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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

Energy Storage System Equipment Sale and Purchase Contract

On 15 April 2024, Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Seller, entered into a BESS S&P Contract with Shandong Ludian, pursuant to which Xinyuan Smart Storage will provide the equipment and components for an energy storage system and its related services for the Atacama Project at a consideration of RMB 381,807,090 (equivalent to approximately HK\$419,568,000).

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.

Shandong Ludian is an indirect subsidiary of SPIC. Accordingly, Shandong Ludian is a connected person of the Company and the entering into the BESS S&P Contract constitutes a connected transaction of the Company under the Listing Rules.

As certain applicable percentage ratios in respect of the BESS S&P Contract exceed 0.1% but are less than 5%, the transaction contemplated thereunder 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 Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Seller, entered into a BESS S&P Contract with Shandong Ludian on 15 April 2024 in relation to the provision of energy storage system equipment and components and related services for an overseas energy storage project located in Tierra Amarilla, Province of Copiapo, Atacama Region, Chile.

BESS S&P CONTRACT

Date

15 April 2024

Parties

- (i) Xinyuan Smart Storage, as the Seller; and
- (ii) Shandong Ludian, as the Buyer.

Supply and services to be provided by Xinyuan Smart Storage

Xinyuan Smart Storage has agreed to provide the equipment and components of an energy storage system and its related services for the Atacama Project. This includes battery storage cabin and equipment within the cabin, power conversion system, energy management system, spare parts, installation, commissioning, performance evaluation, trial operation, as well as after-sales services. During the latent defects liability period, which lasts for two years from the date of qualified final completion acceptance, Xinyuan Smart Storage is required to address any defects and damages that may arise.

Consideration

The consideration under the BESS S&P Contract payable to Xinyuan Smart Storage is RMB 381,807,090 (inclusive of all taxes).

Payment terms

The consideration under the BESS S&P Contract shall be payable by Shandong Ludian to Xinyuan Smart Storage as follows:

- Within 14 days following signing of the BESS S&P Contract and upon the provision of a banker's letter of guarantee by the Seller, the Buyer shall pay 10% as the deposit;
- Upon ordering the main materials and components, the Buyer shall pay 25% as the material payment;
- Upon delivery of the contracted equipment and components to any one of the designated ports in Qingdao, Shanghai, Ningbo or their periphery, the Buyer shall pay 15% as the shipment port acceptance payment;
- Upon completion of the on-site inspection, the Buyer shall pay 40% as the equipment arrival acceptance payment;
- Upon issuance of the preliminary acceptance certificate, the Buyer shall pay 5% as the interim acceptance payment; and
- Upon acceptance of qualified final completion, the Buyer shall settle the remaining 5% as the final completion acceptance payment.

Pricing Principles

The consideration for the BESS S&P Contract was determined after arm's length negotiation between the contracting parties with reference to (i) the recent publicly available data in relation to the tender prices of successful bids for similar type of energy storage system projects as published on the website of the energy storage and power market in the PRC (including but not limited to <https://www.trendforce.cn/>) and China Energy Storage Alliance (中關村儲能產業技術聯盟); and (ii) the consideration for the provision of sale and purchase of energy storage system equipment and related services for other similar energy storage projects undertaken by Xinyuan Smart Storage.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The provision of equipment, supplies and services in relation to the energy storage system for the Atacama Project will enable Xinyuan Smart Storage to access to the offshore market and to accumulate its incumbency in the field of energy storage, and thus is advantageous 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. Moreover, the Group aims to enhance its profitability in energy storage segment by diversifying its energy storage project development and expanding into overseas markets.

The consideration under the BESS S&P Contract conforms with the prevailing rates or on better terms than those obtained by other companies for similar sale and purchase of energy storage system equipment/components and ancillary services in the market. The Directors are of the view that the consideration of the BESS S&P Contract 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 BESS S&P Contract 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 BESS S&P Contract 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 SELLER

Xinyuan Smart Storage was incorporated in the PRC in July 2021 and is a non wholly-owned subsidiary of the Company. It is owned as to 55.32% by the Company and 44.68% by three independent third parties (which are ultimately owned and controlled by various individuals and private companies independent of the Group and its connected persons). Xinyuan Smart Storage is a specialized platform for novel energy storage technology innovation and application for the Company's new strategy in strategic emerging industries, mainly engaged in energy storage system investment, system integration research and development and application.

INFORMATION OF THE BUYER

Shandong Ludian was incorporated in the PRC in March 2007 and is principally engaged in provision of services in relation to equipment procurement, contract execution and quality control, logistics management and technical consultation at on-site installation and commissioning stage. It is a wholly-owned subsidiary of Shandong Institute, which is ultimately owned and controlled by SPIC.

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.

Shandong Ludian is an indirect subsidiary of SPIC. Accordingly, Shandong Ludian is a connected person of the Company and the entering into the BESS S&P Contract constitutes a connected transaction of the Company under the Listing Rules.

As certain applicable percentage ratios in respect of the BESS S&P Contract exceed 0.1% but are less than 5%, the transaction contemplated thereunder 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:

“Atacama Project”	A 110MW/220MWh energy storage project of Shandong Ludian located in Tierra Amarilla, Province of Copiapo, Atacama Region, Chile
“BESS”	battery energy storage system
“BESS S&P Contract”	the sale and purchase contract dated 15 April 2024 entered into between Xinyuan Smart Storage and Shandong Ludian in relation to the provision of equipment and components for an energy storage system and its related services for the Atacama Project
“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
“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
“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
“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
“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)
“Shandong Institute”	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
“Shandong Ludian”	山東魯電國際貿易有限公司 (Shandong Ludian International Technology and Trade Corp., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shandong Institute
“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 owned as to 55.32% by the Company and 44.68% by independent third parties

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

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By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 15 April 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.