

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 6 December 2022, Yaomeng Power Plant, a wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with SPER Institute, pursuant to which SPER Institute will provide (i) design, procurement, construction and installation services; and (ii) technical support services in relation to the Yaomeng Upgrade Project at a consideration of RMB39,080,000 (equivalent to approximately HK\$43,422,000).

As at the date of this announcement, SPIC owns approximately 60.78% 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.

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

As the highest applicable percentage ratio in respect of the EPC Contracting Agreement exceeds 0.1% but is less than 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.

On 6 December 2022, Yaomeng Power Plant, a wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with SPER Institute, pursuant to which SPER Institute will provide (i) design, procurement, construction and installation services; and (ii) technical support services in relation to the Yaomeng Upgrade Project.

EPC CONTRACTING AGREEMENT

Date

6 December 2022

Parties

- (i) Yaomeng Power Plant, as the Employer; and
- (ii) SPER Institute, as the Contractor.

Subject work

To increase the heat supply capacity of the two electricity and heat co-generating units of Yaomeng Power Plant.

Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor to provide design, procurement, construction and installation services; and technical support services for the Project. Such services include designing, equipment and material procurement, transportation and storage, construction installation and engineering implementation, commissioning, completion certification (including conducting trial runs, error elimination, assurance acceptance assessment of the entire system's performance), training, performance quality assurance and follow-up services covering the entire quality warranty period of the Project.

Consideration

The total consideration under the EPC Contracting Agreement payable by the Employer is RMB39,080,000 (inclusive of all taxes) and is categorized as follows.

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fees	21,390,000
Construction and installation engineering fees	13,792,000
Design fees	1,530,000
Other fees [#]	2,368,000
Total	39,080,000

[#] Other fees include: all kinds of engineering certification processing, construction management and supervision, technical services, trial runs of the entire 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 10% of the total consideration within 30 working days after receiving and verifying the irrevocable surety bond provided by the Contractor to secure its due performance of the works contemplated under the EPC Contracting Agreement.

The remaining 90% of the total consideration shall be payable by instalments in accordance with their respective payment terms for each category as stipulated in the EPC Contracting Agreement, as follows.

- **Equipment procurement fees:** (i) 70% shall be payable within 30 working days after delivery of each batch of equipment and the related documents have been verified; (ii) 10% shall be payable within 30 working days after the equipment has passed trial operations and obtained the preliminary acceptance certificate, which has been verified and confirmed; and (iii) the remaining 10% will serve as a warranty for quality assurance and shall be payable within 45 working days after the final acceptance certificate has been obtained, and the same has been verified and confirmed.
- **Construction and installation engineering fees:** (i) up to 90% shall be payable within 30 working days after the monthly progress payment application together with the supporting documents have been submitted by the Contractor for the Employer's verification and confirmation of completeness; (ii) 7% shall be payable within 30 working days after the completion settlement has been processed and the completion acceptance has been verified and confirmed; and (iii) the remaining 3% will serve as a warranty for quality assurance and shall be payable within 45 working days after the final acceptance certificate has been obtained, and the same has been verified and confirmed, subject to any applicable deductions.
- **Design fees:** (i) 40% shall be payable within 30 working days after the preliminary design drawings have been verified and confirmed; (ii) 40% shall be payable within 30 working days after the completion drawings have been verified and confirmed; and (iii) the remaining 10% will serve as a warranty for quality assurance and shall be payable within 45 working days after the final acceptance certificate has been obtained, and the same has been verified and confirmed, subject to any applicable deductions.
- **Other fees:** (i) 80% shall be payable within 30 working days after the equipment has passed the performance acceptance testing and accompanied by the issuance of preliminary acceptance certificate and completion acceptance certificate which have been verified and confirmed; and (ii) the remaining 10% will serve as a warranty for quality assurance and shall be payable within 45 working days after the final acceptance certificate has been obtained, and the same has been verified and confirmed, subject to any applicable deductions.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The reliability of heat supply capacity and reduction of coal consumption of Yaomeng Power Plant will be significantly improved upon completion of the Yaomeng Upgrade Project. The Project is meant to guarantee stable heat supply to the local community during the peak season for heat demand. The Project will effectively reduce the carbon footprint and the competitiveness of Yaomeng Power Plant, and therefore conducive to its participation in other integrated smart energy projects in the region where it operates.

The Group awarded the EPC Contracting Agreement to SPER Institute following a stringent competitive open market tendering process, through the procurement and bidding platform and networks in the PRC, including 中國招標投標公共服務平台 (China Public Service Platform for Tendering and Bidding*), 中國電力設備信息網 (China Electric Power Equipment Information Network*) and 國家電投電子商務平台 (SPIC E-commerce Platform*). The total consideration under the EPC Contracting Agreement conforms with prevailing rates or on better terms than those charged by other companies for comparable projects in the market. The Directors are of the view that the consideration of the EPC Contracting Agreement and its respective terms are no less favourable to the Group than those available from independent third parties.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the EPC Contracting 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 EPC Contracting 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. 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 power transportation, and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

Yaomeng Power Plant is a wholly-owned indirect subsidiary of the Company which was established in 2003 and is principally engaged in generation and sales of coal-fired power, and production and sales of heat.

INFORMATION OF THE CONTRACTOR

SPER Institute is an indirect subsidiary ultimately owned and controlled by SPIC. It was established in 1996 and is principally engaged in construction engineering design, new energy technology development, power station and thermal energy engineering design and consultation. SPER Institute possesses Grade B qualifications for Coal-fired Power Generation Specialty, Environmental Engineering Design (Air Pollution Prevention and Control Projects) and a Grade 3 qualification for Construction Mechanical and Electrical Installation Engineering Professional Contracting. In addition, it was awarded as a high-tech enterprise and has won many national technology awards.

INFORMATION OF SPIC

SPIC is an investment holding principally engaged in businesses that cover various sectors, including power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC owns approximately 60.78% 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.

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

As the highest applicable percentage ratio in respect of the EPC Contracting Agreement exceeds 0.1% but is less than 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 (中國電力國際發展有限公司), 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”	the agreement dated 6 December 2022 entered into between Yaomeng Power Plant and SPER Institute in relation to the Yaomeng Upgrade 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
“SPER Institute” or “Contractor”	上海發電設備成套設計研究院有限責任公司 (Shanghai Power Equipment Research Institute Co., Ltd*), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC
“SPIC”	國家電力投資集團有限公司 (State Power Investment Corporation Limited*), 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
“Yaomeng Power Plant” or “Employer”	平頂山姚孟發電有限責任公司 (Pingdingshan Yaomeng Power Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned indirect subsidiary of the Company
“Yaomeng Upgrade Project” or “Project”	the upgrading improvement works for increasing the heat supply capacity of the two 630MW electricity and heat co-generating units of Yaomeng Power Plant

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.90 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, 6 December 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.