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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

Transfer of Renewable Energy Accounts Receivable

On 16 November 2021, the Project Companies, subsidiaries of the Company, entered into the AR Transfer Agreement with SPIC to transfer their respective entitlements of renewable energy tariff subsidies as the underlying assets for the purpose of issuing the Asset-Backed Notes under the ABN Transaction.

As at the date of this announcement, SPIC owns approximately 60.04% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company. SPIC is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the AR Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

The consideration and the estimated transaction fees for the AR Transfer Agreement in total is amounted to RMB1,305,962,295 (equivalent to approximately HK\$1,592,637,000). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but fall below 5%, the AR Transfer Agreement 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

With the support of the Central Government in clean energy development, the Group has been expanding its clean energy portfolio and has achieved substantial renewable energy power generation in recent years that are entitled to the renewable energy tariff subsidies from the relevant government authorities. To further improve the efficiency of the Group's asset turnover and reduce the asset-liability ratio, the Project Companies entered into the AR Transfer Agreement with SPIC by transferring their entitlement rights of receiving the renewable energy tariff subsidies to SPIC at their respective carrying values for participating in the ABN Transaction initiated by SPIC.

THE AR TRANSFER AGREEMENT

Date

16 November 2021

Parties

- (i) Project Companies (as the transferor); and
- (ii) SPIC (as the transferee).

Assets to be transferred

Pursuant to the AR Transfer Agreement, the Project Companies will transfer their respective entitlement rights (but not the obligations) to receive the renewable energy tariff subsidies that are receivable from the relevant government authorities according to the Measures for Administration of Subsidy Funds for Renewable Energy Tariffs* (《可再生能源電價附加補助資金管理辦法》) to SPIC.

SPIC, as the initiating entity of the ABN Transaction, will then enter into a trust contract with a trust company for formation of a Trust, pursuant to which SPIC will transfer the Accounts Receivable into the Trust as the underlying assets for issuance of the Asset-Backed Notes in the inter-bank bond market to qualified professional or institutional investors in the PRC.

Consideration, basis of determination and payment terms

The total aggregated consideration for the Accounts Receivable is RMB1,184,931,295, which is equal to the total carrying value of the Accounts Receivable.

The consideration is payable to the Project Companies within 30 days after the trust company has received the funds raised from issuing the Asset-Backed Notes.

Transaction Fees

The Project Companies shall bear (i) the initial financing arrangement service fee, and (ii) the fixed financing consulting service fee for participating in the ABN Transaction.

- (i) The initial financing arrangement service fee shall be calculated on the amount of Accounts Receivable initially transferred times 0.2% times the expected maximum maturity of the Trust (i.e. 36 months), which is estimated to be approximately RMB7,116,000.

- (ii) The fixed financing consulting service fee shall include the coupon interest and the relevant taxes involved in issuing the Asset-Backed Notes. The maximum fee is estimated to be approximately RMB113,915,000 based on the expected maximum maturity of the Trust.

FINANCIAL IMPACT AND USE OF PROCEEDS

Pursuant to the AR Transfer Agreement, the Project Companies will cease to have any rights or interests in the Accounts Receivable at the time when the Trust becomes effective, by which the Accounts Receivable shall become the assets under the Trust. The Project Companies will receive the proceeds of RMB1,184,931,295 that is equivalent to the carrying value of the Accounts Receivable. It will effectively improve the turnover rate of the accounts receivable and also reduce the asset-liability ratio of the Group.

The proceeds will be applied to repay the existing borrowings and replenish the working capital of the Project Companies, and/or investment in new renewable energy projects.

REASONS FOR AND BENEFITS OF THE AR TRANSFER AGREEMENT

Entering into the AR Transfer Agreement will help to accelerate the collection of the funds in relation to the accounts receivable of renewable energy subsidies of the Project Companies and therefore improve the operating cash flow of the Group.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the terms of the AR Transfer Agreement have been conducted 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 AR Transfer Agreement or is required to abstain from voting on the related Board resolution.

INFORMATION OF THE GROUP

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

INFORMATION OF THE PROJECT COMPANIES

The Project Companies are subsidiaries of the Company that are incorporated in the PRC with limited liabilities. They are principally engaged in electricity generation and sales of renewable energy including hydropower, wind power and photovoltaic power.

INFORMATION OF SPIC

SPIC is principally engaged in investment holding, electricity generation and sales, and provision of various energy related services, including but not limited to EPC contracting, project planning, survey, design and consulting, trading and manufacturing of materials and equipment required by power plants, and their related operational management, research and development in the PRC and overseas countries.

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 and is the ultimate controlling shareholder of the Company. SPIC is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the AR Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

The consideration and the estimated transaction fees for the AR Transfer Agreement in total is amounted to RMB1,305,962,295 (equivalent to approximately HK\$1,592,637,000). As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but fall below 5%, the AR Transfer Agreement 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:

“ABN Transaction” the transactions contemplated under the transaction documents including the AR Transfer Agreement, a trust contract and other related documents in connection with the issuance and securitization of the Asset-Backed Notes

For the avoidance of doubt, the Project Companies only entered into the AR Transfer Agreement (not any of the other agreements) with SPIC for participating in the ABN Transaction initiated by SPIC.

“Accounts Receivable” the Project Companies' entitlement rights (but not the obligations) to receive the renewable energy tariff subsidies that are receivable from the relevant government authorities according to the Measures for Administration of Subsidy Funds for Renewable Energy Tariffs* (《可再生能源電價附加補助資金管理辦法》)

“AR Transfer Agreement” the transfer agreement dated 16 November 2021 signed between the Project Companies and SPIC in relation to the transfer of the Accounts Receivable

“Asset-Backed Notes”	a debt financing instrument issued by the Trust to qualified investors in the inter-bank bond market in the PRC, backed by the cash flow generated from the Accounts Receivable as the underlying assets and repayable within a fixed period of time
“Board”	the board of Directors of the Company
“Company”	China Power International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China” or “State”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Project Companies”	subsidiaries of the Company that own and run renewable energy projects in the PRC
“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
“Trust”	the trust under a trust contract to be entered between SPIC and a trust company in relation to holding the underlying assets (the Accounts Receivable) for the purpose of issuance of the Asset-Backed Notes and realizing the bankruptcy isolation of the underlying assets holders of the Asset-Backed Notes are the beneficiaries of the Trust

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.82 to HK\$1.00. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

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

Hong Kong, 17 November 2021

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