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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 TRANSACTIONS

Technical Services Agreements

On 25 May 2021, Xiaogang Energy (a subsidiary of the Company) entered into two Technical Services Agreements with the Contractor pursuant to which the parties agreed that the Contractor will provide (i) feasibility study, project survey and design, system building, and management, control and technical support services of an integrated smart energy platform, and (ii) material procurement, facilities construction and installation, and technical consultancy services for a floating photovoltaic power and certain public facilities in relation to the Xiaogang Village Project.

The Contractor is an indirect subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 60.04% of the issued share capital of the Company. As such, the Contractor is a connected person of the Company as defined in the Listing Rules. Accordingly, the Transactions constitute connected transactions of the Company under the Listing Rules.

The aggregate total consideration payable for the Technical Services Agreements is RMB28,113,100 (equivalent to approximately HK\$33,871,200). When it is aggregated with the consideration of the Previous Transaction (RMB11,904,100, equivalent to approximately HK\$14,342,300), certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but fall below 5%, the Transactions are therefore subject to the announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board announces that Xiaogang Energy (a subsidiary of the Company) entered into two Technical Services Agreements with the Contractor on 25 May 2021 in relation to the development of the Xiaogang Village Project – an integrated smart energy demonstration project in Anhui Province, the PRC.

TECHNICAL SERVICES AGREEMENTS

Set out below are the principal terms of the two Technical Services Agreements.

(A) Technical Services Agreement I

Date

25 May 2021

Parties

- (i) Xiaogang Energy (as the Employer); and
- (ii) State Nuclear Institute (as the Contractor).

Services to be provided by the Contractor

As part of the development of the Xiaogang Village Project, the Contractor will provide feasibility study, project survey and design, building of an integrated smart energy platform (including a smart administrative supporting information system), conducting trial runs, debugging, functional software development, system construction, coordination with third parties, network security, after-sales services, information documentation, and one-year quality assurance warranty.

Consideration

The consideration payable under the Technical Services Agreement I by the Employer is RMB5,363,900 (inclusive of all taxes) and consists of the following components.

Fees	Amount (RMB) (inclusive of all taxes)
(i) Feasibility study, project survey and design	1,850,000
(ii) Material procurement, system development and construction, and installation of an integrated smart energy platform	2,513,900
(iii) Development and implementation of a smart administrative supporting information system	1,000,000
Total	5,363,900

Payment Terms

The fees for each of the above components of services will be payable according to their respective payment terms as follows.

- (i) When the feasibility study and project design drawings have all been submitted and passed the inspection and acceptance verification by the Employer, a one-time payment will be payable within 30 days after receipt of the invoice.

- (ii) When the integrated smart energy platform has been completed and passed the inspection and acceptance verification by the Employer, 90% of the fee will be payable within 30 days after receipt of the invoice, and the remaining 10% will be a warranty for quality assurance and is payable after passing the assurance acceptance upon expiry of the one-year warranty period.
- (iii) When the smart administrative supporting information system has been completed and passed the inspection and acceptance verification by the Employer, 90% of the fee will be payable within 30 days after receipt of the invoice, and the remaining 10% will be a warranty for quality assurance and is payable after passing the assurance acceptance upon expiry of the one-year warranty period.

(B) Technical Services Agreement II

Date

25 May 2021

Parties

- (i) Xiaogang Energy (as the Employer); and
- (ii) State Nuclear Institute (as the Contractor).

Services to be provided by the Contractor

As part of the development of the Xiaogang Village Project, the Contractor will provide material procurement and construction of, including but not limited to, (i) the distributed clean energy facilities of an installed capacity of 3.0MW (including a floating photovoltaic power infrastructure (水面光伏發電基礎設施), a photovoltaic carport and household-use photovoltaic power); and (ii) the related smart public facilities (including street lamp seat charging piles, insect killer lights, photovoltaic hydroponics, the cooling and heating system and system upgrade for nursing homes and other public facilities, etc.).

Considerations

The consideration payable under the Technical Services Agreement II by the Employer is RMB22,749,200 (inclusive of all taxes) and consists of the following components.

Fees	Amount (RMB) (inclusive of all taxes)
(i) Engineering, construction and installation	11,262,900
(ii) Material procurement	7,656,300
(iii) Technical consultancy and supporting services	3,830,000
Total	22,749,200

Payment Terms

The above contracting fees are payable by instalments, of which: (i) 10% as prepayment will be payable within 20 working days after execution of Technical Services Agreement II and receipt of the prepayment invoice from the Contractor; (ii) up to 90% (the prepayment of which shall be set-off in the first two progress payments) will be payable by six months on or before the 20th day of each month based on the progress payment application together with the supporting documents submitted by the Contractor for the Employer's verification and confirmation of completeness; and (iii) the remaining 10% will be retained as guarantee for quality assurance which is subject to the Employer's assessment appraisal and is payable after the expiration of the warranty period (i.e. one-year from passing the trial operation and the issuance of the construction completion acceptance testing certificate after the completion of the relevant works).

BASIS OF CONSIDERATION FOR THE TECHNICAL SERVICES AGREEMENTS

As the content of the services under each of the Technical Services Agreements are specific and tailor-made for the Xiaogang Village Project, there are few potential contractors to choose from and it is difficult to obtain closely comparable transactions in the open market. As such, the current public bidding laws and regulations are not applicable to the situation. They therefore were awarded to State Nuclear Institute by tender invitation with the consideration arrived at after arm's length negotiation based on the prevailing Regulations for Preparing Engineering Design and Cost Estimation for Photovoltaic Power Projects* (光伏發電工程設計概算編製規定及費用) issued by National Energy Administration (國家能源局) of the PRC.

Xiaogang Energy has set up its own internal assessment panel for discussion and negotiation with and assessing the service proposals provided by State Nuclear Institute. The panel consists of nine members who possess the relevant professional experience for photovoltaic power projects and one supervisor for monitoring the entire negotiation process in order to ensure the consideration and all the terms and conditions of the Technical Services Agreements are fair and reasonable.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

Xiaogang Village Project is one of the photovoltaic power demonstration projects for transformation and digital development of the rural area, with ecological energy, smart facilities and green industries as the main theme of integrated smart project model which can be replicated and promoted to all villages to achieve the State's mission in modernizing and strengthening the economic development of the rural area. It is in line with the Group's strategic goal for development of clean and integrated energy projects.

The Technical Services Agreements was executed after an arm's length negotiation process based on the prevailing standards, rules and regulations for development of photovoltaic power projects in the PRC with their terms and conditions also stringently appraised and supervised by the internal assessment panel. The Directors are of the view that the consideration and the terms of the Technical Services Agreements are no less favourable to the Group than those available from independent third parties.

The Directors recognize that State Nuclear Institute possesses the relevant experience and expertise in the provision of relevant technical services for photovoltaic power generation and ancillary facilities construction projects. The Contractor is among the leading electric power engineering companies in the PRC. The Technical Services Agreements are essential to ensure the successful completion of the Xiaogang Village Project.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the Technical Services Agreements have been entered into in the ordinary course of the business of the Company, 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 Transactions or is required to abstain from voting on the related Board resolution.

INFORMATION ON THE GROUP AND EMPLOYER

The Company is a core subsidiary of SPIC for conventional energy business. SPIC (together with its subsidiaries) is one of the five major electricity generation groups and is the only one 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 coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

Xiaogang Energy is a subsidiary of SPIC Anhui New Energy Development Co., Ltd.* (國家電力投資集團安徽新能源有限公司, a wholly-owned subsidiary of the Company) established in 2020 which is principally engaged in electricity generation and sales, production and sales of heat, smart energy management and development of technical information system platform.

INFORMATION ON THE CONTRACTOR

State Nuclear Institute is an indirect subsidiary ultimately owned and controlled by SPIC established in 1994 which is principally engaged in providing electric power engineering consultancy, services for project construction, electric power technology and engineering equipment import and export. State Nuclear Institute possesses comprehensive Grade A qualification certificates in engineering design, engineering survey, engineering consultancy. It 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.

SPIC is principally engaged in investment holding, electricity generation and sales, and provision of various energy related services, including but not limited to EPC contracting, project planning, survey, design and consulting, trading and manufacturing of materials and equipment required by power plants, and their related operational management, research and development in the PRC and overseas countries.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, SPIC owns approximately 60.04% 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.

As the Contractor is an indirect subsidiary of SPIC, the Contractor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute connected transactions of the Company under the Listing Rules.

The aggregate total consideration payable for the Technical Services Agreements is RMB28,113,100 (equivalent to approximately HK\$33,871,200). When it is aggregated with the consideration of the Previous Transaction (RMB11,904,100, equivalent to approximately HK\$14,342,300), certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but fall below 5%, the Transactions are therefore subject to the announcement and reporting requirements but are 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
“Director(s)”	director(s) of the Company
“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
“PRC” or “China” or “State”	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

“Previous Transaction”	<p>the agreement dated 4 February 2021 between Xiaogang Energy and the Contractor in relation to the engineering, procurement and construction of an agriculture-and-photovoltaic integrated power infrastructure (農光互補發電基礎設施) of an installed capacity of 3.8MW as part of the Xiaogang Village Project for a consideration of RMB11,904,100, equivalent to approximately HK\$14,342,300)</p> <p>As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Previous Transaction were below 0.1% at the time of entering into the above-said agreement, it was therefore a <i>de minimis</i> transaction fully exempt from disclosure requirements under Chapter 14A of the Listing Rules.</p>
“RMB”	Renminbi, the lawful currency of the PRC
“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)
“State Nuclear Institute” or “Contractor”	State Nuclear Electric Power Planning Design & Research Institute Company Limited* (國核電力規劃設計研究院有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Services Agreement I”	the agreement dated 25 May 2021 entered into between Xiaogang Energy and State Nuclear Institute in relation to the provision of feasibility study, project survey and design, system building, and management, control and technical support services of an integrated smart energy platform of the Xiaogang Village Project
“Technical Services Agreement II”	the agreement dated 25 May 2021 entered into between Xiaogang Energy and State Nuclear Institute in relation to the material procurement, facilities construction and installation, and technical consultancy services for a floating photovoltaic power and certain public facilities of the Xiaogang Village Project
“Technical Services Agreements”	Technical Services Agreement I and Technical Services Agreement II, collectively the “Technical Services Agreements” and individually the “Technical Services Agreement”

“Transactions”	the transactions contemplated under the Technical Services Agreements
“Xiaogang Energy” or “Employer”	SPIC Anhui Xiaogang Village Integrated Smart Energy Company Limited* (國家電投安徽小崗村綜合智慧能源有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Xiaogang Village Project”	a distributed photovoltaic power project which involves the development and construction of (i) an agriculture-and-photovoltaic integrated power infrastructure (農光互補發電基礎設施) (the services included under the Previous Transaction) and (ii) a floating photovoltaic power infrastructure (水面光伏發電基礎設施), a photovoltaic carport, household-use photovoltaic power and certain smart public facilities; and (iii) building of an integrated smart energy platform (including a smart administrative supporting information system) in Xiaogang Village, Chuzhou City, Anhui Province of the PRC

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.83 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, 25 May 2021

As at the date of this announcement, the directors of the Company are: executive director HE Xi, non-executive directors WANG Xianchun and ZHOU Jie, and independent non-executive directors KWONG Che Keung, Gordon, LI Fang and YAU Ka Chi.