint Venture through employee congress or other forms of democratic election. The board meeting shall be held only when two-third of the board of directors are present. Any board resolution must be passed by two-third of the board of directors.

The Joint Venture will only have one supervisor and will have no supervisory committee. The directors and senior management of the Joint Venture shall not concurrently hold the position of supervisor, and the supervisor shall be appointed by Changzhou Hydropower. The general manager and the financial controller of the Joint Venture shall be recommended by Weining Energy and Changzhou Hydropower respectively and appointed by the board of directors.

## **Profit sharing**

Upon approval by the shareholders of the Joint Venture, distributable profit of the Joint Venture may be distributed to the JV Partners in proportion to their actual capital contribution made to the Joint Venture.

## **Transfer of equity interest**

If any JV Partner proposes to transfer any part or all of its equity interest in the Joint Venture to any person other than another JV Partner, the consent of the other JV Partner will be required. The other JV Partner fails to reply within 30 days from the date of receiving the written notice shall be deemed to have agreed to the transfer. The other JV Partner who does not consent to the transfer shall purchase the equity interest proposed to be transferred, otherwise it shall be deemed to have consented to the proposed transfer. Under the same conditions, the equity interest transfer being approved by the JV Partners, the other JV Partner shall have the preemptive right to that equity interest.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE**

The formation of the Joint Venture enables the JV Partners to leverage on their capital and investment capabilities, to share technical experience and to explore market development opportunities in a greater joint strategic manner. It is beneficial to the Group in developing its business into the offshore wind power field in the Guangxi Zhuang Autonomous Region of the PRC, and will further enhance its competitiveness and establish its market position by expanding its scale of operations and the layout of its clean energy base in the region.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the Joint Venture Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

None of the Directors has material interest in the Joint Venture Agreement or is required to abstain from voting on the relevant Board resolutions.

## **INFORMATION OF THE GROUP AND THE JV PARTNERS**

The Company is a core subsidiary of SPIC for conventional energy business. SPIC (together with its subsidiaries) is one of the five major electricity generation groups and is the only one integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC.

The Group is principally engaged in generation and sale of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

Changzhou Hydropower is a limited liability company incorporated in the PRC in October 2003 and a 64.93%-owned subsidiary of SPIC Guangxi Electric Power Co., Ltd.\* (國家電投集團廣西電力有限公司, a direct wholly-owned subsidiary of the Company). It is principally engaged in development, investment, production and supply of hydropower, wind power and photovoltaic power in Guangxi Zhuang Autonomous Region, the PRC.

Weining Energy is a limited liability company incorporated in the PRC in June 2014 and was listed on the National Equities Exchange and Quotations in August 2019. It is principally engaged in the development, investment and operation of coal-fired power, photovoltaic power, wind power, hydropower, waste-to-energy power and biological power generation projects. As at the date of this announcement, SPIC Guizhou Jinyuan Co., Ltd.\* (國家電投集團貴州金元股份有限公司, a direct non-wholly owned subsidiary of SPIC) owns approximately 35.94% of the issued share capital of Weining Energy and is its ultimate controlling shareholder.

## **COMPLIANCE WITH THE LISTING RULES**

As at the date of this announcement, SPIC owns approximately 60.04% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Weining Energy is an associate of SPIC as defined under Chapter 14A of the Listing Rules. Accordingly, Weining Energy is a connected person of the Company and the formation of the Joint Venture constitutes a connected transaction of the Company under the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the formation of the Joint Venture exceeds 0.1% but falls below 5%, it is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

|                        |  |
|------------------------|--|
| “Board”                | the board of Directors of the Company  |
| “Changzhou Hydropower” | SPIC Guangxi Changzhou Hydropower Development Co., Ltd* (國家電投集團廣西長洲水電開發有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company |
| “Company”              | China Power International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange        |
| “Director(s)”          | director(s) of the Company   |
| “Group”                | the Company and its subsidiaries from time to time   |
| “HK\$”                 | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”            | Hong Kong Special Administrative Region of the PRC   |

|                           |  |
|---------------------------|--|
| “Joint Venture”           | Guangxi SPIC Offshore Wind Power Co., Ltd.* (廣西國電投海上風力發電有限公司), a company to be incorporated in the PRC with limited liability pursuant to the Joint Venture Agreement  |
| “Joint Venture Agreement” | the joint venture agreement dated 30 June 2021 entered into between the JV Partners in relation to the establishment of the Joint Venture  |
| “JV Partner(s)”           | the party(ies) to the Joint Venture Agreement, namely Changzhou Hydropower and Weining Energy  |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC” or “China”          | the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan  |
| “RMB”                     | Renminbi, the lawful currency of the PRC   |
| “SPIC”                    | State Power Investment Corporation Limited* (國家電力投資集團有限公司), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC* (中華人民共和國國務院) |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “Weining Energy”          | SPIC Guizhou Jinyuan Weining Energy Co., Ltd.* (國家電投集團貴州金元威寧能源股份有限公司), a company incorporated in the PRC with limited liability whose shares are listed on the National Equities Exchange and Quotations                   |

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.83 to HK\$1.00. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

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

Hong Kong, 2 July 2021

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