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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 7 December 2022, Shouguang 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 Shouguang Project at a consideration of RMB192,270,000 (equivalent to approximately HK\$213,633,000).

As at the date of this announcement, SPIC owns approximately 60.78% 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 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 Shouguang New Energy, a non wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Shandong Institute on 7 December 2022 in relation to the development of the Shouguang Project, a fishery and photovoltaic complementary power generation project with a planned installed capacity of 100MW in Hou Town, Shouguang City, Shandong Province, the PRC.

## EPC CONTRACTING AGREEMENT

### Date

7 December 2022

### Parties

- (i) Shouguang 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 and other services for the Shouguang Project. Such services include designing (including preliminary design, construction drawing design, completion drawing production), equipment procurement (excluding photovoltaic modules and inverters), project management, supervision of facilities, insurance, 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 RMB192,270,000 (inclusive of all taxes) and is categorized as follows:

| <b>Fees</b>                     | <b>Amount (RMB)<br/>(Inclusive of all taxes)</b> |
|---------------------------------|--|
| Equipment procurement fees      | 72,817,600                                       |
| Construction fees               | 54,127,700                                       |
| Installation fees               | 37,269,100                                       |
| Design fees                     | 2,800,000  |
| Other fees <sup>(1)</sup>       | 17,115,600                                       |
| Provisional fees <sup>(2)</sup> | 8,140,000  |
| <b>Total</b>                    | <b>192,270,000</b>                               |

<sup>(1)</sup> Other fees include: software programming, training, technical services, management fees, patent and know-how licensing fees, insurance fees, and various taxes and fees.

<sup>(2)</sup> Provisional fees include data monitoring equipment and fish pond excavation works.

## Payment terms

The Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total consideration (provisional fees exclusive) within 30 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 stipulated in the EPC Contracting Agreement, as follows:

- **Equipment procurement fees:** (i) 30% shall be payable upon delivery of the equipment; (ii) 40% shall be payable within 28 days the equipment has passed quality inspections; (iii) 15% shall be payable after completion of equipment installation and acceptance; 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 with confirmation that there are no quality issues, subject to any applicable deduction.
- **Construction and installation fees and other fees:** (i) 30% shall be payable after completion of the foundation works; (ii) 10% shall be payable after the completion of installation of the box type transformer substation; (iii) 15% shall be payable after completion of installation of the photovoltaic components; (iv) 20% shall be payable after completion of reverse power transmission of the booster station; (v) 12% shall be payable after the first grid connection; and (vi) the remaining 3% will serve as a warranty for quality assurance which shall be payable within 30 days after the defect liability period with confirmation that there are no quality issues, subject to any applicable deduction.
- **Design fees:** (i) 60% shall be payable within 10 days after completion of the civil construction drawings; (ii) 20% shall be payable within 10 days after completion of all construction drawings; and (iii) the remaining 10% shall be payable within 10 days after all completion drawings have been completed.

## REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Shouguang Project is located in Hou Town, Shouguang City, Shandong Province of the PRC where is rich in photovoltaic resources. Combined with the rural revitalization strategy, the Project is being developed with the “Photovoltaic +” development concept, through “above water photovoltaic power generation and underwater fish farming” to greatly improve production capacity. It facilitates the construction of a low-carbon green economy in the region and is conducive to promoting the realization of the national “Dual Carbon Goals” (i.e. carbon emissions peaking by 2030 and carbon neutrality by 2060), which is in line with the relevant national 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 Shandong 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.

Shouguang New Energy is a non wholly-owned indirect subsidiary of the Company which was established in 2020 and is principally engaged in photovoltaic power generation and sales, new energy technology research and development, promotion and consulting services.

## **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 60.78% 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 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 7 December 2022 entered into between Shouguang New Energy and Shandong Institute in relation to the provision of design, procurement, construction and installation services, and other services for the Shouguang 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   |

|   |   |
|---|---|
| “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”<br>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   |
| “Shouguang New Energy”<br>or “Employer” | 壽光電投昊邦新能源有限公司 (Shouguang Power Investment Haobang New Energy Co., Ltd.*), a company incorporated in the PRC with limited liability, and a non wholly-owned indirect subsidiary of the Company owned as to 70% by the Company and 30% by 壽光昊邦電力有限公司 (Shouguang Haobang Power Co., Ltd.*), an independent third party |
| “Shouguang Project”<br>or “Project”     | a fishery and photovoltaic complementary photovoltaic power generation project undertaken by Shouguang New Energy in Hou Town, Shouguang City, Shandong Province, the PRC, with a planned installed capacity of 100MW   |
| “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 RMB0.90 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, 7 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.*