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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 22 February 2023, Yingshang Lvdong, 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) survey design, procurement, construction and installation services; and (ii) technical support services in relation to the Yingshang Wind Project at a consideration of RMB208,040,000 (equivalent to approximately HK\$236,409,000).

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.

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 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 Yingshang Lvdong, a non wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Shandong Institute on 22 February 2023 in relation to the development of the Yingshang Wind Project, a wind farm with a planned installed capacity of 90MW in Yingshang County, Fuyang City, Anhui Province, the PRC.

EPC CONTRACTING AGREEMENT

Date

22 February 2023

Parties

- (i) Yingshang Lvdong, 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 survey design, procurement, construction and installation services, and other technical services for the Project. Such services include survey design (including geological surveying, preliminary design, construction drawing design, completion drawing production), equipment and material procurement, transportation and storage, construction installation and engineering implementation, project management, 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 by the Employer is RMB208,040,000 (inclusive of all taxes) and is categorized as follows:

| The Fees | Amount (RMB) (Inclusive of all taxes) |
|--|--|
| Equipment procurement fees | 5,564,147 |
| Construction and installation engineering fees | 156,371,183 |
| Survey and design fees | 530,000 |
| Other fees [#] | 45,574,670 |
| Total | 208,040,000 |

[#] 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 fees.

Payment terms

The Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total consideration within 7 working 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 specified in the EPC Contracting Agreement, as follows:

- **Equipment procurement fees:** (i) 20% shall be payable as material fees within 14 working days after verification of the required documents for procurement of the relevant equipment; (ii) up to 95% of the total equipment procurement fees shall be payable within 14 working days after completion acceptance; and (iii) the remaining 5% will serve as a warranty for quality assurance and shall be payable within one month after the first anniversary of handover and commencement of commercial production of the Project, subject to any applicable deductions.
- **Construction and installation engineering fees:** (i) up to 90% of the total construction and installation engineering fees shall be payable within 14 days after each of the fifteen scheduled stages of construction and installation work together with the supporting documents having been submitted by the Contractor to the Employer for verification and confirmation of completeness; (ii) 7% shall be payable within one month after completion of the work done as audited by an independent third-party; and (iii) the remaining 3% will serve as a warranty for quality assurance and shall be payable within one month after the defect liability period, subject to any applicable deductions.
- **Survey and design fees:** (i) up to 90% of the total survey and design fees shall be payable within 30 days after each of the three scheduled stages of survey and design work having been delivered, verified and confirmed; and (ii) the remaining 10% will serve as a warranty for quality assurance and shall be payable within one year after the Project has commenced commercial operation or the last batch of completion drawings has been delivered, subject to any applicable deductions.
- **Other fees:** 90% shall be payable within 14 days after the monthly progress payment application together with the supporting documents having been submitted by the Contractor to the Employer for verification and confirmation of completeness.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Yingshang Wind Project is located in Yingshang County, Fuyang City, Anhui Province, the PRC where there are rich wind resources and possess the conditions for development of a large-scale renewable energy base. The construction of the Project supports the development of sustainable green power in the region and helps transforming the local advantages of natural resources into economic benefits, which 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 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 Shandong Institute following a stringent competitive open market tendering process, through the procurement and bidding platform and networks in the PRC, including 中國採購與招標網 (China Procurement and Bidding Network*) and 中國電力設備信息網 (China Electric Power Equipment Information Network*). The total consideration under the EPC Contracting Agreement conforms with the 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 (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.

Yingshang Lvdong is a non wholly-owned indirect subsidiary of the Company established in 2019 and is principally engaged in generation and sales of electricity, as well as investment and development of wind power projects. It is owned as to 90% by 國家電投集團湖北綠動新能源有限公司 (SPIC Hubeilvdong New Energy Co., Ltd.*), a wholly-owned subsidiary of the Company, and 10% by 安徽天集新能源有限公司 (Anhui Tianji New Energy Co., Ltd.*), an independent third party.

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 company 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.

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 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:

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| “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 22 February 2023 entered into between Yingshang Lvdong and Shandong Institute in relation to the survey design, procurement, construction and installation services, and other technical services for the Yingshang Wind Project |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

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|---------------------------------------|--|
| “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” 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 |
| “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 |
| “Yingshang Lvdong” or “Employer” | 穎上綠動風電有限公司(Yingshang Lvdong Wind Power Company Limited*), a company incorporated in the PRC with limited liability, and a non wholly-owned indirect subsidiary of the Company owned as to 90% by the Company and 10% by 安徽天集新能源有限公司 (Anhui Tianji New Energy Co., Ltd.*), an independent third party |
| “Yingshang Wind Project” or “Project” | a project undertaken by Yingshang Lvdong involving the development and construction of a wind farm with planned installed capacity of 90MW located in Yingshang County, Fuyang City, Anhui 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 RMB0.88 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, 22 February 2023

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.