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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**

#### **EPC Contracting Agreement**

On 25 October 2022, Shaoyang New Energy (an indirect subsidiary of the Company) entered into an EPC Contracting Agreement with Shandong Institute, pursuant to which Shandong Institute will provide survey and design, procurement, construction and installation, and technical support services in relation to Shaoyang Project. The maximum consideration payable under the EPC Contracting Agreement is RMB206,538,100 (equivalent to approximately HK\$226,964,900).

Shandong Institute is an indirect subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company which is interested in approximately 56.18% of the issued share capital of the Company. As such, Shandong Institute is a connected person of the Company as defined in the Listing Rules. Accordingly, the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum consideration payable under the EPC Contracting Agreement exceed 0.1% but all fall below 5%, the transaction contemplated under the EPC Contracting 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.

The Board announces that Shaoyang New Energy (an indirect subsidiary of the Company) entered into an EPC Contracting Agreement with Shandong Institute on 25 October 2022 in relation to the development of Shaoyang Project, an integrated smart energy photovoltaic project with a planned installed capacity of 140MW in Shaoyang County, Hunan Province, the PRC.

## EPC CONTRACTING AGREEMENT

### Date

25 October 2022

### Parties

- (i) Shaoyang New Energy (as the Employer); and
- (ii) Shandong Institute (as the Contractor).

### Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor and provide survey and design, engineering construction, equipment procurement and other services for the Project, among which, (i) the survey and design services include but are not limited to the surveying of all rooftops in the county, the completion of construction drawing design, rooftop measurement and rooftop load identification; (ii) engineering construction services include but are not limited to rooftop reinforcement, waterproofing, installation of solar brackets and components, handling of various inspections, tests, and permits; (iii) equipment procurement services mainly include the supply of equipment and materials required for engineering construction, supervision, transportation, acceptance, functional testing and storage; (iv) other services include equipment manufacturing supervision, commissioning, completion certification (including trial operation, defect elimination, performance assurance assessment and acceptance), training, performance quality assurance, and follow-up services covering the entire project warranty period.

### Consideration

The total maximum contracting fee under the EPC Contracting Agreement payable by the Employer is RMB206,538,100 (inclusive of all taxes) and consists of the following components.

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fee	30,773,200
Construction and Installation fees	137,125,900
Other fees <sup>#</sup>	38,639,000
<b>Total</b>	<b>206,538,100</b>

<sup>#</sup> Other fees include: survey and design fees, all kinds of engineering certification processing, construction management and supervision, technical services, trial runs of the whole system, quality control and inspection, training and various miscellaneous costs.

## Payment terms

The Employer shall make an interest-free prepayment to the Contractor equivalent to 5% of the total contracting fees within 10 working days after receiving and verifying the irrevocable surety bond submitted by the Contractor for its due performance of the works under the EPC Contracting Agreement.

The remaining 95% of the total contracting fees is payable by instalments when the certificate of acceptance is issued in batches according to progress of the works done. Among which, the acceptance and settlement of each batch of photovoltaic power projects shall not be less than 2 MW, while the related integrated smart energy project for the new economic industrial park shall be settled according to the stage of work progress.

- **Equipment procurement fee:** up to 90% is payable within one month after the completion of acceptance, data filing and final work defect elimination of the Project; the remaining 5% will be served as a warranty for quality assurance which is payable after the Project has passed the performance guarantee indicator and is fully put into operation and without any quality problem in the first two years.
- **Construction and installation fees and other fees:** up to 92% is payable within one month after the completion of acceptance, data filing and final work defect elimination of the Project; the remaining 3% will be served as a warranty for quality assurance which is payable after the Project has passed the performance guarantee indicator and is fully put into operation and without any quality problem in the first two years.

## REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Shaoyang Project is in line with the national guiding policies and the Company's strategy for clean energy development. The Project is located in Shaoyang County, Hunan Province of the PRC where is rich in photovoltaic resources, and Wu Ling Power, a subsidiary of the Company, has already signed an investment agreement with Shaoyang County government for development of the roof-top distributed photovoltaic power of the entire county. It is expected that the Project will bring synergies and economies of scale benefits to the Group in the said region when it is in full commercial operation.

The Group awarded the EPC Contracting Agreement to Shandong Institute by a mixed selection means which comprised a stringent competitive open market tendering process, through China Electric Power Equipment Information Network\* (中國電力設備信息網), the procurement and bidding platform and network in the PRC, as well as following the internal procurement management policies to evaluate the most appropriate contractor and negotiate the final contract price. The consideration and the committed project completion time under the EPC Contracting Agreement is compatible to the prevailing terms or is at better terms than those provided by other project companies for comparable jobs in the market. The Directors are of the view that the consideration of the Agreement and its respective terms are no less favourable to the Group than those available from independent third parties.

The Directors recognize that Shandong Institute is among the leading electric power engineering companies in the PRC which possesses the relevant experience and expertise in the provision of relevant EPC contracting and technical services for large-scale power plants and ancillary facilities construction projects at home and abroad.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the 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 Agreement or is required to abstain from voting on the relevant Board resolutions.

## **INFORMATION OF THE GROUP AND THE EMPLOYER**

The Company is the 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.

Shaoyang New Energy is an indirect subsidiary of the Company and is 100% owned by Wu Ling Power, established in 2021 which is principally engaged in photovoltaic power and wind power generation, comprehensive smart energy development, and provision of technical services for photovoltaic power and wind power.

## **INFORMATION OF THE CONTRACTOR**

Shandong Institute was established in 1958 which is principally engaged in providing electric power planning, engineering survey and design, and project construction services. It possesses comprehensive Grade A qualification certificates in engineering design and engineering survey. It is a national high-tech enterprise and the chair unit of Shandong Electric Power Survey and Design Association and has been ranked as one of the forefront companies among the “National Survey and Design Comprehensive Strength 100 Institutes” of the Chinese power industry for the past many years. Shandong Institute is an indirect subsidiary ultimately held and controlled by SPIC.

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.

## COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, SPIC owns approximately 56.18% 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.

Shandong Institute is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Shandong Institute is a connected person of the Company and the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum consideration payable under the EPC Contracting Agreement exceed 0.1% but all fall below 5%, the transaction contemplated under the EPC Contracting 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”	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
“EPC Contracting Agreement” or “Agreement”	the agreement dated 25 October 2022 entered into between Shaoyang New Energy and Shandong Institute in relation to the provision of survey and design, procurement, construction and installation, and technical support services for Shaoyang Project
“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
“MW”	Megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW

“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
“Shandong Institute” or “Contractor”	Shandong Electric Power Engineering Consulting Institute Corp., Ltd. (山東電力工程諮詢院有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC
“Shaoyang New Energy” or “Employer”	Wuling (Shaoyang County) New Energy Co., Ltd.* (五凌(邵陽縣)新能源有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company
“Shaoyang Project” or “Project”	a project being carried out by Shaoyang New Energy which involves the development and construction of roof-top distributed photovoltaic power and integrated smart energy in Shaoyang County, Hunan Province, the PRC covering a vast area of eleven townships in Shaoyang County with a planned installed capacity of 140MW
“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
“Wu Ling Power”	Wu Ling Power Corporation* (五凌電力有限公司), a 63%-owned subsidiary of the Company

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB 0.91 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, 25 October 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.*