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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 30 August 2022, CP Chaoyang (a subsidiary of the Company) entered into an EPC Contracting Agreement with State Nuclear Institute, pursuant to which State Nuclear Institute will provide design, procurement, construction and installation, and technical support services in relation to Chaoyang Smart Project. The maximum consideration payable under the EPC Contracting Agreement is RMB51,997,500 (equivalent to approximately HK\$59,088,100).

State Nuclear Institute 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, State Nuclear 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 one of the 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 exceeds 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 CP Chaoyang (a subsidiary of the Company) entered into an EPC Contracting Agreement with State Nuclear Institute on 30 August 2022 in relation to the development of Chaoyang Smart Project, an integrated smart energy demonstration project in Chaoyang County, Chaoyang City, Liaoning Province of the PRC.

EPC CONTRACTING AGREEMENT

Date

30 August 2022

Parties

- (i) CP Chaoyang (as the Employer); and
- (ii) State Nuclear Institute (as the Contractor).

Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor and provide design, procurement, construction and installation, and technical support services for the Project, including but not limited to a photovoltaic carport and certain smart public facilities (including smart street lamps, photovoltaic seats and charging piles). Such services include surveying, designing (including preliminary design, construction drawing design, completion drawing production), equipment and material procurement, construction installation and engineering implementation, project management, supervision of facilities production, commissioning, completion certification (including conducting trial runs, error elimination, assurance acceptance assessment of the whole system's performance), training, performance quality assurance and follow-up services covering the quality warranty period of the entire project.

Consideration

The total maximum contracting fee under the EPC Contracting Agreement payable by the Employer is RMB51,997,500 (inclusive of all taxes), comprising (i) the fixed fees of RMB50,997,500 (the "Fixed Fees"), and (ii) the provisional estimated fees of RMB1,000,000 (the "Provisional Estimated Fees").

The Fixed Fees consist of the following components:

The Fixed Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fee	27,510,700
Construction and installation engineering fees	19,211,500
Survey and design fee	2,303,000
Other fees [#]	1,972,300
Total	50,997,500

[#] Other fees include: 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.

The Provisional Estimated Fees are for the cost of the construction changes proposed by the Employer.

Payment terms

For the Fixed Fees, the Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total Fixed Fees within 30 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 90% of the total Fixed Fees is payable by instalments according to their respective payment terms as specified below.

- **Equipment procurement fee:** 60% (the prepayment of which shall be set-off in the progress payments) is payable within 30 days after the delivery of the equipment and the progress payment application has been received and verified; 15% is payable within 30 days after the equipment has passed the trial operation and obtained the preliminary acceptance certificate together with the progress payment application has been verified and confirmed; 10% is payable within 30 days after the equipment has passed the performance test and obtained the acceptance report together with the progress payment application has been verified and confirmed; the remaining 5% will be served as a warranty for quality assurance which is payable (subject to any applicable deductions) within 30 days after all equipment has passed the 24-month-performance test with qualified acceptance.
- **Construction and installation engineering fees:** up to 90% (upon the total payment has reached three times of the prepayment amount, the prepayment of which shall be set-off in two progress payments) is payable within 30 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; 7% is payable within 30 days after the completion settlement has been processed and the completion acceptance together with the progress payment application have been verified and confirmed; the remaining 3% will be served as a warranty for quality assurance which is payable (subject to any applicable deductions) within 30 days after the final acceptance appraisal report has been processed and all equipment has passed the completion verification with qualified acceptance in 24 months.
- **Survey and design fee:** up to 40% (the prepayment of which shall be set-off in the progress payments) is payable within 30 days after the preliminary design drawing together with the progress payment application have been verified and confirmed; up to 90% is payable within 30 days after the completion drawing together with the progress payment application have been verified and confirmed; up to 97% is payable within 30 days after the completion acceptance together with the progress payment application have been verified and confirmed; the remaining 3% is payable within 30 days after the final settlement has been processed together with the progress payment application has been verified and confirmed.
- **Other fees:** In general, 90% is payable within 30 days based on the progress payment applications together with the supporting documents have been submitted by the Contractor for the Employer's verification and confirmation of completeness.

The Provisional Estimated Fees will be settled according to the actual amount incurred.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Chaoyang Smart Project is a part of the whole photovoltaic power demonstration project for rural revitalization, namely the “Integrated Smart Energy Application Demonstration Project” in Chaoyang County, Chaoyang City, Liaoning Province of the PRC, with ecological energy, smart facilities and green industries as the main theme of an integrated smart project model which can be replicated and promoted to all villages to achieve the State’s mission in modernizing and strengthening the economic development of the rural area. It is in line with the Group’s strategic goal for development of clean and integrated energy projects.

The Group awarded the EPC Contracting Agreement to State Nuclear Institute following a stringent competitive open market tendering process, through the procurement and bidding platform and networks in the PRC, including China Public Service Platform for Tendering and Bidding* (中國招標投標公共服務平台), China Procurement and Bidding Network* (中國採購與招標網) and China Electric Power Equipment Information Network* (中國電力設備信息網). The consideration for the EPC Contracting Agreement is compatible to the prevailing rates or is at better terms than those charged 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 (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 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 power transportation, and integrated intelligent energy solution services. Its businesses are located in the major power grid regions of China.

CP Chaoyang is a wholly-owned subsidiary of the Company established in 2018 which is principally engaged in power generation, power transmission and power supply, and any other energy related business projects and activities with approved licenses or permits.

INFORMATION OF THE CONTRACTOR

State Nuclear Institute is an indirect subsidiary ultimately owned and controlled by SPIC. It is established in 1994 and is principally engaged in providing electric power engineering consultancy, services for project construction, electric power technology and engineering equipment import and export. State Nuclear Institute possesses comprehensive Grade A qualification certificates in engineering design, engineering survey and engineering consultancy. It 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.

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 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.

State Nuclear Institute is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, State Nuclear 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 one of the 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 exceeds 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
“Chaoyang Smart Project” or “Project”	an integrated smart energy project being carried out by CP Chaoyang which involves the development and construction of certain smart public facilities in Chaoyang County, Chaoyang City, Liaoning Province of the PRC

“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
“CP Chaoyang” or “Employer”	China Power Chaoyang New Energy Company Limited* (中電(朝陽)新能源有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EPC Contracting Agreement” or “Agreement”	the agreement dated 30 August 2022 entered into between CP Chaoyang and State Nuclear Institute in relation to the design, procurement, construction and installation, and technical support services of Chaoyang Smart 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
“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)
“State Nuclear Institute” or “Contractor”	State Nuclear Electric Power Planning Design & Research Institute Company Limited* (國核電力規劃設計研究院有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC
“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 RMB0.88 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, 30 August 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.