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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 26 February 2024, Lingyun New Energy, an indirect non wholly-owned subsidiary of the Company, entered into a EPC Contracting Agreement with Shanghai Heyun, pursuant to which Shanghai Heyun will provide design, equipment procurement, construction and installation, and other technical support services in relation to the Feihe Project at a consideration of approximately RMB70,580,000 (equivalent to approximately HK\$77,560,000).

As at the date of this announcement, SPIC owns approximately 64.01% 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.

Shanghai Heyun is an indirect non wholly-owned subsidiary of SPIC. Accordingly, Shanghai Heyun is a connected person of the Company and 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 Lingyun New Energy, an indirect non wholly-owned subsidiary of the Company, entered into a EPC Contracting Agreement with Shanghai Heyun on 26 February 2024 in relation to the development of the Feihe Project, a distributed photovoltaic power generation project covering four locations in the Feihe Ranch with a planned installed capacity of 18.92MW in Qiqihar, Heilongjiang Province, the PRC.

EPC CONTRACTING AGREEMENT

Date

26 February 2024

Parties

- (i) Lingyun New Energy, as the Employer; and
- (ii) Shanghai Heyun, as the Contractor.

Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor to provide design, equipment procurement, construction and installation, and other technical support services for the Feihe Project. Such services include but are not limited to (i) mapping of the construction site and completion of construction drawing design; (ii) land levelling, constructions of temporary buildings, installation of solar panel brackets and components, handling of various inspections, tests, and permits; (iii) the supply of equipment and materials, supervision, transportation, acceptance, functional testing and storage as required for engineering construction; (iv) supervision of facilities production, commissioning, completion certification (including conducting trial runs, error elimination, performance assurance acceptance assessment), performance quality assurance and follow-up services covering the entire quality warranty period of the Feihe Project.

Consideration

The total consideration under the EPC Contracting Agreement payable by the Employer is approximately RMB70,580,000 (inclusive of all taxes) and is categorized as follows:

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fees	42,841,000
Construction and installation fees	23,281,000
Other fees [#]	4,458,000
Total	70,580,000

[#] *Other fees include project upfront fee, inspection and acceptance fees, consulting service fee, survey and design fees and risk management fee. Such fees also include an earlier completion incentive to ensure the Feihe Project could be achieved on or before certain key performance dates.*

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 Feihe Project; with the remaining (i) 5% of equipment procurement fees; (ii) 3% of the construction and installation fees; and (iii) 3% of other fees, shall be retained as warranty for quality assurance and payable one year after the Feihe Project having passed the final completion acceptance, subject to any applicable deductions.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Feihe Project involves the development of a distributed photovoltaic power generation project situated in the rural area, which is coherent with the Group's strategic goal of green and sustainable development. Distributed photovoltaic power generation is an important form of new energy development, which is conducive to the promotion and realization of the national environmental targets of "Dual Carbon Goals" (i.e. carbon emissions peak by 2030 and carbon neutrality by 2060) and rural revitalization.

The Group awarded the EPC Contracting Agreement to Shanghai Heyun by a mixed selection process which comprised of comparing quotations obtained for similar projects located in close proximity in the market during the most recent period, as well as adhering to the internal procurement management policies in evaluating and choosing the most suitable contractor. The consideration and the committed project completion timeframe of the EPC Contracting Agreement conform with the prevailing terms or on better terms than those provided by the other project 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 conducted 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 COMPANY AND THE GROUP

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.

INFORMATION OF THE EMPLOYER

Lingyun New Energy is established in May 2023 and it is owned as to 60% by Wu Ling Power and 40% by Shanghai Heyun. It is principally engaged in the generation, transmission, supply and distribution of electricity business, as well as the provision of research and development in relation to emerging energy technology and consulting services.

INFORMATION OF THE CONTRACTOR

Shanghai Heyun is an indirect non wholly-owned subsidiary ultimately controlled by SPIC. It is established in May 1996 and is principally engaged in construction equipment supervision, construction, survey and investigation, as well as engineering technology and consulting services. In the field of construction supervision, Shanghai Heyun possesses either Grade A or Grade B qualification in housing construction engineering, electric power engineering, municipal public works and electromechanical installation engineering. It also possesses level 2 general contractor qualification in electric power engineering construction and has accredited qualifications in relevant technical fields (including quality management, environmental management, occupational health and safety management).

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 64.01% 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.

Shanghai Heyun is an indirect non wholly-owned subsidiary of SPIC. Accordingly, Shanghai Heyun is a connected person of the Company and 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 26 February 2024 entered into between Lingyun New Energy and Shanghai Heyun in relation to the provision of design, equipment procurement, construction and installation, and other technical support services for the Feihe Project
“Feihe Project”	a project undertaken by Lingyun New Energy involving the development and construction of a distributed photovoltaic power generation project covering four locations in the Feihe Ranch with a planned installed capacity of 18.92MW in Qiqihar, Heilongjiang Province, the PRC
“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
“Lingyun New Energy” or “Employer”	齊齊哈爾凌運新能源有限公司 (Qiqihar Lingyun New Energy Co., Ltd.*), a company incorporated in the PRC with limited liability. It is owned as to 60% by Wu Ling Power and 40% by Shanghai Heyun (as defined on the following page)
“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 which is a unit of measurement for the output of power generation
“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

“Shanghai Heyun” or “Contractor”	上海和運工程諮詢有限公司 (Shanghai Heyun Engineering Consulting Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect non wholly-owned 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
“Wu Ling Power”	五凌電力有限公司 (Wu Ling Power Corporation*), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company

* *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 RMB0.91 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, 26 February 2024

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.