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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 9 March 2022, Guangxi Company (a wholly-owned subsidiary of the Company) entered into a Joint Venture Agreement with Guangxi Nuclear Power, 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\$123,456,800) which shall be contributed by Guangxi Company and Guangxi Nuclear Power for the amounts of RMB49,000,000 (equivalent to approximately HK\$60,493,800) and RMB51,000,000 respectively, representing 49% and 51% of their respective equity interest in the Joint Venture. Guangxi Company will make contribution to the Joint Venture by way of cash.

Guangxi Nuclear Power is an indirect subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 54.35% of the issued share capital of the Company. As such, Guangxi Nuclear Power 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.

PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT

Date

9 March 2022

Parties

- (i) Guangxi Company; and
- (ii) Guangxi Nuclear Power.

The Joint Venture

Guangxi SPIC Guihe New Energy Investment Co., Ltd.* (廣西國電投桂和新能源投資有限公司)

Place of incorporation

Nanning, Guangxi Zhuang Autonomous Region of the PRC

Scope of business

The Joint Venture focuses on new 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) investment holding;
- (b) sales of battery swap equipment and complete component parts for new energy vehicles;
- (c) research and development of emerging energy technologies;
- (d) energy storage technical services;
- (e) technology research and development of nuclear power facilities services and engineering; and
- (f) electric power generation, power transmission, and power supply and distribution business; and provision of related design, installation, testing and technical support, and repair and maintenance services.

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

Registered Capital

The registered capital of the Joint Venture is RMB100,000,000 (equivalent to approximately HK\$123,456,800). According to the Joint Venture Agreement, the JV Partners have no other commitments for the Joint Venture other than the registered capital.

Capital Contribution

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

JV Partner	Form of contribution	Amount of contribution (RMB)	Interest in the Joint Venture (%)
Guangxi Company	Cash	49,000,000	49
Guangxi Nuclear Power	Cash	51,000,000	51
Total		<u>100,000,000</u>	<u>100</u>

All capital contribution will be paid by JV Partners in proportion to their respective shareholding of the Joint Venture within 30 days from the date the commercial registration of the Joint Venture is completed. The capital contribution by Guangxi Company to the Joint Venture will be funded by the internal resources of the Group. The Joint Venture will become an associate 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 Guangxi Company, one will be nominated by Guangxi Nuclear Power 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 more than half of the directors are present. Any board resolution must be passed by two-thirds or more 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 recommended by Guangxi Company and appointed by means of shareholders' meeting. The general manager and the financial controller of the Joint Venture shall be recommended by Guangxi Company and Guangxi Nuclear Power 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

Within three years after the establishment of the Joint Venture, both JV Partners undertake not to transfer all or part of the equity held. Three years after the establishment of the Joint Venture, 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. The Joint Venture could facilitate Guangxi Company to develop new energy and integrated intelligent energy projects in the region where the existing projects of Guangxi Nuclear Power are located. The Company believes that it is in line with the “Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development of Guangxi Zhuang Autonomous Region and the Long-Range Objectives Through the Year 2035* (《廣西壯族自治區國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》)” issued by the People’s Government of Guangxi Zhuang Autonomous Region for enhancing energy development and promote the coordinated development of small and medium-sized cities in the province, and is beneficial to the Group to vigorously expand its new energy business 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 interests 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. 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 sale 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 energy transportation, and integrated intelligent energy solution services. Its businesses are located in the major power grid regions of China.

Guangxi Company is a limited liability company incorporated in the PRC in May 2016 and a wholly-owned subsidiary of the Company. It is principally engaged in development, investment, construction, operation and management of power generation projects (mainly hydropower, wind power and photovoltaic power plants at present).

Guangxi Nuclear Power is a limited liability company incorporated in the PRC in April 2008 and a wholly-owned subsidiary of State Nuclear Power Technology Corporation Ltd.* (國家核電技術有限公司, a 92.05%-owned subsidiary of SPIC). It is principally engaged in preparation and development, construction and operation of “four connections and one leveling” (四通一平) in the early stage of nuclear power projects in Guangxi Zhuang Autonomous Region, the PRC.

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 54.35% 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.

Guangxi Nuclear Power is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Guangxi Nuclear Power 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
“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
“Guangxi Company”	SPIC Guangxi Power Company Limited* (國家電投集團廣西電力有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Guangxi Nuclear Power”	CPI Guangxi Nuclear Power Co., Ltd.* (中電投廣西核電有限公司), a company incorporated in the PRC with limited liability and a subsidiary indirectly held by SPIC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Joint Venture”	Guangxi SPIC Guihe New Energy Investment Co., Ltd.* (廣西國電投桂和新能源投資有限公司), 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 9 March 2022 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 Guangxi Company and Guangxi Nuclear Power
“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

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.81 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, 9 March 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.