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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

Renewal of a Lease Agreement

On 31 August 2021, the Company entered into a Lease Agreement with CPI Holding in relation to renew the tenancy of the Premises for a term of three years from 1 September 2021 to 31 August 2024.

Pursuant to HKFRS 16, a right-of-use asset will be recognized in the consolidated financial statements of the Group in respect of the lease of the Premises under the Lease Agreement with an estimated value of approximately RMB76,013,400 (equivalent to approximately HK\$91,582,400). The transaction contemplated under the Lease Agreement is regarded as an acquisition of asset under Chapter 14 of the Listing Rules.

CPI Holding is the controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company. Accordingly, CPI Holding is a connected person of the Company and the transaction contemplated under the Lease Agreement also constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognized by the Group in connection with the Lease Agreement exceeds 0.1% but falls below 5%, the transaction contemplated under Lease 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.

Reference is made to the Company's announcement dated 30 August 2018 in relation to a property lease agreement which is due to expire on 31 August 2021. Both parties of the said agreement have just entered into a new Lease Agreement to renew the tenancy of the Premises at the prevailing market rental rate.

THE LEASE AGREEMENT

Date

31 August 2021

Parties

- (i) the Company (as the Lessee); and
- (ii) CPI Holding (as the Lessor).

Principal Terms

Premises leased: The Premises, with a total area of 6,449 square meters (solely for office use)

Lease term: A term of 3 years from 1 September 2021 to 31 August 2024

Rent: RMB26,830,000 per year or RMB11.4 per square meter per day (inclusive of management fee and other outgoings)

Payment terms: The first rental of RMB13,415,000 shall be prepaid within 30 days from the date of commencement of the lease term, thereafter, the rental of RMB13,415,000 shall be payable in advance semi-annually in March and September each year.

Exclusivity: The Lessee shall not transfer its rights under the Lease Agreement or sublease the Premises without the Lessor's prior consent.

Termination: Should there be any delay in rental payment for more than 30 days, the Lessor has the right to terminate the Lease Agreement.

Each of the parties has the right to early terminate the Lease Agreement, upon giving to the other party not less than three months' prior notice in writing of its intention for early termination.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

The Premises being rented under the Lease Agreement are used by the Company as its office in Beijing, the PRC. The rent is determined after arm's length negotiations with reference to the prevailing market rent of other similar premises in the nearby locations (not less than five latest comparable transactions). The Directors are of the view that the terms of renewing the Lease Agreement are no less favourable than the terms available from independent third parties, and will save the unnecessary relocation and administration costs, which is beneficial to 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 Lease Agreement is entered into in the ordinary course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transaction contemplated under the Lease Agreement or is required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE GROUP AND CPI HOLDING

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.

CPI Holding is the immediate holding company of the Company and a wholly-owned subsidiary of SPIC. It is principally an investment holding company. SPIC is the ultimate controlling shareholder of the Company and CPI Holding.

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

Pursuant to HKFRS 16, a right-of-use asset will be recognized in the consolidated financial statements of the Group in respect of the lease of the Premises under the Lease Agreement with an estimated value of approximately RMB76,013,400 (equivalent to approximately HK\$91,582,400). The transaction contemplated under the Lease Agreement is regarded as an acquisition of asset under Chapter 14 of the Listing Rules.

As at the date of this announcement, CPI Holding is the controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company. Accordingly, CPI Holding is a connected person of the Company and the transaction contemplated under the Lease Agreement also constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognized by the Group in connection with the Lease Agreement exceeds 0.1% but falls below 5%, the transaction contemplated under Lease 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:

“Board”	the board of Directors of the Company
“Company” or “Lessee”	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
“CPI Holding” or “Lessor”	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company and a wholly-owned subsidiary of SPIC
“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
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the agreement dated 31 August 2021 entered between the Company and CPI Holding for leasing the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Premises”	6th to 8th and 11th Floors, East Building, Hui Huang Shi Dai Plaza, located at 56 North West Fourth Ring Road, Haidian District, Beijing, 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

* *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, 31 August 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.