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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 5 September 2022, CP Jiaxian (a subsidiary of the Company) entered into an EPC Contracting Agreement with SNI Chongqing, pursuant to which SNI Chongqing will provide design, procurement, construction and installation, and technical support services in relation to Jiaxian Photovoltaic Project. The maximum consideration payable under the EPC Contracting Agreement is RMB178,190,000 (equivalent to approximately HK\$202,489,000).

SNI Chongqing 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, SNI Chongqing 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 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 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 CP Jiaxian (a subsidiary of the Company) entered into an EPC Contracting Agreement with SNI Chongqing on 5 September 2022 in relation to the development of Jiaxian Photovoltaic Project, a 60MW household-use photovoltaic power project in Jia County, Pingdingshan City, Henan Province of the PRC.

## **EPC CONTRACTING AGREEMENT**

### **Date**

5 September 2022

### **Parties**

- (i) CP Jiaxian (as the Employer); and
- (ii) SNI Chongqing (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. 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 contracting fee under the EPC Contracting Agreement payable by the Employer is RMB178,190,000 (inclusive of all taxes) and consists of the following components.

The Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fee	125,773,094.5
Construction and installation engineering fees	41,952,219
Design fee	1,219,000
Technical and other service fees <sup>#</sup>	9,245,686.5
<b>Total</b>	<b>178,190,000</b>

<sup>#</sup> *Other service 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.*

### **Payment terms**

The Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total contracting fee 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 contracting fee is payable by instalments according to their respective payment terms as specified below.

- **Equipment procurement fee:** up to 85% is payable within 28 days after the monthly progress payment application together with the supporting documents submitted by the Contractor for the Employer's verification and confirmation of completeness; the remaining 5% will be served as a warranty for quality assurance which is payable within 30 days after the Project has passed the standard for commercial operation without any quality issues in the first three years and has reached the respective utilization hours as stipulated in the EPC Contracting Agreement.
- **Construction and installation engineering fees, design fee, technical and other service fees:** up to 87% is payable within 28 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; the remaining 3% will be served as a warranty for quality assurance which is payable within 30 days after the Project has passed the standard for commercial operation without any quality issues in the first two years and has reached the respective utilization hours as stipulated in the EPC Contracting Agreement.

## **REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION**

Jiaxian Photovoltaic Project is located in Jia County, Pingdingshan City, Henan Province of the PRC where is rich in photovoltaic resources and has the conditions for large-scale development. Distributed photovoltaic power generation for household-use is also an important form of new energy development which is conducive to promoting realization of the national environmental targets of "Dual Carbon Goals" (carbon emission peaking by 2030 and carbon neutrality by 2060) and rural revitalization. This is in line with the orientation of 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 SNI Chongqing 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 various major power grid regions of China.

CP Jiaxian is owned as to 90% and 10% by the Company and Jiaxian Economic Development Zone Investment Development Company Limited respectively which is established in 2021 and is principally engaged in provision of technical services for and generation of photovoltaic power and wind power. Jiaxian Economic Development Zone Investment Development Company Limited is principally engaged in investment holding and is ultimately owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

## **INFORMATION OF THE CONTRACTOR**

SNI Chongqing is an indirectly owned subsidiary that ultimately controlled by SPIC. It was established in 2000 which is principally engaged in providing EPC contracting, project management, and related technical and management services. SNI Chongqing possesses Grade A qualification certificates in engineering design, engineering survey and engineering consultancy.

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.

SNI Chongqing is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, SNI Chongqing 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 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 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
“CP Jiaxian” or “Employer”	China Power Jiaxian Intelligent Energy Company Limited* (中電( 郟縣)智慧能源有限公司), a company incorporated in the PRC with limited liability and a 90%-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EPC Contracting Agreement” or “Agreement”	the agreement dated 5 September 2022 entered into between CP Jiaxian and SNI Chongqing in relation to the design, procurement, construction and installation, and technical support services of Jiaxian 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
“Jiaxian Photovoltaic Project” or “Project”	a project being carried out by CP Jiaxian which involves the development and construction of household-use photovoltaic power in Jia County, Pingdingshan City, Henan Province of the PRC covering a vast area of 14 townships in Jia County with planned installed capacity of 60MW
“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. 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
“SNI Chongqing” or “Contractor”	State Nuclear Electric Power Planning Design & Research Institute Chongqing Company Limited* (國核電力規劃設計研究院重慶有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC
“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

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

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By Order of the Board  
**China Power International Development Limited**  
**HE Xi**  
*Chairman*

Hong Kong, 5 September 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.*