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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 15 September 2023, Pingwei II Power Plant, a non wholly-owned subsidiary of the Company, entered into an EPC Contracting Agreement with SPER Institute, pursuant to which SPER Institute will provide design, procurement, construction and installation and other technical support services in relation to the Pingwei II Upgrade Project at a consideration of RMB54,090,000 (equivalent to approximately HK\$58,793,000).

As at the date of this announcement, SPIC owns approximately 62.11% 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. Accordingly, SPER 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 Pingwei II Power Plant, a non wholly-owned subsidiary of the Company, entered into an EPC Contracting Agreement with SPER Institute in relation to the Pingwei II Upgrade Project involving the technical enhancement of two power generating units for improving operational flexibility and achieving clean and low-carbon power generation.

EPC CONTRACTING AGREEMENT

Date

15 September 2023

Parties

- (i) Pingwei II Power Plant, 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, transportation, construction and installation, technical support services and follow-up services for the Pingwei II Upgrade Project.

Consideration

The total consideration under the EPC Contracting Agreement payable by the Employer is RMB54,090,000 (inclusive of all taxes) and is categorized as follows.

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fees	31,760,000
Construction and installation fees	13,500,000
Testing fees	6,250,000
Design fees	2,580,000
Total	54,090,000

Payment terms

The Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total consideration pursuant to the terms of the EPC Contracting Agreement.

The balance of the consideration shall be payable by installments in accordance with the construction progress of the Pingwei II Upgrade Project; with the remaining (i) 10% of equipment procurement fees; (ii) 3% of the construction and installation fees; and (iii) 10% of testing fees, shall be retained as warranty for quality assurance and payable within one month after the issuance of the final acceptance certificate, and having been verified and confirmed by the Employer, subject to any applicable deductions.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Pingwei II Upgrade Project will increase the revenue and enhance operational flexibility in terms of improving the power-load adjusting capability and enhancing the power peak shaving capability of the generating units of Pingwei II Power Plant, and therefore strengthen its market competitiveness. The Pingwei II Upgrade Project will also effectively reduce the carbon footprint which aligns with the national policies on energy saving and emissions reduction, thereby providing social, environmental and economic benefits.

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 國家電投電子商務平台 (SPIC E-commerce Platform*). The total consideration of 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 (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 has been 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 thermal 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.

Pingwei II Power Plant is a limited liability company incorporated in the PRC and is principally engaged in the generation and sales of coal-fired power. It is owned as to 60% by the Company and 40% by Huainan Mining. Huainan Mining is a limited liability company incorporated in the PRC which is principally engaged in coal mining, power, logistics and finance and ultimately controlled by 淮河能源控股集團有限責任公司 (Huaihe Energy Holding Group Co., Ltd.*), a wholly State-owned enterprise.

INFORMATION OF THE CONTRACTOR

SPER Institute is an indirect subsidiary ultimately owned and controlled by SPIC. It was established in 1996 and 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 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 thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC owns approximately 62.11% 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. Accordingly, SPER 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:

“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 15 September 2023 entered into between Pingwei II Power Plant and SPER Institute in relation to the Pingwei II Upgrade 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
“Huainan Mining”	淮南礦業（集團）有限責任公司 (Huainan Mining Industry (Group) Company Limited*), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pingwei II Power Plant” or “Employer”	Huainan Pingwei No. 2 Electric Power Generating Company Limited (淮南平圩第二發電有限責任公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary owned as to 60% by the Company and 40% by Huainan Mining
“Pingwei II Upgrade Project”	the contracting works for upgrading the operational effectiveness and efficiency of the two (no. 3 and no. 4) coal-fired power generating units of Pingwei II Power Plant
“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”	Shanghai Power Equipment Research Institute Co., Ltd (上海發電設備成套設計研究院有限責任公司), 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

* *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 RMB0.92 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, 15 September 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 HUANG Qinghua, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.