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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

Provision of Energy Storage EPC Services

On 6 June 2023, Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Contractor, entered into an EPC Contracting Agreement with Alxa Jinyuan, pursuant to which Xinyuan Smart Storage will provide design, procurement, construction and installation, and other technical support services for an energy storage system in relation to the Ulan Buh Photovoltaic Storage Project at a consideration of RMB62,310,000 (equivalent to approximately HK\$68,473,000).

As at the date of this announcement, SPIC owns approximately 61.06% 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.

Alxa Jinyuan is an associate of SPIC. Accordingly, Alxa Jinyuan 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 Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Contractor, entered into an EPC Contracting Agreement with Alxa Jinyuan on 6 June 2023 in relation to building an energy storage system with energy storage capacity of 20MW/40MWh for a photovoltaic power project located in the Ulan Buh Desert, Alxa League, Inner Mongolia Autonomous Region, the PRC.

EPC CONTRACTING AGREEMENT

Date

6 June 2023

Parties

- (i) Xinyuan Smart Storage, as the Contractor; and
- (ii) Alxa Jinyuan, as the Employer.

Services to be provided by Xinyuan Smart Storage

Xinyuan Smart Storage has agreed to act as the main contractor to provide design, procurement, construction and installation, and other technical support services for an energy storage system in relation to the Ulan Buh Photovoltaic Storage Project.

Consideration

The total consideration under the EPC Contracting Agreement payable to Xinyuan Smart Storage is RMB62,310,000 (inclusive of all taxes) and is categorized as follows:

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fees	53,934,600
Construction and installation fees	3,716,000
Other fees	4,659,400
Total	62,310,000

Payment terms

The Employer shall make an interest-free prepayment to Xinyuan Smart Storage equivalent to 20% of the equipment procurement fees pursuant to the terms of the EPC Contracting Agreement.

The balance of the consideration shall be payable by installments in accordance with the construction progress of the energy storage system of the Ulan Buh Photovoltaic Storage Project, with the remaining (i) 3% of the construction and installation fees retained as warranty for quality assurance which shall be payable within 30 days after the system has been handed over to production for two years, and (ii) 3% of the equipment procurement fees retained as warranty for quality assurance which shall be payable within 30 days after the system has been handed over to production for five years, subject to passing of the system verification and acceptance by the Employer.

Pricing Principles

Xinyuan Smart Storage was awarded the EPC Contracting Agreement through a private tender process. The consideration for the EPC Contracting Agreement was determined with reference to (i) the unit investment cost as specified in the feasibility study report of the Ulan Buh Photovoltaic Storage Project; (ii) the recent available data in relation to the tender prices of successful bids for contracting similar type of energy storage projects as published on the website of 儲能與電力市場 (Energy Storage Market*); (iii) the consideration for similar type of energy storage projects undertaken by Xinyuan Smart Storage; and (iv) the required energy storage capacity of the Ulan Buh Photovoltaic Storage Project.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Provision of the energy storage EPC services for the Ulan Buh Photovoltaic Storage Project will enable Xinyuan Smart Storage to gain both market share and accumulate its incumbency in the field of energy storage, and thus is advantageous to the Group in building an all-rounded new energy supply chain which is in line with the Group's strategic goal to transform itself towards a green and low carbon energy supplier and service provider.

The total consideration of the EPC Contracting Agreement conforms with the prevailing rates or on better terms than those obtained by other companies for comparable projects in the market as the main contractor. 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 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

The Company is the core and flagship listed subsidiary of SPIC. 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 thermal 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.

INFORMATION OF XINYUAN SMART STORAGE

Xinyuan Smart Storage is a non wholly-owned subsidiary of the Company established in July 2021 and is owned as to 51% by the Company and 49% by an independent third party (which is ultimately owned and controlled by various individuals and private companies independent of the Group and its connected persons). Xinyuan Smart Storage is a specialized platform for novel energy storage technology innovation and application for the Company's new strategy and "three new" industries, mainly engaged in energy storage system investment, system integration research and development and application.

INFORMATION OF THE EMPLOYER

Alxa Jinyuan is an associate of SPIC. It was established in March 2022 and is principally engaged in electric power generation, power transmission, power supply and distribution business, provision of technical services for wind power and photovoltaic power, and research and development of emerging energy technologies.

INFORMATION OF SPIC

SPIC is an investment holding company 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 thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC owns approximately 61.06% 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.

Alxa Jinyuan is an associate of SPIC. Accordingly, Alxa Jinyuan 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:

“Alxa Jinyuan” or “Employer”	阿拉善金元新能源有限公司 (Alxa Jinyuan New Energy Co., Ltd.*), a company incorporated in the PRC with limited liability, and an associate of SPIC
“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”	engineering, procurement and construction
“EPC Contracting Agreement”	the agreement dated 6 June 2023 entered into between Xinyuan Smart Storage and Alxa Jinyuan in relation to the design, procurement, construction and installation, and other technical support services for the energy storage system of the Ulan Buh Photovoltaic Storage 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 which is a unit of measurement for the output of power generation
“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
“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
“Ulan Buh Photovoltaic Storage Project”	a 100MW photovoltaic power project with energy storage capacity of 20MW/40MWh located in the Ulan Buh Desert, Alxa League, Inner Mongolia Autonomous Region, the PRC

“Xinyuan Smart Storage” or “Contractor” 新源智儲能源發展(北京)有限公司 (Xinyuan Smart Storage Energy Development (Beijing) Co., Ltd.*), a company incorporated in the PRC with limited liability, and a non wholly-owned subsidiary owned as to 51% by the Company and 49% by an independent third party

* *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 RMB0.91 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, 6 June 2023

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.