
ENERGY SECTOR COOPERATION AND INVESTMENT AGREEMENT

12 December 2014

Enemalta p.l.c.

and

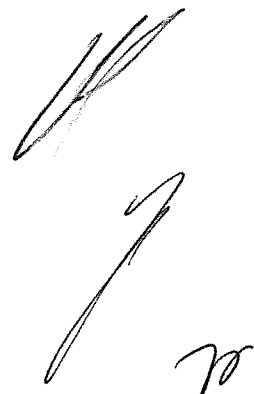
Shanghai Electric Power Co. Ltd

and

SEP (Malta) Holding Ltd

and

The Government of the Republic of Malta

Handwritten signatures of the parties involved in the agreement, including a large signature and a smaller one with initials.

ENERGY SECTOR COOPERATION AND INVESTMENT AGREEMENT

This Energy Sector Cooperation and Investment Agreement (the “**Agreement**”) is entered into on 12 December 2014 BETWEEN:

- (A) **GOVERNMENT OF THE REPUBLIC OF MALTA**, having its address at Ministry of Energy and Health, Auberge de Castille, Valletta, Malta, represented by Dr Konrad Mizzi, Minister for Energy and Health (hereinafter referred to as the “**GOM**”), and
- (B) **SHANGHAI ELECTRIC POWER CO. LTD**, a limited liability company registered under the laws of China, listed on the Shanghai Stock Exchange, having a registered address at No. 268, South Zhongshan Road, Shanghai, China, duly represented hereon by its President, Wang Yundan (hereinafter referred to as “**SEP**”); and
- (C) **ENEMALTA PLC**, a public limited liability company established under the laws of Malta with company registration number C65836, having its registered office at Enemalta Building, Church Wharf, Marsa MRS 1000, Malta, duly represented hereon by its Chairman, Frederick Azzopardi (hereinafter referred to as “**Enemalta**”); and
- (D) **SEP (MALTA) HOLDING LTD**, a private limited liability company registered under the laws of Malta with registration number C67784 and having its registered address at 120, St. Ursula Street, Valletta VLT 1236, Malta (the “**SEPM**”).

Enemalta, SEP, SEPM and the GOM are hereinafter collectively referred to as the “**Parties**”, and each a “**Party**”.

WHEREAS :

- a. The Ministry for Energy and the Conservation of Water of the Republic of Malta and China Power Investment Corporation (“**CPI**”) entered into a

Memorandum of Understanding on Cooperation in Energy Sector in Malta (“MOU”) on 11 September 2013 in Dalian, China;

- b. After the execution of the MOU, the Parties have entered into negotiations between themselves in order to give effect to the principles agreed to in the MOU, and *inter alia* to finalise investment principles which reflect that:
- (i) The GOM, which wholly owned Enemalta Corporation, is seeking a strategic partner for the purpose of improving the financial position and performance of Enemalta;
 - (ii) Enemalta recognises that it is in need of further investment and an improvement in its operational processes;
 - (iii) SEP is willing to invest in the Maltese energy sector, particularly through direct investment in Enemalta, in Delimara 3 (as defined hereunder), in solar photovoltaic power projects and through an energy service centre and by making SEP’s technology and knowledge available for the benefit of Enemalta and the Maltese economy; and
 - (iv) The Parties are desirous of investing together in energy-related opportunities in the European Union and in other States, including through the service of energy installation projects and through investment in renewable energy.
- c. SEP has established an indirect subsidiary in Malta, SEPM, through which its various investments in Malta will be undertaken and effected;
- d. D3 Power Generation Ltd., a private limited liability company registered under and by virtue of the laws of Malta, having its registered office at Enemalta Building, Triq Belt il-Hazna, Marsa MRS1571, Malta and bearing company registration number C66510 (“D3”) has acquired from Enemalta, and Enemalta has sold to D3, the Delimara 3 power generating units, situated at Delimara, Malta in accordance with the public deed published by Notary Marco Burlo on 27 November, 2014.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS :

1. INVESTMENT

1.1 SEP agrees to invest through SEPM in the Maltese energy sector and make its technology and knowledge available for the benefit of Enemalta and the Maltese economy. The Government of Malta welcomes such investment in Malta and the use of its expertise in promoting the operation and management of Enemalta. The Government of Malta is willing to provide appropriate environment and regulatory framework to facilitate and support such investment under this Agreement in accordance with Maltese laws.

1.2 The Parties have agreed on the following Investment Principles:

1.2.1 GOM holds two hundred million (200,000,000) Ordinary A Shares of €1 (one Euro) each, fully paid-up, in Enemalta, and Malta Government Investments Limited ("MGI") holds 1 (one) Ordinary C non-voting and non-participating share of €1 (one Euro), fully paid-up, in Enemalta. SEPM will subscribe to thirty-three point three per centum (33.3%) of the issued shares of Enemalta, and for such purpose commits to invest the sum of one hundred million Euro (€100,000,000) for the subscription of one hundred million (100,000,000) Ordinary B shares of €1 (one Euro) each, in Enemalta.

1.2.2 GOM and Enemalta hereby represent and warrant that the assets and liabilities of the previous Petroleum Division of Enemalta no longer form part of Enemalta.

1.2.3 Enemalta holds sixteen million and six hundred sixty-six thousand and six hundred sixty-six (16,666,666) Ordinary B Shares of €1 (one Euro) each, fully paid-up, in D3, and MGI holds 1 (one) Ordinary C non-voting and non-participating Share of €1 (one Euro), fully paid-up, in D3. SEPM will subscribe to ninety per centum (90%) of the issued shares of D3, namely one hundred and fifty million (150,000,000) Ordinary A shares of €1 (one Euro) each.



- 1.2.4 Enemalta shall procure from the Government of Malta the necessary guarantees in favour of third party lenders, in respect of any bank loans and credit facilities, for the benefit of Enemalta solely in proportion to the Government of Malta's shareholding in Enemalta. SEPM will provide appropriate support to Enemalta to refinance its banking facilities in order to achieve the objectives of this Clause together with the Government of Malta, and in accordance with European Union laws.
- 1.2.5 Enemalta shall be entitled to determine the dispatch function on its own. The Board of Directors of Enemalta has appointed a technical committee for the improvement of its operational processes.
- 1.2.6 D3 shall make the necessary investment to convert Delimara 3 from heavy fuel oil to gas. D3 shall be responsible for the conversion, operation, maintenance of Delimara 3 in accordance with any agreements with Enemalta and/or ancillary agreements thereto, the network code and applicable laws.
- 1.2.7 SEPM and Enemalta agree to establish a new Maltese private limited liability company (hereinafter "International Renewable Energy Development Ltd") in which Enemalta shall subscribe to thirty per centum (30%) of the shares and SEPM to seventy per centum (70%) of the shares.
- 1.2.8 International Renewable Energy Development Ltd will seek to develop renewable energy in the European and the North African regions.
- 1.2.9 Enemalta and SEPM have drawn up a preliminary business plan for International Renewable Energy Development Ltd and agreed to develop a pilot project on renewable energy in Malta. Enemalta and SEPM are working on a further 3 year business plan which shall acknowledge the feasibility and economic viability of the projects.

1.2.10 International Renewable Energy Development Ltd, under the support of GOM, will be mainly responsible for identifying projects of renewable energy in the European region that would amount to at least 100 MW solar photovoltaic power and 200 MW of wind power, and be responsible for procuring for these projects feed-in tariff applicable in the European Union. SEPM will be responsible for the technical input and financial support for the said renewable projects.

1.2.11 SEPM and Enemalta agree to establish a new Maltese private limited liability company (hereinafter “International Energy Services Centre Limited”) in which Enemalta shall subscribe to seventy per centum (70%) of the shares and SEPM to thirty per centum (30%) of the shares for the purpose of servicing generation and distribution plants in Europe and the European Union, the Mediterranean, the Gulf and the African region;

1.2.12 Enemalta and SEPM have drawn up a business plan for International Energy Services Centre Limited. SEPM will take a leading role in identifying business opportunities for International Energy Services Centre Limited in the European Union, the Mediterranean, the Gulf and the African region.

1.2.13 International Energy Services Centre Limited is committed to provide resources in order to identify potential clients in the said regions that would provide specific minimum target maintenance hours per annum. Preference is to be given to power plants where SEP has a majority shareholding and the resources of International Energy Services Centre Limited can be used competitively. This will however not exclude third-party clients from being identified by SEP.

1.3 The Parties recognize and accept that each of them and/or the relevant Parties shall agree on and perform their respective commercial agreements on implementing the investment hereunder, which shall prevail between the relevant Parties if there is any discrepancy between it and this Agreement.

1.4 The Parties recognize that SEPM will be the legal entity undertaking the obligations and liability to implement the investment referred to in this Agreement.

2. DELIMARA 3 OPERATION

2.1 D3 acknowledges and accepts that its principal object is the generation and sale of electricity to Enmalta, and it will be responsible for the conversion, operation and maintenance of Delimara 3.

2.2 D3 shall make the necessary investment to convert Delimara 3 from heavy fuel oil to gas.

2.3 Enemalta and D3 agree that Delimara 3 will be operated, maintained and managed by Enemalta until the commencement of the conversion of Delimara 3 to operate on gas.

2.4 After the commencement of the conversion of Delimara 3 to operate on gas, and without prejudice to D3's other obligations and the rights which it is entitled to, D3 shall:

(1) operate and maintain Delimara 3 in accordance with its obligations pursuant to the network code, all approvals, all applicable laws, the relevant manufacturer's guidelines and instructions;

(2) operate Delimara 3 at all times so as to ensure that its operation shall not have an adverse effect on the network and so as to generate energy in synchronisation with the network and in accordance with the dispatch instructions from Enemalta;

(3) not make any alterations to Delimara 3 which would affect the operation parameters of Delimara 3 without Enemalta's prior written consent; and

(4) use its best endeavours to ensure that Delimara 3 is operated and maintained



so as to achieve an availability agreed upon by Enemalta and D3.

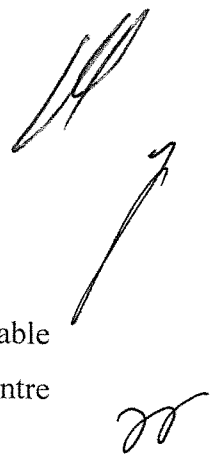
- 2.5 D3 shall not supply net electrical output to any person other than Enemalta or its successors (if any).
- 2.6 D3 shall ensure that SEPM shall not transfer any shares in the Company, except to Enemalta or any entity controlled or wholly owned, directly or indirectly, by China Power Investment Corporation, or the Government of Malta, or otherwise as may be agreed between the parties.
- 2.7 D3 shall not sell, lease, transfer, assign or in any other manner dispose of Delimara 3 without the prior written approval of SEPM and Enemalta.
- 2.8 Enemalta and D3 hereby declare that the commercial transactions between Delimara 3 and Enemalta are regulated by a Power Purchase Agreement which contains the commercial terms and conditions governing power purchase.

3. GOVERNANCE OF THE COMPANIES

3.1 General Meetings of Shareholders of the Companies

3.1.1 The General Meeting of each of Enemalta, D3, International Renewable Energy Development Ltd and International Energy Services Centre Limited shall be the supreme organ thereof.

3.1.2 Each shareholder shall be entitled to one (1) vote for each share owned by it at the General Meeting except for the Ordinary C non-voting and non-participating shareholder.

Handwritten signatures and an arrow pointing to the text.

3.1.3 Any ordinary resolution of the General Meeting shall be valid if approved by shareholders representing at least fifty-one per centum (51%) of the issued shares of the company.

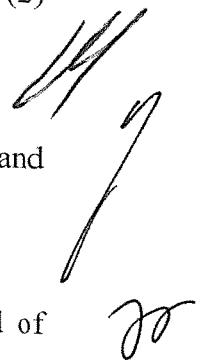
3.1.4 An extraordinary resolution of the General Meeting shall be valid if approved by a Member or Members having the right to attend and vote at the meeting holding in the aggregate not less than ninety-five per centum (95%) in nominal value of the shares represented and entitled to vote at the meeting and at least ninety-five per centum (95%) in nominal value (other than in the case of Enemalta where at least seventy-five per centum (75%) in nominal value) of all the shares entitled to vote at the meeting; PROVIDED THAT should the holders of either Ordinary A shares or Ordinary B shares fail to attend a General Meeting for no valid reason at law the second voting threshold shall be reduced to fifty-one (51%) per centum in nominal value of all the issued shares entitled to vote at the meeting .

3.2 Board of Directors of Enemalta

3.2.1 The Board of Directors of Enemalta shall consist of up to six (6) directors. GOM shall nominate up to four (4) directors and SEPM shall nominate up to two (2) directors.

3.2.2 The Chairman of Board of Directors of Enemalta shall be nominated by GOM and the Deputy Chairman shall be nominated by SEPM.

3.2.3 Each Director shall be entitled to 1 (one) vote at a meeting of the Board of Directors.

Handwritten signatures in black ink, appearing to be initials or names, located to the right of the text in the 3.2 section.

3.3 Board of Directors of D3

3.3.1 The Board of Directors of D3 shall consist of up to four (4) directors. SEPM shall nominate up to three (3) directors and Enemalta shall nominate up to one (1) director.

3.3.2 The Chairman of Board of Directors of D3 shall be nominated by SEPM.

3.3.3 Each Director shall be entitled to 1 (one) vote at a meeting of the Board of Directors.

3.4 Board of Directors of International Renewable Energy Development Ltd

3.4.1 The Board of Directors of International Renewable Energy Development Ltd shall consist of not less than two (2) directors and not more than three (3). SEPM shall nominate up to two (2) directors and Enemalta shall nominate up to one (1) director.

3.4.2 The Chairman of the Board of Directors of International Renewable Energy Development Ltd shall be nominated by SEPM.

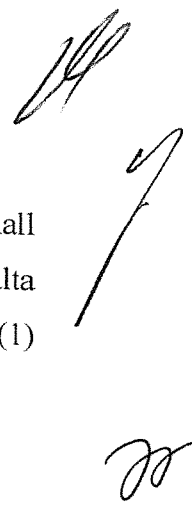
3.4.3 Each Director shall be entitled to 1 (one) vote at a meeting of the Board of Directors.

3.5 Board of Directors of International Energy Services Centre Limited

3.5.1 The Board of Directors of International Energy Services Centre Limited shall consist of not less than two (2) directors and not more than three (3). Enemalta shall nominate up to two (2) directors and SEPM shall nominate up to one (1) director.

3.5.2 The Chairman of Board of Directors of International Energy Services Centre Limited shall be nominated by Enemalta.

3.5.3 Each Director shall be entitled to 1 (one) vote at a meeting of the Board of Directors.

Handwritten signatures in black ink, appearing to be initials or names, located on the right side of the page.

4. NOTICES

For the purposes of this Agreement, the proper addresses (including electronic mail addresses) and fax numbers of the Parties are:

ENEMALTA:

Name: Mr Fredrick Azzopardi
Attention: The Chairman
Address: Enemalta Corporation, Triq Belt il-Hazna, Marsa MRS 1571,
Malta
E-mail Address: chairman@enemalta.com.mt

SEPM:

Name : Mr. Baojie Sheng
Address: No. 268, South Zhongshan Road, Shanghai, China
Attention: Project Manager
Email: shengbj@shanghaipower.com

SEP:

Name: Mr. Sun Ji
Attention: Vice president & CFO
Address: No. 268, South Zhongshan Road, Shanghai, China
E-mail Address: sunj@shanghaipower.com

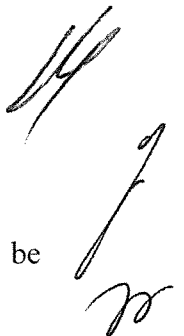
GOM:

Name: Mr. Ronald Mizzi
Attention: Permanent Secretary
Address: Ministry for Energy and Health, Malta
E-mail Address: Ronald.mizzi@gov.mt



5. CONFIDENTIALITY

- 5.1 Each Party shall treat any and all information and data disclosed to it by the other Party in connection with this Agreement, and this Agreement themselves (the "Confidential Information") as confidential and proprietary, shall preserve the secrecy of the Confidential Information and shall not use the Confidential Information for any purpose other than solely in connection with this Agreement.
- 5.2 For the purposes of this Clause, the term Confidential Information shall not include information which:
- (i) at the time of disclosure or at any time thereafter is in, or becomes part of, the public domain other than through a breach of the provisions of this Clause;
 - (ii) the Party receiving the information can prove that the information was already known to it or was independently acquired or developed by it without being in breach of its obligations under this Clause;
 - (iii) became available to the Party receiving the information from another source in a non-confidential manner otherwise than in breach of an obligation of confidentiality; or
 - (iv) is published by a court or authority of competent jurisdiction.
- 5.3 Notwithstanding the provisions of Clause 5.1, Confidential Information may be disclosed:
- (i) by each Party to a regulatory authority, or any of their respective consultants and advisors, or to any of the shareholders, owners, agents, consultants, contractors, advisers, investors, insurers of such Party or its affiliates, in each such case who needs to know the Confidential

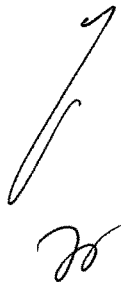
Handwritten signatures in blue ink, appearing to be initials or names, located on the right side of the page.

Information for the purpose of investment referred to in this Agreement
(and for no other purpose) provided that:

- (a) such Party notifies the recipient in advance of such disclosure;
and
 - (b) such Party shall be responsible for ensuring that the recipient keeps the Confidential Information confidential and shall accordingly be responsible for any failure of the recipient to do so.
- (ii) by each Party if
- (a) as may be required by the regulations of any recognised stock exchange upon which the share capital of the Party (or any holding company of the Party) is or is proposed to be from time to time listed or dealt in, or
 - (b) as may be necessary to comply with any obligation under any applicable law including any license granted to it in accordance with law, or
 - (c) required by any court, any arbitrator or administrative tribunal in the course of proceedings before it to which it is a party.
- (iii) by a Party if so agreed in writing by other Parties prior to its disclosure.



5.4 The Parties hereby consent to the Government of Malta presenting this Agreement to the Maltese Parliament should it consider this to be necessary to fulfil any legal or political obligations which it may have.



5.5 This Clause shall be without prejudice to the retention of confidentiality in the context of any commercially sensitive information leading to the implementation of this Agreement.

5.6 No public announcement or statement regarding the signature, performance or

IN WITNESS WHEREOF, this Agreement has been executed by the Parties hereto on the day and year first above written.

For and on behalf of

Government of the Republic of Malta



Name: Konrad Mizzi

Position: Minister of Energy and Health

For and on behalf of

Shanghai Electric Power Co. Ltd

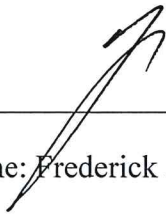


Name: Wang Yundan

Position: Chairman

For and on behalf of

Enemalta p.l.c.



Name: Frederick Azzopardi

Position: Chairman

For and on behalf of

SEP (Malta) Holding Ltd.



Name: SUN Ji

Position: Director

termination of, or otherwise in relation to, this Agreement shall be issued or made by a Party unless the other Parties shall have first been furnished with a written copy of the proposed announcement or statement and shall have approved it (such approval not to be unreasonably withheld or delayed).

6. ORIGINALS

This Agreement is signed in four (4) originals, each having the same legal effect. Each of the Parties holds one (1) original.

Handwritten signatures in black ink, consisting of three distinct marks: a stylized 'U' or 'H' at the top, a long vertical stroke with a hook at the bottom, and a cursive 'cc' at the bottom right.