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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 1 December 2022, Nantong Energy, a non wholly-owned subsidiary of the Company, entered into an EPC Contracting Agreement with SPER Institute, pursuant to which SPER Institute will provide (i) design, engineering, procurement, construction and installation services; and (ii) technical support services in relation to the Nantong Intelligent Project at a consideration of RMB40,986,756 (equivalent to approximately HK\$45,040,000).

As at the date of this announcement, SPIC owns approximately 60.75% 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.

INTRODUCTION

The Board announces that Nantong Energy, a non wholly-owned subsidiary of the Company, entered into an EPC Contracting Agreement with SPER Institute on 1 December 2022 in relation to the development of the Nantong Intelligent Project, an integrated intelligent energy project which involves the development and provision of a roof-top distributed photovoltaic power generation system equipped with a comprehensive smart energy management and control center for certain buildings in Jingyuan Ruigu Ecological Technology City (京源睿谷生態科技城) located in Nantong City, Jiangsu Province, the PRC.

EPC CONTRACTING AGREEMENT

Date

1 December 2022

Parties

- (i) Nantong Energy, as the Employer; and
- (ii) SPER 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 and construction services for the rooftop photovoltaic, air conditioning and hot water energy supply systems, charging system, and integrated energy management and control center of the Nantong Intelligent Project. Such services include designing (including preliminary design, construction drawing design, completion drawing production), equipment and material procurement, construction and installation, project management, supervision of facilities production, 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 RMB40,986,756 (inclusive of all taxes) and is categorized as follows:

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fee	24,953,067
Construction and Installation fees	14,102,308
Design and other fees [#]	1,931,381
Total	40,986,756

[#] 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 one month 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 fee:** (i) 50% shall be payable within one month after the entering into of each batch of procurement contract and acceptance of the equipment by the Employer; (ii) 20% shall be payable within one month after the Project has commenced operation; (iii) 15% shall be payable within one month after completion of project performance acceptance and error elimination of the works; and (iv) the remaining 5% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period (i.e. the Project has passed the performance acceptance for 24 months), subject to any applicable deduction.
- **Construction and installation fees:** (i) 50% shall be payable within one month after the completion of the first grid connection of the photovoltaic power station and the installation of the energy power station equipment; (ii) 35% shall be payable within one month after completion of project performance acceptance and error elimination of the works; and (iii) the remaining 5% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period, subject to any applicable deduction.
- **Design and other fees:** (i) 85% is payable within one month after completion and acceptance of the works; and (ii) the remaining 5% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period, subject to any applicable deduction.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Nantong Intelligent Project provides a roof-top distributed photovoltaic power generation system equipped with a comprehensive smart energy management and control center for certain buildings in Jingyuan Ruigu Ecological Technology City. The city is an urban industrial complex covering an area of about 137 mu with a total of 41 buildings constructed thereon with the development concept of “Future, Ecology, Technology and City”. The Nantong Intelligent Project 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 Group’s strategic goal of green and sustainable development by building and providing low-carbon and high-efficiency integrated smart energy supply systems and solutions that empower better life.

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 電能易購招標採購平台 (Electricity E-commerce Tendering and Procurement 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 are of the view that SPER Institute is among the leading electric power engineering companies in the PRC which possesses the relevant experience and expertise in the provision of relevant engineering consulting and technical services for large-scale power plants and ancillary facilities construction projects at home and abroad.

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 sales 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.

Nantong Energy is a non wholly-owned subsidiary of the Company and was established in 2021. It is principally engaged in power supply business, photovoltaic power generation, wind power generation and emerging energy technology services, research and development of high-efficiency energy-saving technologies in the power industry, as well as heat production and supply.

INFORMATION OF THE CONTRACTOR

SPER Institute was established in 1996 and is an indirect subsidiary of, and ultimately controlled by, SPIC. It 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 60.75% 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 1 December 2022 entered into between Nantong Energy and SPER Institute in relation to the provision of design, engineering, procurement, construction and installation services, and technical support services for the Nantong Intelligent 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
“Nantong Intelligent Project” or “Project”	an integrated intelligent energy project undertaken by Nantong Energy involving the development and provision of a roof-top distributed photovoltaic power generation system equipped with a comprehensive smart energy management and control center in Jingyuan Ruigu Ecological Technology City located in Nantong City, Jiangsu Province, the PRC
“Nantong Energy” or “Employer”	南通新中電能源發展有限公司(Nantong New CP Energy Development Co., Ltd. *), a company incorporated in the PRC with limited liability, and a non wholly-owned subsidiary of the Company owned as to 65% by the Company and 35% by 江蘇京源環保股份有限公司 (Jiangsu Jingyuan Environmental Protection Co., Ltd.*), an independent third party
“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 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 RMB0.91 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, 1 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.