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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 EPC Services

On 29 December 2022, Shandong Engineering as the Contractor, a non wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Jingyi ES-Tech, pursuant to which Shandong Engineering will provide (i) design, procurement, construction and installation services; and (ii) technical support services in relation to the Yishui Energy Storage Project at a consideration of RMB442,523,000 (equivalent to approximately HK\$491,692,000).

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.

Jingyi ES-Tech is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Jingyi ES-Tech 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 Shandong Engineering as the Contractor, a non wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Jingyi ES-Tech on 29 December 2022 in relation to the construction of the Yishui Energy Storage Project, an energy storage power station with energy storage capacity of 100MW/200MWh in Yishui County, Linyi City, Shandong Province, the PRC.

EPC CONTRACTING AGREEMENT

Date

29 December 2022

Parties

- (i) Shandong Engineering, as the Contractor; and
- (ii) Jingyi ES-Tech, as the Employer.

Services to be provided by Shandong Engineering

Shandong Engineering has agreed to act as the main contractor to provide design, procurement, construction and installation services, and other technical services for the Project. Such services include designing (including site survey, preliminary design, construction drawing design, completion drawing production), equipment and material procurement, transportation and storage, construction installation and engineering implementation, commissioning, completion certification (including conducting trial runs, error elimination, assurance acceptance assessment of the entire system's performance), training, handover of production, 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 to Shandong Engineering is RMB442,523,000 (inclusive of all taxes).

Pricing Principles

The consideration for the EPC Contracting Agreement was determined by both parties after arm's length negotiations with reference to (i) the unit investment cost as specified in the feasibility study report of the 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 北極星儲能網 (Beijixing Chuneng Network*) at <https://chuneng.bjx.com.cn>; (iii) the consideration for similar type of energy storage projects undertaken by Xinyuan Smart Storage (the immediate holding company of Shandong Engineering); (iv) the required energy storage capacity for the Project; and (v) the complexity of construction for the Project.

Payment terms

The Employer shall make an interest-free prepayment to Shandong Engineering equivalent to 10% of the total consideration within one month after receiving and verifying the irrevocable surety bond provided by Shandong Engineering to secure its due performance of the works contemplated under the EPC Contracting Agreement.

For the remaining 90% of the total consideration: (i) 30% shall be payable as material fees within 30 days after verification of the required documents for procurement of the relevant equipment; (ii) 55% shall be payable within one month after delivery of each batch of equipment and the preliminary acceptance certificate has been verified and confirmed; and (iii) the remaining 5% will serve as a warranty for quality assurance and shall be payable within one month after two years when the final acceptance certificate has been verified and confirmed, subject to any applicable deductions.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Undertaking the Yishui Energy Storage Project as the main contractor will enable Shandong Engineering to gain both market share and accumulate its incumbency in the field of energy storage, and thus is advantages 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 for 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 AND THE CONTRACTOR

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

Shandong Engineering is a non wholly-owned indirect subsidiary of the Company established in 2021. It is principally engaged in construction engineering and design implementation, installation, maintenance and testing of power facilities, and technical services for power generation. It possesses Grade B qualification for engineering design in the power industry (new energy power generation) and a construction enterprise qualification certificate.

Shandong Engineering is a wholly-owned subsidiary of Xinyuan Smart Storage (which is owned as to 51% and 49% by the Company and Beijing HyperStrong Technology Co., Ltd. ("**Beijing HyperStrong**"), respectively). Beijing HyperStrong is principally engaged in technical development, technical consultation and technical services of energy storage systems, as well as the assembly of power battery systems and is ultimately owned and controlled by various individuals and private companies which are third parties independent of the Group and its connected persons.

INFORMATION OF THE EMPLOYER

Jingyi ES-Tech is an indirect subsidiary ultimately owned and controlled by SPIC. It was established in 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 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 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.

Jingyi ES-Tech is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Jingyi ES-Tech 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:

“Board”	the board of Directors of the Company
“CPNE”	China Power (New Energy) Holdings Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of the Company and a non wholly-owned indirect subsidiary of SPIC, thus an associate of SPIC

“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 29 December 2022 entered into between Shandong Engineering and Jingyi ES-Tech in relation to the design, procurement, construction and installation services, and other technical services for the Yishui Energy 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
“Jingyi ES-Tech” or “Employer”	山東京沂儲能科技有限公司 (Shandong Jingyi Energy Storage Technology Co., Ltd.*), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of CPNE
“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
“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
“Shandong Engineering” or “Contractor”	山東中電新能源工程有限公司 (Shandong China Power New Energy Engineering Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Xinyuan Smart Storage, acting as the main contractor for the Yishui Energy Storage Project

“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
“Xinyuan Smart Storage”	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 of the Company owned as to 51% by the Company and 49% by Beijing HyperStrong Technology Co., Ltd. (北京海博思創科技股份有限公司), an independent third party
“Yishui Energy Storage Project” or “Project”	a project involving the development and construction of an energy storage power station with energy storage capacity of 100MW/200MWh located in Yishui County, Linyi City, Shandong Province, the PRC

* *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, 29 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.