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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**

#### **Provision of Battery Energy Storage System**

On 3 August 2023, Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Supplier, entered into a BESS Agreement with Shandong Institute, pursuant to which Xinyuan Smart Storage will act as the energy storage system integrator to provide a fully integrated energy storage system, inclusive of equipment supply, technical services and warranty services, for the Chongqing Hechuan Project at a consideration of RMB546,072,000 (equivalent to approximately HK\$593,557,000).

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. Accordingly, Shandong Institute is a connected person of the Company and the entering into the BESS Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the BESS Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the BESS 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 Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Supplier, entered into a BESS Agreement with Shandong Institute on 3 August 2023 in relation to the provision of an Energy Storage System for the 240MW/480MWh energy storage project located in Shuanghuai Town, Hechuan District, Chongqing, the PRC.

## **BESS AGREEMENT**

### **Date**

3 August 2023

### **Parties**

- (i) Xinyuan Smart Storage, as the Supplier; and
- (ii) Shandong Institute, as the Customer.

### **Equipment and services to be provided by Xinyuan Smart Storage**

Xinyuan Smart Storage has agreed to act as the energy storage system integrator to provide a fully integrated Energy Storage System, inclusive of procuring individual battery components (the battery prefabricated cabin and the booster variable flow prefabricated cabin and those equipment within the cabins), assembling the system, configuring the controls and energy management system, providing related auxiliary equipment, system debugging and trial operation, personnel training, technical services, after-sales services and warranty services for a warranty period of five years from the day the Energy Storage System has passed the completion acceptance, for the Chongqing Hechuan Project.

### **Consideration**

The total consideration under the BESS Agreement payable to Xinyuan Smart Storage is RMB546,072,000 (inclusive of all taxes).

### **Payment terms**

The consideration under the BESS Agreement shall be payable by Shandong Institute to Xinyuan Smart Storage as follows:

- 80% of the consideration shall be payable upon delivery of the Energy Storage System;
- 15% of the consideration shall be payable upon the Chongqing Hechuan Project has commenced and passed trial operations; and
- 5% shall be retained as warranty for quality assurance which shall be payable one year after the Chongqing Hechuan Project having passed completion acceptance.

## **Pricing Principles**

Xinyuan Smart Storage was awarded the BESS Agreement through the internal supplier selection process of Shandong Institute. The consideration for the BESS Agreement was determined with reference to (i) the feasibility study conducted on the Chongqing Hechuan Project; (ii) the recent publicly available data in relation to the tender prices of successful bids for contracting 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://news.bjx.com.cn/topics/chunengzhongbiao/>) and 儲能與電力市場 (Energy Storage Market\*); and (iii) the consideration for the provision of energy storage system integration for other energy storage projects undertaken by Xinyuan Smart Storage.

## **REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION**

The provision of the Energy Storage System for the Chongqing Hechuan Project will enable Xinyuan Smart Storage to gain both market share and 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.

The total consideration of the BESS Agreement conforms with the prevailing rates or on better terms than those obtained by other companies for provision of energy storage systems in the market. The Directors are of the view that the consideration of the BESS Agreement 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 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 BESS Agreement or is required to abstain from voting on the relevant Board resolutions.

## **INFORMATION OF 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 XINYUAN SMART STORAGE**

Xinyuan Smart Storage is a non wholly-owned subsidiary of the Company established in July 2021 and is owned as to 51% by the Company and 49% by an independent third party (which is 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 and "Three New" industries, mainly engaged in energy storage system investment, system integration research and development and application.

## **INFORMATION OF SHANDONG INSTITUTE**

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 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 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. Accordingly, Shandong Institute is a connected person of the Company and the entering into the BESS Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the BESS Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the BESS 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:

“BESS” or “Energy Storage System”	battery energy storage system
“BESS Agreement”	the agreement dated 3 August 2023 entered into between Xinyuan Smart Storage and Shandong Institute in relation to the provision of a fully integrated energy storage system, inclusive of equipment supply, technical services and warranty services, for the Chongqing Hechuan Project
“Board”	the board of Directors of the Company
“Chongqing Hechuan Project”	a 240MW/480MWh energy storage project located in Shuanghuai Town, Hechuan District, Chongqing, the PRC
“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
“Shandong Institute” or “Customer”	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
“Xinyuan Smart Storage” or “Supplier”	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 51% by the Company and 49% by an independent third party

\* *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, 3 August 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.*