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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 8 December 2022, Kezhou New Energy, a non wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Shandong Institute, pursuant to which Shandong Institute will provide (i) design, procurement, construction and installation services; and (ii) technical support services in relation to the Akto Photovoltaic Project at a consideration of RMB162,649,687 (equivalent to approximately HK\$182,752,000).

As at the date of this announcement, SPIC owns approximately 60.80% 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 entering into 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.

The Board announces that Kezhou New Energy, a non wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Shandong Institute on 8 December 2022 in relation to the development of the Akto Photovoltaic Project, a photovoltaic power generation project with a planned installed capacity of 100MW, including an energy storage power station with energy storage capacity of 10MW/20MWh in Akto County, Kizilsu Kyrgyz Autonomous Prefecture, Xinjiang Uygur Autonomous Region, the PRC.

EPC CONTRACTING AGREEMENT

Date

8 December 2022

Parties

- (i) Kezhou 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 to provide design, procurement, construction and installation services, and other technical services for the Project. Such services include designing (including topographic surveying, geological surveying, preliminary design, construction drawing design, completion drawing production), equipment and material procurement, transportation and storage, construction installation and engineering implementation, afforestation, project management, commissioning, completion certification (including conducting trial runs, error elimination, assurance acceptance assessment of the entire system's performance), training, handover of production, 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 RMB162,649,687 (inclusive of all taxes) and is categorized as follows:

The Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fees	50,425,575
Construction and installation engineering fees	96,347,312
Survey and design fees	1,500,000
Other fees [#]	14,376,800
Total	162,649,687

[#] 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 7 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 specified in the EPC Contracting Agreement, as follows:

- **Equipment procurement fees:** (i) 30% shall be payable as material fees within 14 working days after verification of the required documents for procurement of the relevant equipment; (ii) up to 80% of the total equipment procurement fees shall be payable within 14 working days after verification of the delivery invoices and quality inspection certificates of the relevant equipment; (iii) up to 90% of the total equipment procurement fees shall be payable within 14 working days after installation and adjustment of the equipment has been completed and connected to the power grid for power generation; and (iv) the remaining 10% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period, subject to any applicable deductions.
- **Construction and installation engineering fees:** (i) up to 85% of the total construction and installation and engineering fees shall be payable within 14 days after the monthly progress payment application together with the supporting documents have been submitted by the Contractor to the Employer for verification and confirmation of completeness; (ii) up to 90% of the total construction and installation and engineering fees shall be payable within 14 days after completion acceptance and full capacity connection with the power grid; (iii) 7% shall be payable within one month after completion of the third-party audit; and (iv) the remaining 3% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period, subject to any applicable deductions.
- **Survey and design fees:** (i) 20% shall be payable within 30 days after the survey report has been submitted; (ii) 20% shall be payable within 30 days after the preliminary design drawings have been verified and confirmed; (iii) 30% shall be payable within 30 days after all construction drawings have been delivered, verified and confirmed; (iv) 10% shall be payable within one month after the acceptance of the completion drawings; (v) 7% shall be payable within one month after completion of the third-party audit; and (vi) the remaining 3% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period, subject to any applicable deductions.
- **Other fees:** 90% shall be payable within 14 days after the monthly progress payment application together with the supporting documents have been submitted by the Contractor to the Employer for verification and confirmation of completeness.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Akto Photovoltaic Project is located in Akto County, Kizilsu Kyrgyz Autonomous Prefecture, Xinjiang Uygur Autonomous Region, the PRC where there are rich photovoltaic resources and possess the conditions for development of a large-scale renewable energy base.

The construction of the Project supports the development of sustainable green power in the region and helps transforming the local advantages of natural resources into economic benefits, which is conducive to the promotion and realization of national environmental targets of “Dual Carbon Goals” (i.e. carbon emissions peak by 2030 and carbon neutrality by 2060), which in turn is in line with the relevant national industrial policies and the Group’s strategic goal for development of clean and integrated energy projects.

The Group awarded the EPC Contracting Agreement to Shandong Institute following a stringent competitive open market tendering process, through the procurement and bidding platform and networks in the PRC, including 中國採購與招標網 (China Procurement and Bidding Network*) and 中國電力設備信息網 (China Electric Power Equipment Information Network*). The total consideration under the EPC Contracting Agreement conforms with the 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.

Kezhou New Energy is a non wholly-owned indirect subsidiary of the Company established in 2022. It is owned as to 90% and 10% by 國家電投集團湖北綠動新能源有限公司 (SPIC Hubeilvdong New Energy Co., Ltd.*), a wholly-owned subsidiary of the Company and 新疆清電新能源有限公司 (Xinjiang Qingdian New Energy Co., Ltd.*, “**Xinjiang Qingdian**”), respectively, and is principally engaged in electric power generation, power transmission, and power supply and distribution business; and provision of installation, maintenance and testing for related facilities, and research and development of emerging energy technologies. Xinjiang Qingdian is principally engaged in electric power generation, power transmission and power supply business, and technical services for wind power and photovoltaic power and is ultimately owned and controlled by an independent third party.

INFORMATION OF THE CONTRACTOR

Shandong Institute is an indirect subsidiary ultimately owned and controlled by SPIC. It was established in 1958 and is principally engaged in providing electric power planning, engineering survey, design and consulting, 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 standing director chair unit of China Electric Power Planning & Engineering 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. It has been among the top 60 American ENR • China engineering design companies for four consecutive years, and has been once again among American ENR top 250 International Contractors in World in 2022.

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 60.80% 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 entering into 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:

“Akto Photovoltaic Project” or “Project”	a project undertaken by Kezhou New Energy involving the development and construction of a photovoltaic power generation station with planned installed capacity of 100MW, including an energy storage power station with energy storage capacity of 10MW/20MWh located in Akto County, Kizilsu Kyrgyz Autonomous Prefecture, Xinjiang Uygur Autonomous Region, the PRC
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“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 8 December 2022 entered into between Kezhou New Energy and Shandong Institute in relation to the design, procurement, construction and installation services, and other technical services for the Akto Photovoltaic 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
“Kezhou New Energy” or “Employer”	克州綠動新能源有限公司 (Kezhou Lvdong New Energy Company Limited*), a company incorporated in the PRC with limited liability, and a non wholly-owned indirect subsidiary of the Company owned as to 90% by the Company and 10% by 新疆清電新能源有限公司 (Xinjiang Qingdian New Energy Co., Ltd.*), an independent third party
“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
“MWh”	a thousand of kilowatt-hour which is a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
“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
“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

* *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 RMB0.89 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, 8 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.