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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 14 November 2023, Xinyuan Smart Storage, a non wholly-owned subsidiary of the Company, as the Supplier, entered into a BESS Agreement with Xuzhou Company, 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 Jiawang Project at a consideration of RMB95,165,000 (equivalent to approximately HK\$103,440,000).

As at the date of this announcement, SPIC owns approximately 63.17% 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.

Xuzhou Company is an indirect subsidiary of SPIC. Accordingly, Xuzhou Company 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 certain applicable percentage ratios in respect of the BESS Agreement exceed 0.1% but are 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 Xuzhou Company on 14 November 2023 in relation to the provision of an Energy Storage System for a 50MW/100MWh energy storage project located in Jiangzhuang Town, Jiawang District, Xuzhou, Jiangsu Province, the PRC.

BESS AGREEMENT

Date

14 November 2023

Parties

- (i) Xinyuan Smart Storage, as the Supplier; and
- (ii) Xuzhou Company, 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 of the issuance of the preliminary acceptance certificate or sixty days after the power grid connection (whichever is earlier), for the Jiawang Project.

Consideration

The consideration under the BESS Agreement payable to Xinyuan Smart Storage is RMB95,165,000 (inclusive of all taxes).

Payment terms

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

- 5% shall be payable as interest-free prepayment after signing the BESS Agreement and upon provision of a banker's letter of guarantee;
- 30% shall be payable as down payment for procurement of materials;
- 50% shall be payable upon delivery of the Energy Storage System;
- 10% shall be payable after issuance of the preliminary acceptance certificate; and
- 5% shall be retained as warranty for quality assurance which shall be payable upon one year after the power grid connection and provision of a four years letter of quality assurance.

Pricing Principles

Xinyuan Smart Storage was awarded the BESS Agreement through an open market tendering process publicly accessible on the procurement and bidding platform and networks in the PRC. The consideration for the BESS Agreement was determined with reference to (i) 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 China Energy Storage Alliance (中關村儲能產業技術聯盟); and (ii) the consideration for the provision of energy storage system integration for other similar 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 Jiawang Project will enable Xinyuan Smart Storage to gain market share 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.

The 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 have 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 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 47.43% by the Company and 52.57% 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 and "Three New" industries, mainly engaged in energy storage system investment, system integration research and development and application.

INFORMATION OF THE CUSTOMER

Xuzhou Company was incorporated in the PRC in December 2022 and is principally engaged in provision of services in relation to electric power generation, power transmission, power supply and distribution, and energy storage. It is a non wholly-owned subsidiary of 國家電投集團江蘇電力有限公司 (SPIC Jiangsu Electric Power Co., Ltd.*) and is indirectly held and ultimately 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 63.17% 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.

Xuzhou Company is an indirect subsidiary of SPIC. Accordingly, Xuzhou Company 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 certain applicable percentage ratios in respect of the BESS Agreement exceed 0.1% but are 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 14 November 2023 entered into between Xinyuan Smart Storage and Xuzhou Company in relation to the provision of a fully integrated energy storage system, inclusive of equipment supply, technical services and warranty services, for the Jiawang 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
“Jiawang Project”	a 50MW/100MWh energy storage project of Xuzhou Company located in Jiangzhuang Town, Jiawang District, Xuzhou, Jiangsu Province, 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)

“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 47.43% by the Company and 52.57% by independent third parties
“Xuzhou Company” or “Customer”	國電投零碳能源(徐州)有限公司 (SPIC Zero Carbon Energy (Xuzhou) Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC

* *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, 14 November 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.