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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)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by China Power International Development Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

This announcement reports the expected consolidated loss attributable to equity holders of the Company based on the preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2021, and the Group’s business latest information.

The currently estimated financial information for the year 2021 has been prepared on the basis of internal management records and has not been audited or reviewed by external auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Estimated Results for the Year 2021

The board of directors (the “**Board**”) of the Company would like to advise the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available, the estimated consolidated loss attributable to equity holders of the Company for the year ended 31 December 2021 would be approximately in the range between RMB500 million to RMB600 million, representing a substantial fall as compared to the audited consolidated profit attributable to equity holders of the Company for the year ended 31 December 2020.

The expected loss was mainly due to the surge in coal prices in the second half of last year, which led to a significant increase in the fuel cost of coal-fired power generation, while the on-grid tariffs had not been adjusted upward at the same time. The result of the coal-fired power generation segment turned from profit to loss last year, dragging down the overall performance of the Company. However, the Group's clean energy segments (especially the wind power and photovoltaic power generation segments) continued to achieve profitable growth last year, offsetting some of the losses in the coal-fired power generation.

Business Update

In accordance with the Central Government's macro-control over the coal market, the National Development and Reform Commission (the "NDRC") issued the "Notice on Further Deepening the Market-Based Reform of On-grid Tariffs for Coal-fired Power Generation" on 11 October 2021, proposed to orderly liberalize the on-grid tariffs of all coal-fired power generation, and expanded the range of market trading tariffs upper and lower fluctuation limits to no more than 20%, except the market trading tariffs for high-energy-consuming enterprises which shall not be subject to the 20% upper limit. In the current market environment, it has effectively increased the average on-grid tariff of coal-fired power generation which in turn will help increase the profit margins of coal-fired power enterprises and improve their operating performance.

The NDRC has successively issued documents since 19 October 2021, stating that it would implement intervention measures on coal prices strictly in accordance with the law. The market price of thermal coal immediately dropped from the highest of RMB2,600 per tonne to less than RMB1,000 per tonne on 4 November 2021, effectively reducing the fuel costs for coal-fired power generation. In consideration of the Central Government's measures to guide the coal prices to operate within a reasonable range and promote the effective linkage of coal and electricity prices through market-oriented methods, it is expected that the fuel cost of the Group will return to the reasonable market level, substantially reduces the most significant adverse impact on the Group's business, and therefore will contribute positively to the operating results of the coal-fired power generation segment of the Group in 2022.

As the Group adheres to green development and has been actively promoting diversified businesses, the newly productive capacity and electricity sales of the Group's wind power and photovoltaic power generation businesses have increased significantly year-on-year, and the newly added energy storage business has also expanded rapidly. As of the end of 2021, the proportion of the Group's combined installed capacity of clean energy has exceeded that of the traditional coal-fired power, signifying its transformation towards clean energy has basically been achieved. New businesses have performed well since last year, including: (i) the new projects such as Shandong Offshore Wind Power and Xiaogang Village Integrated Smart Energy, etc. have been put into commercial operation successively; (ii) the newly acquired green power transportation and nuclear power maintenance businesses have attained satisfactory progress; together with (iii) the newly established energy storage service platform company has also completed the construction of a number of shared energy storage projects. The Group expects that these profit growth elements will continue to thrive during this year.

The Group will continue to accelerate the implementation of the new development strategy, further increase the proportion of clean energy installed capacity, and take the “dual-wheel drive” of clean and low-carbon energy and emerging industries of green energy as its engine for future development and profit growth, so as to fully release the benefits of its clean energy asset structure.

The information contained in this announcement is only the preliminary estimates made by the Board based on the internal financial information currently available, which has not yet been reviewed by the Company’s independent auditor or the audit committee. The audited annual results of the Group for the year ended 31 December 2021 may be different from those disclosed in this announcement. The audited financial information of the Group for the year ended 31 December 2021 is expected to be published in late March 2022.

Shareholders of the Company and potential investors are advised to exercise caution and obtain independent professional advice when dealing in the shares of the Company.

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

Hong Kong, 28 January 2022

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors WANG Xianchun and ZHOU Jie, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.