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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**

#### **Acquisition of 36% Equity Interest in Qiyuanxin Power**

On 30 July 2021, the Company entered into the Equity Transfer Agreement with CPI Holding, pursuant to which the Company has conditionally agreed to acquire, and CPI Holding has conditionally agreed to sell, 36% of the equity interest of Qiyuanxin Power, at a consideration of RMB18,010,000 (equivalent to approximately HK\$21,698,800).

CPI Holding is the controlling shareholder of the Company, which is interested in approximately 56.04% of the issued share capital of the Company, and is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the Acquisition 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 Acquisition exceeds 0.1% but falls below 5%, the Acquisition 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.

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Equity Transfer Agreement. As the Acquisition may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

### **BACKGROUND**

In the pursuit to deal with climate change and promote green development, the State Council of the PRC issued the "Energy-saving and New Energy Automobile Industry Development Plan (2012-2020)" (節能與新能源汽車產業發展規劃(2012-2020年)) in 2012. Since then, the State has adhered to the strategic orientation of pure electric drive and the development of the new energy automobile industry.

In October 2020, the State Council issued the “New Energy Automobile Industry Development Plan (2021-2035)” (新能源汽車產業發展規劃(2021-2035年)) further stressed the importance of integrating the automotive industry with technological advancement in the fields of energy, transportation, and information communication, which shall accelerate electrification, connectivity, and intelligent-driven of the industry and is the future development trend and direction.

With an aim to promote integrated intelligent energy business, the Acquisition enables the Company to engage in the battery charging and swapping infrastructure services (電池充換基礎設施服務) to support the development of the new energy automobile industry and green power transportation.

## **THE EQUITY TRANSFER AGREEMENT**

### ***Date***

30 July 2021

### ***Parties***

- (i) CPI Holding (as the Transferor); and
- (ii) the Company (as the Transferee).

### ***Assets to be acquired***

Pursuant to the Equity Transfer Agreement, the Company has conditionally agreed to acquire, and CPI Holding has conditionally agreed to sell, 36% of the equity interest of Qiyuanxin Power.

Qiyuanxin Power is a relatively new company established in late 2020. It is an investment holding company, which is principally engaged in development, service, transfer, consultation of new energy technologies, energy saving management services, construction and operation of electric vehicle battery charging and battery swapping stations, sales and leasing of new energy vehicle battery, parts and machinery equipment, and new and secondhand automobile sales, etc. Details of Qiyuanxin Power’s shareholding and corporate structure are set forth in the section below headed “INFORMATION OF QIYUANXIN POWER”.

### ***Consideration, basis of determination and payment terms***

The consideration for the Acquisition is RMB18,010,000 (equivalent to approximately HK\$21,698,800).

The consideration of the Acquisition was arrived at after arm's length negotiations between the Transferor and the Transferee with reference to various factors including,

- (i) the net asset value of Qiyuanxin Power of RMB48,275,198 as of 30 June 2021 (which reflects its paid up capital of RMB50,000,000 less the initial setup and operating expenses for the period from its establishment in late October 2020 to the end of June 2021);
- (ii) the assessed value of Qiyuanxin Power based on the Asset Appraisal Report prepared by the Independent Appraiser as at 30 April 2021 using the assets-based approach of RMB49,993,600 (which is equivalent to the net asset value of Qiyuanxin Power as at 30 April 2021 without any premium or discount on evaluation); and
- (iii) the operating conditions, financial position and future business prospect of Qiyuanxin Power.

The consideration of the Acquisition will be payable by the Transferee in a lump sum through bank remittance to a designated bank account of the Transferor within 20 working days after the conditions precedent of the Equity Transfer Agreement have been fulfilled or waived.

The Company will finance the consideration for the Acquisition by internal resources of the Group.

### ***Conditions precedent***

The Acquisition is conditional upon satisfaction (or waiver, where applicable) of the following conditions:

- (i) the completion of all necessary documentation and formalities for registration or filing in accordance with the requirements of the regulatory authorities in the PRC to effect the change of the 36% equity interest in Qiyuanxin Power, including the change of industrial and commercial registration, the changes of directors, supervisors and managers of Qiyuanxin Power;
- (ii) the written consents from all other shareholders of Qiyuanxin Power confirming their agreement to the Acquisition and waiver of their right of first refusal to acquire that 36% equity interest have been obtained;
- (iii) the registration of the property rights of State-funded enterprises (國家出資企業產權登記) of Qiyuanxin Power has been completed; and
- (iv) the representations and warranties made by the Transferor under the Equity Transfer Agreement are true and accurate and not misleading in any material aspects at the time of Completion.

## ***Completion***

Subject to the fulfilment of the above conditions precedent, Completion is deemed to be done when all the formalities of the 36% equity interest transfer and the corresponding changes to the articles of association of Qiyuanxin Power in connection with the Acquisition have been completed. The last day on which all the conditions must be satisfied or waived, where applicable, is 180 working days after the Equity Transfer Agreement became effective (the “*Cut-off date*”). In the event that the Completion is not done on or before the Cut-off date, the Transferee shall have the right to terminate the Equity Transfer Agreement and shall bear no obligation or any liabilities to the Transferor whatsoever.

Upon Completion, Qiyuanxin Power will become an associate of the Company and be accounted for under the equity method by the Company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Under the national strategic goal of achieving “Carbon Peak and Carbon Neutrality” in the PRC, the Company believes green power transportation has great potential for future development. The Acquisition enables the Company to foster a new profit source for the Group as promoting new energy transportation can expand electricity consumption channels and increase electricity sales. The battery charging and swapping infrastructure services, in particular for heavy-duty trucks, is one of the smart energy innovation business models in the market which is important for promoting the Group’s integrated intelligent energy transformation and sustainable green development.

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 Equity Transfer Agreement has been conducted on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

Mr. HE Xi, an executive Director who is also an executive director and the general manager of Qiyuanxin Power, has abstained from voting, other than that, none of the Directors has a material interest in the Equity Transfer Agreement or is required to abstain from voting on the relevant Board resolutions.

## **INFORMATION OF QIYUANXIN POWER**

Qiyuanxin Power is a limited liability company incorporated in the PRC in October 2020 with a registered capital of RMB200,000,000 and a paid-up capital of RMB50,000,000. It is an investment holding company for development of electric vehicle battery charging and swapping infrastructure services, related electric machinery and facilities engineering, sales and leasing services and related energy saving and battery assets management, etc. It presently holds equity interests ranging from 10% to 40% in five limited companies which were all newly established during the period from November 2020 to May 2021 in the PRC. All of them have not yet commenced commercial operation.

Set out below is the shareholding structure of Qiyuanxin Power as at the date of this announcement and immediately upon Completion:

Shareholders	<i>Note</i>	<b>As at the date of this announcement</b> % of equity interest	<b>Immediately upon Completion</b> % of equity interest
CPI Holding		36	-
The Company		-	36
Shanghai Rongxin	<b>1</b>	30	30
Lvshui Investment	<b>2</b>	14	14
Ronghe Management	<b>3</b>	10	10
Qingshan Investment	<b>4</b>	10	10
<b>Total</b>		<b>100</b>	<b>100</b>

*Notes:*

1. Shanghai Rongxin Enterprise Management Partnership Enterprise (Limited Partnership)\* (上海融芯企業管理合夥企業(有限合夥), “Shanghai Rongxin”) is a limited partnership established under the laws of the PRC in September 2020 and is principally engaged in business management consulting and information consulting services. The general partner<sup>#</sup> of Shanghai Rongxin is Mr. HE Zhiqiang, who is a director of an associate of SPIC.
2. Jiaxing Ronghe Electric Technology Lvshui Equity Investment Partnership Enterprise (Limited Partnership)\* (嘉興融和電科綠水股權投資合夥企業(有限合夥), “Lvshui Investment”) is a limited partnership established under the laws of the PRC in March 2020 and is principally engaged in equity investment, industrial investment and investment consulting.
3. Shanghai CPI Ronghe New Energy Investment Management Center (Limited Partnership)\* (上海中電投融和新能源投資管理中心(有限合夥), “Ronghe Management”) is a limited partnership established under the laws of the PRC in October 2015 and is principally engaged in equity investment, industrial investment and investment consulting.
4. Jiaxing Ronghe Electric Technology Qingshan Equity Investment Partnership Enterprise (Limited Partnership)\* (嘉興融和電科青山股權投資合夥企業(有限合夥), “Qingshan Investment”) is a limited partnership established under the laws of the PRC in March 2020 and is principally engaged in equity investment, industrial investment and investment consulting.
5. The general partner<sup>#</sup> of Lvshui Investment, Ronghe Management and Qingshan Investment is State Power Investment Group Industrial Fund Management Co., Ltd.\* (國家電投集團產業基金管理有限公司), a company which is ultimately controlled by SPIC.

<sup>#</sup> The general partner is responsible for managing the limited partnership enterprise.

Set out below is the financial information of Qiyuanxin Power prepared in accordance with the prevailing generally accepted accounting principles in the PRC:

	Period from 27 October 2020 (the date of its establishment) to 31 December 2020 (RMB'000)	For the four months ended 30 April 2021 (RMB'000)	For the six months ended 30 June 2021 (RMB'000)
	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
Net profit(loss) before taxation	0	(6)	(1,725)
Net profit(loss) after taxation	0	(6)	(1,725)

	As at 31 December 2020 (RMB'000)	As at 30 April 2021 (RMB'000)	As at 30 June 2021 (RMB'000)
	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
Net assets	0	49,994	48,275

## 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 coal-fired power, hydropower, wind power and photovoltaic 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.

## COMPLIANCE WITH 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 and is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the Acquisition 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 Acquisition exceeds 0.1% but falls below 5%, the Acquisition 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:

“Acquisition”	the proposed acquisition of 36% equity interest in Qiyuanxin Power by the Company pursuant to the Equity Transfer Agreement
“Asset Appraisal Report”	the asset appraisal report with regard to the value of the equity interest of Qiyuanxin Power as at 30 April 2021, prepared by the Independent Appraiser
“Board”	the board of Directors of the Company
“Company” or “Transferee”	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
“Completion”	after satisfaction or, if applicable, waiver of the conditions precedent under the Equity Transfer Agreement
“CPI Holding” or “Transferor”	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
“Equity Transfer Agreement”	the conditional sale and purchase agreement dated 30 July 2021 made between the Company and CPI Holding, relating to the Acquisition
“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 Appraiser”	China Enterprise Appraisals 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
“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

“Qiyuanxin Power”	Shanghai Qiyuanxin Power Technology Co., Ltd.* (上海啟源芯動力科技有限公司), a company incorporated in PRC with limited liability, a 36%-owned associate of CPI Holding
“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, 30 July 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.*