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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)

VOLUNTARY ANNOUNCEMENT

Transfer of Equity Interests in Subsidiaries

Reference is made to the announcement of the Company dated 29 April 2022 in relation to the establishment of a limited Partnership Fund and the possible disposal of equity interests in certain subsidiaries of the Company to the SPV under the Partnership Fund, aiming to jointly develop and further expand the Group's clean energy projects.

On 20 September 2022, the Company (the Transferor), the SPV (the Transferee) and the relevant Target Companies entered into four Equity Transfer Agreements, pursuant to which the Transferor agreed to sell and the Transferee agreed to acquire the entire equity interests in the Target Companies for an aggregate consideration of RMB1,473,412,700 (equivalent to approximately HK\$1,655,519,900).

Upon completion of the Equity Transfers, as the Company remains in control of the Target Companies through the SPV, their financial results and financial position will continue to be consolidated into the financial statements of the Group.

As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfers are below 5%, they in aggregate do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

INTRODUCTION

Reference is made to the Company's announcement dated 29 April 2022 in relation to the establishment of a limited Partnership Fund under the Partnership Agreement, and the setting up of a SPV under the Partnership Fund for investing in the Target Companies (subsidiaries of the Company engaging in the new energy sector) pursuant to the Cooperation Framework Agreement. As recommended by the Company and approved by the Partnership Fund, the relevant parties concluded the Equity Transfer Agreements for the Equity Transfers on 20 September 2022.

THE EQUITY TRANSFER AGREEMENTS

Date

20 September 2022

Parties

- (i) The Company (the “Transferor”);
- (ii) the SPV (the “Transferee”); and
- (iii) the respective Target Companies.

Assets to be transferred

The Transferee has agreed to acquire and the Transferor has agreed to sell the entire equity interests in the Target Companies.

Consideration

The total consideration payable by the Transferee to the Transferor for the Equity Transfers is RMB1,473,412,700 (equivalent to approximately HK\$1,655,519,900), details as follows.

Equity Transfer Agreement	Target Company	Equity Interest to be transferred	Consideration (RMB)
1	Datong CP	100%	802,000,000
2	Zuoyun CP	100%	198,100,000
3	Hunyuan CP	100%	190,712,700
4	Ruicheng CP	100%	282,600,000
Total			1,473,412,700

The consideration for each of the Equity Transfers will be subject to adjustment with the profit or loss incurred by each of the Target Companies during the transitional period from the appraisal benchmark date (30 April 2022) to the date of completion of the respective Equity Transfers.

Basis of Determination for the Consideration

The total consideration for the Equity Transfers was determined based on the appraised values of the Target Companies according to their respective Asset Appraisal Reports prepared by the Independent Appraisers.

Payment of Consideration

The entire consideration (including any additional consideration as a result of the above-mentioned profit or loss adjustments) for the Equity Transfers shall be paid by bank remittance within ten working days after all the conditions precedent under the respective Equity Transfer Agreements have been satisfied.

USE OF PROCEEDS AND FINANCIAL IMPACT

All proceeds from the Equity Transfers will be used to repay the existing bank borrowings of the Group. Upon completion of the Equity Transfers, the Group's equity interests in the Target Companies will reduce from 100% to 36%. As the Group maintains the control and decision-making power of the Target Companies through its control over the SPV, their financial statements will continue to be consolidated with the financial statements of the Group. The Group will not record any gain or loss on the Equity Transfers, and hence the Equity Transfers will not have any adverse financial impact to the Group.

REASONS AND BENEFITS OF THE EQUITY TRANSFERS

The transfer of the equity interests in the Target Companies to the SPV under the Partnership Fund is intended to bring in new strategic partners to jointly develop and further expand the Group's clean energy projects. Their investment in the Target Companies will accelerate the Group's transformation towards green and low-carbon energy development. It enables the Group to obtain additional financing while maintaining control over the Target Companies and therefore facilitating the balance between the needs for development and funding of the Group.

The Directors (including independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the terms of the Equity Transfer Agreements have been entered into on normal commercial terms, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the above agreements or is required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is a core and flagship listed subsidiary of SPIC. SPIC (together with its subsidiaries) is an 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 sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and coal-fired 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.

SPIC is principally engaged in investment holding with business covers the power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and overseas countries.

INFORMATION OF THE SPV

SPIC Qingneng (Beijing) New Energy Development Co., Ltd.* (電投清能(北京)新能源發展有限責任公司) is a special purpose vehicle established under the Partnership Fund for the purpose of investing in the Target Companies. Its equity interest is indirectly owned as to 20% by the Company and as to 80% by the Partnership Fund.

The Partnership Fund is a limited partnership established pursuant to the Partnership Agreement executed on 29 April 2022. The Partnership Fund is directly owned as to 20% by the Group and as to 80% (of which 79.98% is owned by Minsheng Tonghui Asset Management Co., Ltd.* (民生通惠資產管理有限公司)) by third parties independent of the Company and connected persons of the Company. For details, please refer to the Company's announcement dated 29 April 2022.

Minsheng Tonghui Asset Management Co., Ltd.* is a limited liability company established by the approval of the China and Banking Insurance Regulatory Commission. It is principally engaged in fixed income investment, equity investment, real estate investment, infrastructure debt project investment, asset-backed project investment, etc. It is an insurance asset management company which is ultimately owned and controlled by Minsheng Life Insurance Co., Ltd.* (民生人壽保險股份有限公司).

INFORMATION OF THE TARGET COMPANIES

The Target Companies are all wholly-owned subsidiaries of the Company that are engaging in the new energy sector, i.e. investment, development, operation and management of photovoltaic power stations and power generation business.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfers are below 5%, they in aggregate do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

DEFINITIONS

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

“Asset Appraisal Reports”	the four asset appraisal reports with regard to the value of the entire equity interests of each of the Target Companies on the appraisal benchmark date as of 30 April 2022, prepared by the Independent Appraisers
“Board”	the board of Directors of the Company
“Company” or “Transferor”	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
“Cooperation Framework Agreement”	the agreement entered into between Xinbao Beta Private Equity Fund Management (Hainan) Co., Ltd.* (新保貝塔私募基金管理(海南)有限公司), Zhongdian Zhihui Comprehensive Energy Limited* (中電智慧綜合能源有限公司), China Power Guorui Supply Chain Management Co., Ltd.* (中電國瑞供應鏈管理有限公司), the Company and the Partnership Fund dated 29 April 2022
“Director(s)”	director(s) of the Company
“Equity Transfers”	the transfer of the entire equity interests in the Target Companies from the Transferor to the Transferee pursuant to the Equity Transfer Agreements
“Equity Transfer Agreements”	the four equity transfer agreements dated 20 September 2022 entered among the Transferor, the Transferee, and the relevant Target Companies in relation to the Equity Transfers
“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
“Independent Appraisers”	China United Assets Group Co., Ltd* (中聯資產評估集團有限公司) and China Enterprise Appraisals Consultation Co., Ltd* (北京中企華資產評估有限責任公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Partnership Agreement”	the partnership agreement entered into between the partners in relation to the formation of the Partnership Fund dated 29 April 2022 (For details, please refer to the Company’s announcement dated 29 April 2022)

“Partnership Fund”	CP Clean Industry Venture Capital Fund (Tianjin) Partnership (Limited Partnership)* (中電清潔產業創業投資基金(天津)合夥企業(有限合夥)), a limited partnership established in the PRC pursuant to the Partnership Agreement
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“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)
“SPV” or “Transferee”	SPIC Qingneng (Beijing) New Energy Development Co., Ltd.* (電投清能(北京)新能源發展有限責任公司), a limited liability company incorporated in the PRC, is a non-wholly owned subsidiary of the Company
“Target Company(ies)”	directly and wholly owned subsidiaries of the Company, incorporated in the PRC with limited liability (individually the Target Company or collectively the Target Companies) which include:

“Datong CP”	Datong China Power Photovoltaic Power Generating Company Limited*
“Zuoyun CP”	Zuoyun China Power Photovoltaic Power Generating Co., Ltd.*
“Hunyuan CP”	Hunyuan China Power Photovoltaic Power Generating Co., Ltd.*
“Ruicheng CP”	Ruicheng China Power Photovoltaic Power Generating Co., Ltd.*

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.89 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, 20 September 2022

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