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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)**

### **Discloseable and Connected Transactions**

**in relation to**

**the Acquisitions of the Equity Interests in the Target Companies  
involving issue of Consideration Shares under Special Mandate**



**Financial Adviser to the Company**



**Independent Financial Adviser to the Independent  
Board Committee and the Independent Shareholders**

### **THE ACQUISITIONS – CLEAN ENERGY PROJECT COMPANIES**

#### **Acquisition I**

On 30 June 2022, the Company and CPNE entered into Agreement I pursuant to which the Company conditionally agreed to acquire, and CPNE conditionally agreed to sell, Equity Interests I to the Company at a consideration of RMB5,782,593,419.82 (equivalent to approximately HK\$6,761,764,543.34) subject to adjustment, which will be settled by the issue of the Consideration Shares to CPNE by the Company under the Special Mandate at the Issue Price of HK\$4.40 (equivalent to approximately RMB3.76 based on the exchange rate of HK\$1.00 to RMB0.85519 as stated in Agreement I) per Consideration Share.

#### **Acquisition II**

On 30 June 2022, the Company and CPINE entered into Agreement II pursuant to which the Company conditionally agreed to acquire, and CPINE conditionally agreed to sell, Equity Interests II to the Company at a consideration of RMB1,670,098,862.61 (equivalent to approximately HK\$1,952,898,025.71) subject to adjustment, which will be settled by cash.

Target Companies I and Target Companies II are principally engaged in clean energy power generation, mainly including wind power, photovoltaic power and environmental power.

## **LISTING RULES IMPLICATIONS**

### ***Acquisitions***

As at the date of this announcement, SPIC indirectly owns approximately 54.35% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company. Accordingly, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Each of CPNE and CPINE is an indirect non-wholly-owned subsidiary ultimately owned and controlled by SPIC. As such, CPNE and CPINE are both connected persons of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisitions, when aggregated, exceed(s) 5% but all are below 25%, the Acquisitions constitute (i) discloseable transactions of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and (ii) connected transactions of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Right of First Refusal***

The exercise of the Right of First Refusal is at the discretion of the Company. According to Rule 14A.79(2) of the Listing Rules, the grant of the Right of First Refusal is classified based on the amount of the premium payable by the Company. As no premium is payable for the grant of the Right of First Refusal to the Company, such grant falls within the *de minimis* threshold and is exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules. The Company will comply with the requirements of the applicable Listing Rules in this respect as and when appropriate.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise and provide recommendations to the Independent Shareholders on the Acquisitions, the terms of the Acquisition Agreements and how to vote. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Acquisitions, a letter of recommendation from the Independent Board Committee, a letter of advice from Gram Capital, are expected to be despatched to the Shareholders on or before 22 July 2022.

**The Acquisitions may or may not proceed to Completion and/or the Settlement of the Acquisitions. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

# I. THE ACQUISITIONS

## A. BACKGROUND

As at the date of this announcement, (i) SPIC indirectly owns approximately 54.35% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company; (ii) CPNE and CPINE are indirect non-wholly owned subsidiaries of SPIC; (iii) CPNE owns Equity Interests I (other than the Pre-Reorganization Equity Interests); and (iv) CPINE owns Equity Interests II.

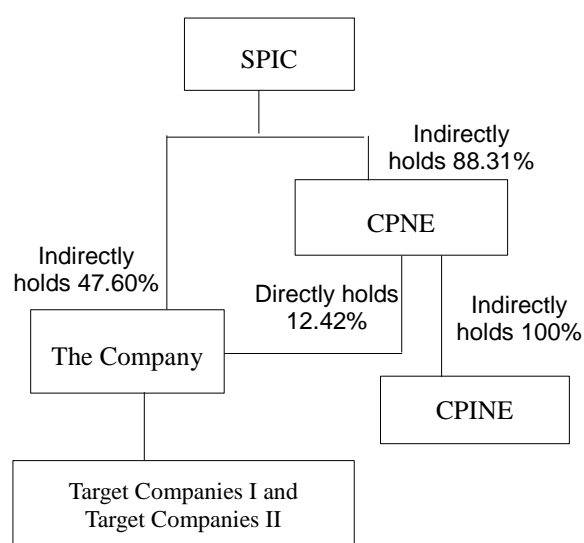
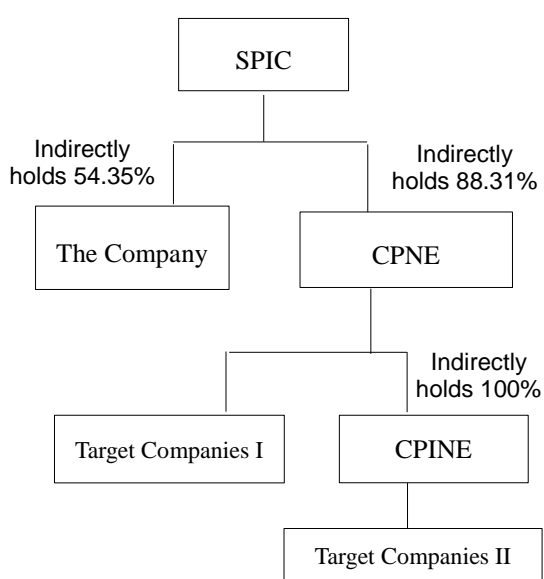
On 29 June 2022, CPNE entered into the Pre-Reorganization Agreements to acquire the Pre-Reorganization Equity Interests which are presently held by four of its wholly-owned subsidiaries.

On 30 June 2022, the Company entered into the Acquisition Agreements to acquire Equity Interests I and Equity Interests II from CPNE and CPINE respectively.

The Target Companies are principally engaged in clean energy power generation, mainly including wind power, photovoltaic power and environmental power. The Acquisitions will accelerate the progress of the Company’s strategy to rapidly expand its clean energy business and expand its clean energy base in new regions in the PRC. It also enables the Group to further capitalize the opportunities on the leap-forward development of wind power and photovoltaic power generation under the national “14th Five-Year Plan”.

The charts below set out the change in shareholding structure of the Target Companies.

- (i) After the Pre-Reorganization and immediately before Completion of the Acquisitions
- (ii) After Completion of the Acquisitions (assuming that there will be no change in the total number of issued Shares of the Company between the date of this announcement and the Completion Date)



## **B. ACQUISITION AGREEMENTS**

### ***Agreement I***

#### **Date**

30 June 2022

#### **Parties**

- (i) the Company (as the Purchaser)
- (ii) CPNE (as the Seller)

#### **Assets to be acquired**

The Company has conditionally agreed to acquire, and CPNE has conditionally agreed to sell, Equity Interests I.

#### **Consideration**

The total consideration for the acquisition of Equity Interests I is RMB5,782,593,419.82 (equivalent to approximately HK\$6,761,764,543.34).

Pursuant to the Agreement I, the consideration for the acquisition of Equity Interests I is to be satisfied by the Company allotting and issuing up to 1,536,764,662 new Shares (i.e. the Consideration Shares) at the price of HK\$4.40 (equivalent to approximately RMB3.76 based on the exchange rate of HK\$1.00 to RMB0.85519 as stated in Agreement I) per Consideration Share to CPNE.

The consideration (including the Issue Price of the Consideration Shares) was arrived at after arm's length negotiations between the Company and CPNE, and was primarily based on (i) the appraised value of the Target Companies I according to the Asset Appraisal Reports, (ii) the amount of dividend attributable to the profits generated from the Target Companies I up to the Appraisal Benchmark Date as declared by the Target Companies I to be distributed to their original shareholders prior to Completion and (iii) the percentage of equity interest represented by the relevant Equity Interests I in the respective Target Companies I.

The consideration of Equity Interests I will be subject to adjustment with the increase in the registered paid-up capital of Target Companies I (the aggregated amount made to all the Target Companies I and II should be subject to a cap of RMB40 million) subsequent to the Appraisal Benchmark Date and prior to Completion (if any). The relevant additional consideration payable by the Company to CPNE as a result of such adjustment shall be settled in cash within two months after Completion.

The Directors (save for the members of the Independent Board Committee who will express their views after having received Gram Capital's advice in writing on the Acquisitions) are of the view that the consideration for the purchase of Equity Interests I and the other terms of Agreement I are fair and reasonable, on normal commercial terms and that Acquisition I is in the interests of the Company and the Shareholders as a whole.

## **The Consideration Shares**

### *Issue Price*

The Issue Price of HK\$4.40 (equivalent to approximately RMB3.76 based on the exchange rate of HK\$1.00 to RMB0.85519 as stated in Agreement I) per Consideration Share represents:

- (i) a premium of approximately 7.90% to the average closing price of approximately HK\$4.08 per Share as quoted on the Stock Exchange for the last ninety consecutive trading days up to and including 29 June 2022, the last trading date before the date of the Agreement I;
- (ii) a premium of approximately 7.87% to the average closing price of approximately HK\$4.08 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days up to and including 29 June 2022, the last trading date before the date of the Agreement I;
- (iii) a premium of approximately 3.12% to the average closing price of approximately HK\$4.27 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including 29 June 2022, the last trading date before the date of the Agreement I; and
- (iv) a discount of approximately 8.49% to the average closing price of approximately HK\$4.81 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29 June 2022, the last trading date before the date of the Agreement I.

### *Basis for determining the Issue Price*

The Issue Price was arrived at after arm's length negotiations between the Company and CPNE with reference to the prevailing and recent historical trading prices up to the date prior to the Acquisition Agreements of the Shares and the current market conditions.

### *Number of Consideration Shares*

When allotted and issued, the maximum number of Consideration Shares will represent approximately: (i) 14.19% of the total number of issued Shares of the Company as at the date of the Agreement I; and (ii) 12.42% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the total number of issued Shares between the date of the Agreement I and the issuance of the Consideration Shares). Details of the effect of the Consideration Shares on the shareholding structure of the Company are set out in the section headed "Effect on the shareholding structure" below.

### *Ranking and restrictions on subsequent sale*

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue on the date of allotment and issue of the Consideration Shares. There is no restriction on the subsequent sale of the Consideration Shares by CPNE.

### *Mandate to issue the Consideration Shares*

At the General Meeting, the Company will seek the Special Mandate from the Independent Shareholders in order to issue the Consideration Shares.

### *Application for listing*

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

### **Agreement II**

#### **Date**

30 June 2022

#### **Parties**

- (i) the Company (as the Purchaser)
- (ii) CPINE (as the Seller)

#### **Assets to be acquired**

The Company has conditionally agreed to acquire, and CPINE has conditionally agreed to sell, Equity Interests II.

#### **Consideration**

The total consideration for the acquisition of Equity Interests II is RMB1,670,098,862.61 (equivalent to approximately HK\$1,952,898,025.71).

Pursuant to the Agreement II, the consideration for the acquisition of Equity Interests II is to be satisfied by the Company in cash.

The consideration was arrived at after arm's length negotiations between the Company and CPINE, and it was primarily based on (i) the appraised value of the Target Companies II according to the Asset Appraisal Reports, (ii) the amount of dividend attributable to the profits generated from the Target Companies II up to the Appraisal Benchmark Date as declared by the Target Companies II to be distributed to their original shareholders prior to Completion and (iii) the percentage of equity interest represented by the relevant Equity Interests II in the respective Target Companies II.

The consideration of Equity Interests II will be subject to adjustment with the increase in the registered paid-up capital of Target Companies II (other than Baiyin Photovoltaic) (the aggregated amount made to all the Target Companies I and II should be subject to a cap of RMB40 million) subsequent to the Appraisal Benchmark Date and prior to Completion (if any). The relevant additional consideration payable by the Company to CPINE as a result of such adjustment shall be settled in cash within two months after Completion.

The Directors (save for the members of the Independent Board Committee who will express their views after having received Gram Capital's advice in writing on the Acquisitions) are of the view that the consideration for the purchase of Equity Interests II and the other terms of Agreement II are fair and reasonable, on normal commercial terms and that Acquisition II is in the interests of the Company and the Shareholders as a whole.

***Conditions precedent to Agreement I and Agreement II***

Completion of each of Target Companies I and Target Companies II is conditional upon satisfaction of, among other things, the following conditions under the respective Agreement I and Agreement II:

- (i) the Seller, the Company and the relevant Target Company having obtained all necessary permissions, approvals, consents, registrations, filings and other legally necessary types of authorizations internally and externally from regulatory authorities and third parties for the execution and performance of the Agreement (including but not limited to those required by the relevant government authorities, financial institutions or concession grantors pursuant to the relevant concession agreements);
- (ii) the due execution and delivery by the relevant parties of the new articles of association and new shareholders' agreements of the relevant Target Company (if any), which shall take effect upon Completion;
- (iii) the representations and warranties made by the Seller pursuant to the Agreement being true, accurate, complete and not misleading in any respect on the signing and effective dates of the Agreement and the Completion Date;
- (iv) there is no change in respect of the financial position of the relevant Target Company in breach of the Agreement or any other unusual change since the Appraisal Benchmark Date (other than any dividend declared by the relevant Target Company to be distributed and any capital injection to be made by its original shareholders as stated in the Agreement);
- (v) apart from the Seller, all the other shareholders of the relevant Target Company (if any) having given their written consent to the transfer of the relevant Equity Interests and waived all their pre-emptive rights;
- (vi) the Agreement remaining valid and without any breach and dispute;
- (vii) where applicable, the completion of the transfer of the relevant Pre-Reorganization Equity Interests from the respective sellers to CPNE pursuant to the Pre-Reorganization Agreements and the registration of CPNE as the shareholder of the relevant Pre-Reorganization Equity Interests;
- (viii) the approval of the Agreement and the Acquisition by the Independent Shareholders in accordance with the Listing Rules;
- (ix) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares (and such listing and permission not subsequently revoked prior to Completion); and

- (x) filing of the Asset Appraisal Reports in accordance with the relevant regulations as promulgated by the SASAC.

The above conditions (vii) and (ix) are applicable only to Agreement I.

For the avoidance of doubt, subject to relevant provisions in Agreement I and Agreement II, the parties could proceed to Completion of any Target Company I or Target Company II after the above conditions in relation to such Target Company I or Target Company II having been satisfied. Completion in respect of any of the Equity Interests I or Equity Interests II shall not be conditional upon the above conditions in relation to other Equity Interests I or Equity Interests II being satisfied.

### ***Settlement of the Acquisitions***

The Settlement of Acquisition I and Acquisition II in relation to each of the Equity Interests I and Equity Interests II shall take place within two months after Completion.

### ***Right of First Refusal under Agreement I and Agreement II***

If the Seller proposes to transfer directly or indirectly to one or more third parties its existing or future equity interests in any project company in respect of any new energy project (other than the Equity Interests) (“**Potential Equity Interests**”), subject to the pre-emptive rights that other shareholders of such project company(ies) may have as provided for in the relevant articles of association and PRC law, the Company shall have a right of first refusal to acquire all or any part of such Potential Equity Interests.

### ***Regulatory requirements in respect of the Acquisition Agreements***

In order to comply with the PRC regulatory requirements set forth by the SASAC, the Company engaged Lixin, an independent and qualified PRC appraiser, to perform asset appraisals and prepared the Asset Appraisal Reports in respect of the Target Companies as at the Appraisal Benchmark Date.

The asset appraisals that formed the basis of the consideration for the Acquisitions were made under the income approach with discounted cash flow method, which constituted a profit forecast under Rule 14.61 of the Listing Rules. The key assumptions of the Asset Appraisal Reports are set out in Appendix I to this announcement. CICC, the Company’s financial adviser, has confirmed that they are satisfied that the profit forecast was made by the Board after due and careful enquiry. The full text of the letter from CICC is contained in Appendix II to this announcement. Ernst & Young, the Company’s reporting accountant, has reported on the arithmetical accuracy of the calculations of the discounted cash flow forecast contained in the Asset Appraisal Reports. The full text of the report from Ernst & Young is contained in Appendix III to this announcement.

### ***The consideration allocated to each of the Equity Interests***

The following table sets out (i) the appraised value of the entire equity capital of each of the Target Companies as at the Appraisal Benchmark Date, (ii) the amount of dividend attributable to the profits generated from the relevant Target Companies up to the Appraisal Benchmark Date as declared by that Target Companies to be distributed to their original shareholders prior to Completion and (iii) the consideration allocated to each of the Equity Interests:



|    | Target Companies             | Appraised value of Target Companies as at the Appraisal Benchmark Date | Amount of dividend attributable to the profits generated from the Target Companies up to the Appraisal Benchmark Date as declared by the Target Companies to be distributed to their shareholders prior to Completion | Percentage of equity interest represented by the relevant Equity Interests I | Consideration allocated to each of the Equity Interests I | Percentage of equity interest represented by the relevant Equity Interests II | Consideration allocated to each of the Equity Interests II |
|----|------------------------------|--|---|--|---|---|--|
|    |                              | (RMB)  | (RMB)   |  | (RMB)   |   | (RMB)  |
| 1  | Inner Mongolia Wind Power    | 195,000,000  | 22,089,647.74   |  |   | 100%  | 172,910,352.26   |
| 2  | Hongqi Wind Power            | 161,000,000  | 17,643,528.60   |  |   | 100%  | 143,356,471.40   |
| 3  | Sea Wave Wind Power          | 152,000,000  | 10,953,889.28   |  |   | 100%  | 141,046,110.72   |
| 4  | Qiaowan Wind Power           | 478,000,000  | 30,866,396.89   |  |   | 100%  | 447,133,603.11   |
| 5  | Dafeng Wind Power            | 536,000,000  | 19,888,769.68   | 100%   | 516,111,230.32  |   |  |
| 6  | Chunyang Mountain Wind Power | 437,000,000  | 163,484,774.44  | 100%   | 273,515,225.56  |   |  |
| 7  | Jiuquan Third Wind Power     | 3,888,400,000  | 231,730,729.65  | 73.3049%   | 2,680,517,751.96  |   |  |
| 8  | Guazhou Wind Power           | 657,000,000  | 276,557,684.39  | 46.0877%   | 175,337,113.09  | 53.9123%  | 205,105,202.52   |
| 9  | Wuwei Photovoltaic           | 449,100,000  | 95,884,946.41   | 51%  | 180,139,677.33  | 49%   | 173,075,376.26   |
| 10 | Baiyin Photovoltaic          | 823,000,000  | 148,406,926.30  | 30.8397%   | 208,042,480.15  | 29.6303%  | 199,883,951.52   |
| 11 | Jiangxi Photovoltaic         | 54,000,000   | 21,132,660.52   |  |   | 70%   | 23,007,137.64  |
| 12 | Zhao'an Photovoltaic         | 118,000,000  | 34,811,786.90   |  |   | 100%  | 83,188,213.10  |
| 13 | Hainan Photovoltaic          | 110,200,000  | 28,807,555.92   |  |   | 100%  | 81,392,444.08  |
| 14 | Panzhuhua Photovoltaic       | 194,000,000  | 42,540,000.00   | 100%   | 151,460,000.00  |   |  |
| 15 | Yuanjiang Photovoltaic       | 79,000,000   | 2,450,000.00  | 100%   | 76,550,000.00   |   |  |
| 16 | Haikou Second Environmental  | 329,715,000  | 51,582,653.36   | 100%   | 278,132,346.64  |   |  |
| 17 | Wenchang Environmental       | 102,384,800  | 9,141,172.06  | 100%   | 93,243,627.94   |   |  |
| 18 | Deyang Environmental         | 258,607,200  | 55,040,000.00   | 70%  | 142,497,040.00  |   |  |
| 19 | Shangqiu Environmental       | 170,538,900  | 16,569,501.90   | 85%  | 130,873,988.39  |   |  |
| 20 | Haikou Environmental         | 242,023,600  | 36,988,645.33   | 100%   | 205,034,954.67  |   |  |
| 21 | Bazhou Environmental         | 234,312,300  | 34,430,000.00   | 100%   | 199,882,300.00  |   |  |
| 22 | Hainan Environmental         | 240,238,500  | 23,302,911.93   | 100%   | 216,935,588.07  |   |  |
| 23 | Qionghai Environmental       | 262,461,000  | 8,140,904.30  | 100%   | 254,320,095.70  |   |  |
|    | <b>Total</b>                 | <b>10,171,981,300</b>  | <b>1,382,445,085.60</b>   |  | <b>5,782,593,419.82</b>                                   |   | <b>1,670,098,862.61</b>                                    |
|    |                              |  |   |  | <i>Note 1</i>   |   | <i>Note 2</i>  |

Notes:

1. The total consideration for Acquisition I of RMB5,782,593,419.82 (equivalent to approximately HK\$6,761,764,543.34).
2. The total consideration for Acquisition II of RMB1,670,098,862.61 (equivalent to approximately HK\$1,952,898,025.71).

## **C. REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

### **(1) Accelerate the implementation of the Company's strategy and rapidly increase the proportion of clean energy in its power generation portfolio**

The acquisition of clean energy assets such as wind power, photovoltaic power and environmental power assets from CPNE and CPINE under the Acquisitions will further increase the Group's proportion of clean energy assets in its power generation portfolio, which is in line with the Company's strategies. After the Completion of the Acquisitions, the proportion of the Group's installed capacity attributable to clean energy is expected to increase by approximately 3.32%, accelerating the progress of the Company in achieving its strategic goal of "transitioning to a clean energy company with its installed capacity attributable to clean energy reaching over 70% and revenue attributable to clean energy reaching over 50% by the end of 2023".

### **(2) Expand the Group's business scope by operating its first environmental power generation business segment**

The assets to be acquired include eight high-quality environmental power generation companies. After the Completion of the Acquisitions, the Group will operate the environmental power generation segment for the first time, further expanding its business scope and bringing additional growth opportunities for the Group, which will be of great strategic significance to the Company.

### **(3) Expand the Group's business presence to the Hainan Pilot Free Trade Zone, strengthening its power generation network in Jing-Jin-Ji and Northwest China**

The environmental power generation companies to be acquired under the Acquisitions are mainly located in Hainan and Hebei, which will allow the Group to establish its business network in the Hainan Pilot Free Trade Zone and expand its business in the Jing-Jin-Ji regions. The injection of large scale wind power and photovoltaic power clusters in Gansu will also further enhance the Group's business influence in the sizable new energy base in Northwest China.

### **(4) Improve quality of assets and profitability**

The clean energy assets to be acquired have attractive historical profitability profile, which is expected to improve the Group's overall operating results. The profitability of these assets can be further enhanced (which will in turn contribute to the profitability of the Group) through subsequent technical transformation, capital coordination and management synergy.

**(5) Reflect SPIC's support to the Company and further rationalise the shareholding in and management of the assets**

The Acquisitions fully reflect SPIC's support to the Company and is the largest injection of renewable energy assets by SPIC to the Group since its listing. The management of clean energy assets to be acquired had been entrusted to the Company by CPI Holding prior to the Acquisitions. The Acquisitions will further rationalise the shareholding in and management of the assets.

**D. PROPOSED FINANCING FOR THE ACQUISITIONS**

The cash consideration payable by the Company to CPNE and CPINE under the Acquisition Agreements will be funded by the Group's internal resources and/or external debt financing.

**E. EFFECT ON THE SHAREHOLDING STRUCTURE**

The following table sets out the effect of the issue of the Consideration Shares on the shareholding structure of the Company based on the total number of issued Shares as at the date of this announcement and assuming Completion having taken place, without taking into account any other new Shares, if any, after the date of this announcement and prior to the allotment and issue of the Consideration Shares:

| Shareholders                        | As at the date of this announcement |               | Immediately upon the allotment and issue of Consideration Shares |               |
|-------------------------------------|-------------------------------------|---------------|--|---------------|
|                                     | Number of Shares                    | Approximate % | Number of Shares   | Approximate % |
| <b>CPI Holding</b><br><i>(Note)</i> | 2,833,518,060                       | 26.16         | 2,833,518,060  | 22.91         |
| <b>CPDL</b>                         | 2,662,000,000                       | 24.57         | 2,662,000,000  | 21.52         |
| <b>SPIC Finance HK</b>              | 392,275,453                         | 3.62          | 392,275,453  | 3.17          |
| <b>CPNE</b>                         | 0                                   | 0             | 1,536,764,662  | 12.42         |
| <b>Public</b>                       | 4,945,592,808                       | 45.65         | 4,945,592,808  | 39.98         |
| <b>Total</b>                        | <b>10,833,386,321</b>               | <b>100.00</b> | <b>12,370,150,983</b>  | <b>100.00</b> |

*Note: As at the date of this announcement, CPI Holding is the beneficial owner of 2,833,518,060 Shares, representing approximately 26.16% of the total number of Shares of the Company in issue and it also owns approximately 66.52% of the shares in CPDL.*

**F. INFORMATION ON THE TARGET COMPANIES**

Set out below are the principal business and installed capacity in operation of the Target Companies as at the date of this announcement:

| <b>No.</b> | <b>Target Company</b>        | <b>Principal business</b>   | <b>Installed capacity in operation (MW)</b> |
|------------|------------------------------|---|---|
| 1          | Inner Mongolia Wind Power    | Wind farm development and construction and sale of carbon trading credits   | 49.50                                       |
| 2          | Hongqi Wind Power            | Development, construction and operation of wind power generation and other new energy                                   | 49.50                                       |
| 3          | Sea Wave Wind Power          | Development, construction and operation of wind power generation and other new energy                                   | 49.25                                       |
| 4          | Qiaowan Wind Power           | Construction of wind power plant, wind power generation, sale of electricity and carbon trading credits                 | 120.50                                      |
| 5          | Dafeng Wind Power            | Construction of wind farm, wind power generation, sale of electricity and carbon trading credits                        | 250.25                                      |
| 6          | Chunyang Mountain Wind Power | Wind power generation and sale of electricity   | 80.00                                       |
| 7          | Jiuquan Third Wind Power     | Construction of wind power plant, wind power generation, sale of electricity and carbon trading credits                 | 859.00                                      |
| 8          | Guazhou Wind Power           | Construction and operation of wind farms, wind power generation and sale of electricity                                 | 149.50                                      |
| 9          | Wuwei Photovoltaic           | Construction of photovoltaic power plant, photovoltaic power generation, sale of electricity and carbon trading credits | 120.00                                      |
| 10         | Baiyin Photovoltaic          | Construction of photovoltaic power plant, photovoltaic power generation, sale of electricity and carbon trading credits | 120.00                                      |
| 11         | Jiangxi Photovoltaic         | Sale and purchase of electricity, new energy technology development and consulting services                             | 16.03                                       |
| 12         | Zhao'an Photovoltaic         | Photovoltaic power generation   | 20.00                                       |
| 13         | Hainan Photovoltaic          | New energy project investment and operation   | 20.00                                       |
| 14         | Panzhuhua Photovoltaic       | Solar power generation  | 34.30                                       |
| 15         | Yuanjiang Photovoltaic       | Construction of photovoltaic power plant, photovoltaic power generation, sale of electricity and carbon trading credits | 20.00                                       |
| 16         | Haikou Second Environmental  | Waste power generation and sale of electricity  | 40.00                                       |
| 17         | Wenchang Environmental       | Biomass power generation, supply of heat and electricity, biomass power generation and solid waste management           | 12.00                                       |
| 18         | Deyang Environmental         | Investment development, construction and operation of waste power plant and sale of electricity                         | 24.00                                       |

|    |                           |   |                 |
|----|---------------------------|---|-----------------|
| 19 | Shangqiu<br>Environmental | Biomass power generation, supply of heat and electricity, biomass power generation and solid waste management                                     | 24.00           |
| 20 | Haikou<br>Environmental   | Incineration of domestic waste, power generation and sale of electricity  | 24.00           |
| 21 | Bazhou<br>Environmental   | Generation, supply and sale of power, energy project development and operation, power technology consulting services and waste treatment services | 24.00           |
| 22 | Hainan<br>Environmental   | Generation, transmission and supply of power  | 24.00           |
| 23 | Qionghai<br>Environmental | Supply of electricity, sale of renewable resources and waste treatment services   | 25.00           |
|    |                           | <b>Total</b>  | <b>2,154.83</b> |

Set out below is the profit before/after taxation, total assets and net assets of the Target Companies for the relevant periods indicated:

|                                 | <b>For the year ended<br/>31 December 2020<br/>(RMB'000)</b> | <b>For the year ended<br/>31 December 2021<br/>(RMB'000)</b> |
|---------------------------------|--|--|
| Combined profit before taxation | 479,734  | 674,116  |
| Combined profit after taxation  | 408,800  | 596,150  |

|                       | <b>As at 31 December 2020<br/>(RMB'000)</b> | <b>As at 31 December 2021<br/>(RMB'000)</b> |
|-----------------------|---|---|
| Combined total assets | 14,379,271                                  | 16,644,181                                  |
| Combined net assets   | 6,431,660                                   | 8,446,210                                   |

## **G. INFORMATION ON THE GROUP, CPNE AND CPINE**

The Company is a core subsidiary of SPIC. SPIC (together with its subsidiaries) is an integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC.

The Group is principally engaged in generation and sale of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and coal-fired power plants; and provision of energy storage, green power transportation, and integrated intelligent energy solution services. Its businesses are located in the major power grid regions of China.

CPNE is an investment holding company incorporated in Hong Kong and an indirect non-wholly-owned subsidiary ultimately controlled by SPIC. As at the date of this announcement, SPIC owns approximately 88.31% of the issued share capital of CPNE. It and its subsidiaries are principally engaged in the development, owning, operating and management of clean energy power plants in China, including but not limited to natural gas power generation, wind power generation, hydropower generation, waste-to-energy power generation, photovoltaic power generation, and other clean energy power generation projects. As at 31 December 2021, CPNE and its subsidiaries owned and/or controlled 48 power

generation plants in 23 provinces in China, including Guangdong, Fujian, Gansu, Jiangsu and Chongqing, etc., and the electricity generated therefrom is sold to Southern Power Grid, East China Power Grid, Northeast Power Grid and Northwest Power Grid.

CPINE is a company incorporated in the PRC, a wholly-owned subsidiary of CPNE and an indirect non-wholly-owned subsidiary ultimately controlled by SPIC. As at the date of this announcement, SPIC through CPNE, owns approximately 88.31% of the issued share capital of CPINE. It and its subsidiaries are principally engaged in the investment in clean energy power generation and waste-to-energy power generation projects in China, including wind power generation, photovoltaic power generation, natural gas power generation, hydropower generation and waste-to-energy power generation.

SPIC is principally engaged in investment holding with business covers the power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and overseas countries.

## **II. LISTING RULES IMPLICATIONS**

### ***Acquisitions***

As at the date of this announcement, SPIC indirectly owns approximately 54.35% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company. Accordingly, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Each of CPNE and CPINE is an indirect non-wholly-owned subsidiary ultimately owned and controlled by SPIC. As such, CPNE and CPINE are both connected persons of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisitions, when aggregated, exceed(s) 5% but all are below 25%, the Acquisitions constitute (i) discloseable transactions of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and (ii) connected transactions of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Right of First Refusal***

The exercise of the Right of First Refusal is at the discretion of the Company. According to Rule 14A.79(2) of the Listing Rules, the grant of the Right of First Refusal is classified based on the amount of the premium payable by the Company. As no premium is payable for the grant of the Right of First Refusal to the Company, such grant falls within the *de minimis* threshold and is exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules. The Company will comply with the requirements of the applicable Listing Rules in this respect as and when appropriate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from the shareholding companies of the Company, namely CPI Holding, CPDL and SPIC Finance HK (each of whom is required to abstain from voting), no other shareholder of the Company will be required to abstain from voting on the resolution for approving the Acquisitions, the Acquisition Agreements and the Special Mandate at the General Meeting.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise and provide recommendations to the Independent Shareholders on the Acquisitions, the terms of the Acquisition Agreements and how to vote. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **III. EXPERTS AND CONSENTS**

The following are the qualifications of the professional advisers which have given opinions or advice contained in this announcement:

| <b>Name</b>   | <b>Qualifications</b>   |
|---------------|---|
| CICC          | a licensed corporation under the SFO, licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities |
| Ernst & Young | Certified public accountants  |
| Lixin         | independent and qualified PRC appraiser   |

As at the date of this announcement, all of the experts set out above:

- (i) did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group; and
- (ii) did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

All of the experts set out above had given and had not withdrawn their written consents to the issue of this announcement with the inclusions of their reports, opinions or statements (as the case may be) as set out in this announcement and references to their name in the form and context in which they are included.

### **IV. GENERAL**

A circular containing, among other things, further details of the Acquisitions, a letter of recommendation from the Independent Board Committee, and a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders are expected to be despatched to the Shareholders on or before 22 July 2022.

The General Meeting will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Acquisitions, the Acquisition Agreements, the Special Mandate and the transactions contemplated thereunder.

**The Acquisitions may or may not proceed to Completion and/or the Settlement of the Acquisitions. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **V. DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

|                            |   |
|----------------------------|---|
| “Acquisitions”             | Acquisition I and Acquisition II (individually the Acquisition where the context requires)  |
| “Acquisition Agreements”   | Agreement I and Agreement II (individually the Agreement where the context requires)  |
| “Acquisition I”            | the proposed acquisition by the Company of Equity Interests I in the Target Companies I pursuant to Agreement I   |
| “Acquisition II”           | the proposed acquisition by the Company of Equity Interests II in the Target Companies II pursuant to Agreement II  |
| “Agreement I”              | the conditional sale and purchase agreement dated 30 June 2022 entered into by the Company and CPNE in relation to Acquisition I  |
| “Agreement II”             | the conditional sale and purchase agreement dated 30 June 2022 entered into by the Company and CPINE in relation to Acquisition II  |
| “Appraisal Benchmark Date” | the date on which the appraised value of the Target Companies are determined as set out in the Asset Appraisal Reports, which is 31 December 2021   |
| “Asset Appraisal Reports”  | the asset appraisal reports prepared by Lixin in relation to the Target Companies   |
| “associates”               | has the meaning given to it under the Listing Rules   |
| “Baiyin Photovoltaic”      | Gansu China Power Baiyin Photovoltaic Power Generation Company Limited* (甘肅中電白銀光伏發電有限公司), a company incorporated in the PRC and owned as to 30.8397% by CPNE and 29.6303% by CPINE, respectively                      |
| “Bazhou Environmental”     | Bazhou China Power Environmental Protection Power Generation Company Limited* (霸州中電環保發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization |



|  |  |
|--|--|
| “Board”                                | the board of Directors of the Company  |
| “Chunyang Mountain Wind Power”         | Hubei China Power Chunyang Mountain Wind Power Company Limited* (湖北中電純陽山風電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization   |
| “CICC”                                 | China International Capital Corporation Hong Kong Securities Limited, the Company’s financial adviser  |
| “Company” or “Purchaser”               | China Power International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange  |
| “Completion”                           | with respect to each of the Equity Interests, the completion of the SAMR filings for the change in business registration in relation to the transfer of the respective Equity Interests in the relevant Target Companies pursuant to the respective Acquisition Agreements |
| “Completion Date”                      | with respect to each of the Equity Interests, the date of Completion   |
| “connected person”                     | has the meaning ascribed to it under the Listing Rules   |
| “Consideration Shares”                 | an aggregate of up to 1,536,764,662 Shares to be allotted and issued by the Company to CPNE at the Issue Price credited as fully paid for the purpose of settlement of the consideration payable by the Company under Agreement I  |
| “controlling shareholder”              | has the meaning ascribed to it under the Listing Rules   |
| “CPDL”                                 | China Power Development Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of the Company and a subsidiary of CPI Holding, thus an associate of SPIC  |
| “CPI Holding”                          | China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company and a wholly-owned subsidiary of SPIC, thus an associate of SPIC   |
| “CPINE” or “Seller” as to Agreement II | China Power International New Energy Holding Limited* (中電國際新能源控股有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of SPIC, thus an associate of SPIC   |

|                                      |   |
|--------------------------------------|---|
| “CPNE” or “Seller” as to Agreement I | China Power (New Energy) Holdings Limited, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of SPIC, thus an associate of SPIC  |
| “Dafeng Wind Power”                  | China Power Dafeng Wind Power Company Limited* (中電大豐風力發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPNE  |
| “Deyang Environmental”               | Deyang He Xin Environmental Power Generation Company Limited* (德陽和新環保發電有限責任公司), a company incorporated in the PRC, and a non-wholly owned subsidiary of CPNE which is owned as to 70% by CPNE after the completion of the Pre-Reorganization  |
| “Director(s)”                        | director(s) of the Company  |
| “Enlarged Group”                     | the Group as enlarged by the Acquisitions (assuming the Acquisitions have been completed)   |
| “Equity Interests”                   | Equity Interests I as to Agreement I and Equity Interests II as to Agreement II where the context requires  |
| “Equity Interests I”                 | the equity interest of 73.3049% in Jiuquan Third Wind Power, 46.0877% in Guazhou Wind Power, 51% in Wuwei Photovoltaic, 30.8397% in Baiyin Photovoltaic, 70% in Deyang Environmental, 85% in Shangqiu Environmental, and 100% in Dafeng Wind Power, Chunyang Mountain Wind Power, Panzihua Photovoltaic, Yuanjiang Photovoltaic, Haikou Second Environmental, Wenchang Environmental, Haikou Environmental, Bazhou Environmental, Hainan Environmental and Qionghai Environmental held by CPNE (or to be held by CPNE after the Pre-Reorganization) |
| “Equity Interests II”                | the equity interest of 53.9123% in Guazhou Wind Power, 49% in Wuwei Photovoltaic, 29.6303% in Baiyin Photovoltaic, 70% in Jiangxi Photovoltaic, and 100% in Inner Mongolia Wind Power, Hongqi Wind Power, Sea Wave Wind Power, Qiaowan Wind Power, Zhao’an Photovoltaic and Hainan Photovoltaic held by CPINE   |
| “General Meeting”                    | the general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Acquisitions, the Special Mandate and the transactions contemplated thereunder  |
| “Group”                              | the Company and its subsidiaries from time to time  |

|   |   |
|---|---|
| “Guazhou Wind Power”                              | Gansu China Power Guazhou Wind Power Generation Company Limited* (甘肅中電瓜州風力發電有限公司), a company incorporated in the PRC and owned as to 46.0877% by CPNE and 53.9123% by CPINE, respectively, after the completion of the Pre-Reorganization                                     |
| “Haikou Environmental”                            | Haikou China Power Environmental Power Generation Company Limited* (海口中電環保發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization  |
| “Haikou Second Environmental”                     | Haikou China Power Second Environmental Power Generation Company Limited* (海口中電第二環保發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization   |
| “Hainan Environmental”                            | China Power International New Energy Hainan Company Limited* (中電國際新能源海南有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization  |
| “Hainan Photovoltaic”                             | China Power International Energy Investment Hainan Company Limited* (中電國際能源投資海南有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPINE   |
| “HK\$”  | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                                       | Hong Kong Special Administrative Region of the PRC  |
| “Hongqi Wind Power”                               | Hailin China Power Hongqi Wind Power Generation Company Limited* (海林中電紅旗風力發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPINE   |
| “Independent Board Committee”                     | the committee of all the independent non-executive Directors, consisting of Mr. LI Fang, Mr. YAU Ka Chi and Mr. HUI Hon Chung, Stanley, which has been formed to advise the Independent Shareholders in respect of the Acquisitions   |
| “Independent Financial Adviser” or “Gram Capital” | Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions |
| “Independent Shareholder(s)”                      | Shareholder(s) of the Company other than SPIC and its associates  |

|                                 |  |
|---------------------------------|--|
| “Inner Mongolia Wind Power”     | China Power Inner Mongolia Wind Power Generation Company Limited* (中電內蒙古風力發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPINE  |
| “Issue Price”                   | HK\$4.40 (equivalent to approximately RMB3.76 based on the exchange rate of HK\$1.00 to RMB0.85519 as stated in Agreement I) for each Consideration Share  |
| “Jiangxi Photovoltaic”          | Jiangxi China Power Yineng Decentralized Energy Company Limited* (江西中電儀能分佈式能源有限公司), a company incorporated in the PRC and a non-wholly owned subsidiary of CPINE which is owned as to 70% by CPINE   |
| “Jiuquan Third Wind Power”      | Gansu China Power Jiuquan Third Wind Power Generation Company Limited* (甘肅中電酒泉第三風力發電有限公司), a company incorporated in the PRC, and a non-wholly owned subsidiary of CPNE which is owned as to 73.3049% by CPNE after the completion of the Pre-Reorganization |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Lixin”                         | Shanghai Lixin Appraisal Co., Ltd.* (上海立信資產評估有限公司), an independent and qualified PRC appraiser   |
| “MW”                            | megawatt, that is one million watts. The installed capacity of a power plant is generally expressed in MW  |
| “Panzhuhua Photovoltaic”        | Panzhuhua China Power Photovoltaic Power Generation Company Limited* (攀枝花中電光伏發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization  |
| “PRC” or “China”                | the People’s Republic of China, which for the purpose of in this announcement to the PRC excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan   |
| “Pre-Reorganization”            | the completion of the acquisition of the Pre-Reorganization Equity Interests by CPNE pursuant to the Pre-Reorganization Agreements   |
| “Pre-Reorganization Agreements” | the conditional sale and purchase agreements dated 29 June 2022 entered into by CPNE and the respective sellers (being four wholly-owned subsidiaries of CPNE) in relation to the acquisition of the Pre-Reorganization Equity Interests by CPNE             |

|                                       |  |
|---------------------------------------|--|
| “Pre-Reorganization Equity Interests” | <p>the equity interest of:</p> <ul style="list-style-type: none"> <li>(i) 100% in Panzhihua Photovoltaic;</li> <li>(ii) 100% in Chunyang Mountain Wind Power and 46.0877% in Guazhou Wind Power;</li> <li>(iii) 70% in Deyang Environmental and 100% in Bazhou Environmental; and</li> <li>(iv) 73.3049% in Jiuquan Third Wind Power, 85% in Shangqiu Environmental, and 100% in Yuanjiang Photovoltaic, Haikou Second Environmental, Wenchang Environmental, Haikou Environmental, Hainan Environmental and Qionghai Environmental</li> </ul> |
| “Qiaowan Wind Power”                  | Gansu China Power Qiaowan Wind Power Generation Company Limited* (甘肅中電橋灣風力發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPINE  |
| “Qionghai Environmental”              | Qionghai China Power Environmental Power Generation Company Limited* (瓊海中電環保發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization   |
| “Right of First Refusal”              | the rights of first refusal offered by CPNE and CPINE to the Company under Agreement I and Agreement II, respectively, in the event of any transfer of equity interests in any new energy project company (other than the Equity Interests) to other third parties by CPNE or CPINE, further details of which are set out above in this announcement   |
| “RMB”                                 | Renminbi, the lawful currency of the PRC   |
| “SAMR”                                | State Administration for Market Regulation (國家市場監督管理總局) of the PRC   |
| “SASAC”                               | the State-owned Assets Supervision and Administration Commission of the State Council of the PRC* (中華人民共和國國務院國有資產監督管理委員會)  |
| “Sea Wave Wind Power”                 | Hailin China Power Sea Wave Wind Power Company Limited* (海林中電海浪風力發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPINE   |

|                                  |   |
|----------------------------------|---|
| “Settlement of the Acquisitions” | the settlement of the consideration by the Company after the Completion as required under the Acquisition Agreements (or, where the context requires, Agreement I or Agreement II)  |
| “SFO”                            | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Shangqiu Environmental”         | Shangqiu China Power Environmental Power Generation Company Limited* (商丘中電環保發電有限公司), a company incorporated in the PRC, and a non-wholly owned subsidiary of CPNE which is owned as to 85% by CPNE after the completion of the Pre-Reorganization |
| “Share(s)”                       | the ordinary share(s) of the Company  |
| “Shareholder(s)”                 | person(s) whose name(s) appear on the register of members as registered holder(s) of the Share(s)   |
| “Special Mandate”                | the special mandate to authorise the Directors to allot and issue Shares to be sought from the Independent Shareholders at the General Meeting to satisfy the allotment and issue of the Consideration Shares                                     |
| “SPIC”                           | State Power Investment Corporation Limited* (國家電力投資集團有限公司), 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)                        |
| “SPIC Finance HK”                | SPIC International Finance (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SPIC, thus an associate of SPIC   |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited   |
| “subsidiary(ies)”                | has the meaning ascribed to it under the Listing Rules  |
| “substantial shareholder”        | has the meaning ascribed to it under the Listing Rules  |
| “Target Companies”               | Target Companies I and Target Companies II (individually the Target Company where the context requires)   |

|                          |  |
|--------------------------|--|
| “Target Companies I”     | Dafeng Wind Power, Chunyang Mountain Wind Power, Jiuquan Third Wind Power, Guazhou Wind Power, Wuwei Photovoltaic, Baiyin Photovoltaic, Panzhihua Photovoltaic, Yuanjiang Photovoltaic, Haikou Second Environmental, Wenchang Environmental, Deyang Environmental, Shangqiu Environmental, Haikou Environmental, Bazhou Environmental, Hainan Environmental and Qionghai Environmental, each of which a Target Company I |
| “Target Companies II”    | Inner Mongolia Wind Power, Hongqi Wind Power, Sea Wave Wind Power, Qiaowan Wind Power, Guazhou Wind Power, Wuwei Photovoltaic, Baiyin Photovoltaic, Jiangxi Photovoltaic, Zhao’an Photovoltaic and Hainan Photovoltaic, each of which a Target Company II  |
| “Wenchang Environmental” | Wenchang China Power Environmental Protection Power Generation Company Limited* (文昌中電環保發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization  |
| “Wuwei Photovoltaic”     | Gansu China Power Wuwei Photovoltaic Power Generation Company Limited* (甘肅中電武威光伏發電有限公司), a company incorporated in the PRC and owned as to 51% by CPNE and 49% by CPINE, respectively  |
| “Yuanjiang Photovoltaic” | Yuanjiang China Power Photovoltaic Power Generation Company Limited* (元江中電光伏發電有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of CPNE after the completion of the Pre-Reorganization   |
| “Zhao’an Photovoltaic”   | Zhao’an China Power Photovoltaic Power Generation Company Limited* (詔安中電光伏發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CPINE  |

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.85519 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, 30 June 2022

*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 XU Zuyong, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.*



## **APPENDIX I: KEY ASSUMPTIONS OF THE ASSET APPRAISAL REPORTS**

For the purpose of complying with Rule 14.62 of the Listing Rules, set out below are the principal assumptions of the income approach valuation with discounted cash flow method (which constituted a profit forecast under Rule 14.61 of the Listing Rules) set out in the Asset Appraisal Reports in respect of the Target Companies:

### **(I) General Assumptions applicable to all Target Companies**

1. The industry maintains steady growth, and there are no material changes in the applicable national and local laws, regulations, rules, and socio-political and economic policies.
2. The company will conduct its existing businesses or similar businesses on a going concern basis at its current scale or at a scale attainable by its financing capacity as determined by its current assets, without considering additional shareholder input.
3. There are no material changes in the relationship between the company and its domestic and foreign partners or in their mutual interests.
4. There are no material changes in the current national loan interest rates, exchange rates, tax bases and rates, and policy fees and charges.
5. The appraisal conclusion is based on the information provided by the client and the target company, assuming that such information is objective, reasonable, true, legal and complete, and that the ownership of the appraised assets is clear.
6. There are no material adverse effects caused by other force majeure and unforeseeable factors.

### **(II) Specific Assumptions applicable to all Target Companies**

1. The assets of the target company will not change their use and will remain in continuous use after the Appraisal Benchmark Date.
2. The existing and future operators of the target company are responsible, and the management of the company can steadily push forward the company's development plan and try their best to achieve the expected business outcome.
3. The target company complies with the applicable national laws and regulations, and there are no material violations that will affect the development and income realization of the company.
4. The accounting policies used in the historical financial information provided by the target company and the accounting policies and accounting methods used in profit forecast are basically consistent in all material aspects.
5. After the appraisal, the target company will continue to operate under the existing business model, and the operation conditions such as the supply and sales model of the company will remain unchanged.
6. The annual cash inflows (income) and outflows (expenditure) are even.
7. We have paid due attention to and disclosed the ownership status of those buildings and land use rights within the appraisal scope that are unlicensed or in the process of being licensed, while assuming that the future production and operation of the company will not be affected by such matters.
8. For the income tax incentives currently available to the company, we assume that the company continues to enjoy the incentives at the same rate during the applicable period, and the normal tax rate applies after the expiration of the incentives.

(III) Additional Specific Assumptions applicable to the Target Companies engaging in wind power generation

9. Given the actual settlement delay of new energy subsidies, it is assumed that the new energy subsidies for 2022-2023 will be settled with a 3-year delay, those for 2024 will be settled with a 2-year delay, and those for the period from 2025 to the end of the operation period will be settled with a 1-year delay (where applicable).

(IV) Additional Specific Assumptions applicable to the Target Companies engaging in photovoltaic power generation

9. Given the actual settlement delay of new energy subsidies, it is assumed that the new energy subsidies for 2022-2023 will be settled with a 3-year delay, those for 2024 will be settled with a 2-year delay, and those for the period from 2025 to the end of the operation period will be settled with a 1-year delay. It is also assumed that the new energy subsidiaries for poverty alleviation projects will be settled together with the benchmark feed-in tariff (where applicable).
10. The macroeconomic environment is assumed to be relatively stable. The value of an asset is directly related to the macroeconomic environment. The appraisal assumes that the industrial policies, tax policies, and macroeconomic environment will remain relatively stable, thus ensuring a reasonable useful life for the appraisal results.
11. Interest rates, exchange rates, and tax rates are expected to remain at current levels with no material changes.
12. The industry maintains steady growth, and there are no material changes in the applicable national and local laws, regulations, rules, and socio-political and economic policies.
13. The relevant data of comparable cases from Wind Information are true and reliable.
14. The possible mortgage and guarantee in the future are not considered.
15. There are no material adverse effects caused by other force majeure and unforeseeable factors.

(V) Additional Specific Assumptions applicable to the Target Companies engaging in environmental power generation

9. It is assumed that the company will be included in the national subsidy catalog in 2022 or 2023 (wherever appropriate). Given the actual settlement delay of new energy subsidies, it is assumed that the benchmark tariff for coal-fired power has a turnover period of one month; the provincial subsidies have a turnover period of one, three or six months; the national subsidies for 2022-2024 will be settled with a 2-year delay, and those for 2025 and beyond will be settled with a 1-year delay; the waste disposal income has a turnover period of two to three months; the slag sales income has a turnover period of one month, the sludge disposal income has a turnover period of three months (where applicable).
10. According to the Notice on VAT Policy on Comprehensive Utilization of Resources and Other Products (CS [2015] No. 78) issued by the Ministry of Finance and the State Taxation Administration, the appraisal assumes that the waste-to-energy (WTE) business enjoys the preferential policy of immediate 100% VAT refund and the waste disposal business enjoys the preferential policy of immediate 70% VAT refund in the future forecast period.

In accordance with the requirements of asset appraisal, it is determined that these assumptions are valid on the Appraisal Benchmark Date. When the economic environment changes greatly in the future, no liability will be assumed for deriving different appraisal conclusions due to changes of these assumptions.

## APPENDIX II: LETTER FROM CICC

*The following is the full text of the report from CICC, for the purpose of, among other things, incorporation into this announcement.*

The Board of Directors  
**China Power International Development Limited**  
Suite 6301, 63/F., Central Plaza  
18 Harbour Road Wanchai, Hong Kong

30 June 2022

Dear Sirs,

We refer to the announcement of China Power International Development Limited (the “**Company**”) dated 30 June 2022 (the “**Announcement**”) in relation to (i) Agreement I, which involves an acquisition of Equity Interests I by the Company from CPNE; (ii) Agreement II, which involves an acquisition of Equity Interests II by the Company from CPINE; (iii) Asset Appraisal Reports prepared by the independent valuer, Shanghai Lixin Appraisal Co., Ltd. (上海立信資產評估有限公司) (the “**Independent Valuer**”) in relation to the Equity Interests (the “**Valuation Reports**”).

We understand that the Independent Valuer has prepared the Valuation Reports based on the combination of the asset-based approach, the market-based approach and the income approach with discounted cash flow method, which is regarded as profit forecast (the “**Forecast**”) under Rule 14.61 of the Hong Kong Listing Rules. Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

We have reviewed the Forecast included in the Valuation Reports, for which you as the Directors are solely responsible. We have attended discussions involving the management of the Company, the respective management of Target Companies and the Independent Valuer where the historical performance of the Target Companies, the calculations of the Forecast as well as the qualifications, bases and assumptions set out in the Valuation Reports were discussed. We have also considered the report addressed solely to and for the sole benefit of the Directors from Ernst & Young dated 30 June 2022 as set forth in Appendix II to the Announcement regarding the calculation of discounted future cash flows on which the Forecast is based. The Forecast is based on a number of bases and assumptions. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of the Target Companies may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Independent Valuer, for which the Independent Valuer and the Company are responsible, we are satisfied that the Forecast included in the Valuation Reports, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

The work undertaken by us in giving the above view has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Hong Kong Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,

For and on behalf of  
**China International Capital Corporation Hong Kong Securities Limited**

Name: David Ching  
Title: Executive Director

## APPENDIX III: REPORT FROM ERNST & YOUNG

*The following is the full text of the report from Ernst & Young, for the purpose of, among other things, incorporation into this announcement.*

30 June 2022

### **The Board of Directors**

#### **China Power International Development Limited**

Suite 6301, 63/F., Central Plaza, 18 Harbour Road, Wanchai,  
Hong Kong

### **REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTERESTS IN THE TARGET COMPANIES**

Dear Sirs,

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “Forecast”) on which the valuation dated 31 December 2021 prepared by Shanghai Lixin Appraisal Co., Ltd. in respect of certain companies (the “Target Companies”) set out in the “List of Target Companies” below as at 31 December 2021 is based. The valuation is set out in the announcement of China Power International Development Limited (the “Company”) dated 30 June 2022 (the “Announcement”) in connection with the proposed acquisition of equity interests in the Target Companies. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

#### **Directors’ responsibilities**

The directors of the Company (the “Directors”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “Assumptions”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The key Assumptions are set out in Appendix I (Key Assumptions of the Asset Appraisal Reports) to the Announcement.

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Reporting accountants’ responsibilities**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable

assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Companies. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

### **Opinion**

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

*Certified Public Accountants*  
Hong Kong

### **List of Target Companies**

1. China Power Inner Mongolia Wind Power Generation Company Limited
2. Hailin China Power Hongqi Wind Power Generation Company Limited
3. Hailin China Power Sea Wave Wind Power Company Limited
4. Gansu China Power Qiaowan Wind Power Generation Company Limited
5. China Power Dafeng Wind Power Company Limited
6. Hubei China Power Chunyang Mountain Wind Power Company Limited
7. Gansu China Power Jiuquan Third Wind Power Generation Company Limited
8. Gansu China Power Guazhou Wind Power Generation Company Limited
9. Gansu China Power Wuwei Photovoltaic Power Generation Company Limited
10. Gansu China Power Baiyin Photovoltaic Power Generation Company Limited
11. Jiangxi China Power Yineng Decentralized Energy Company Limited
12. Zhao'an China Power Photovoltaic Power Generation Company Limited
13. China Power International Energy Investment Hainan Company Limited
14. Panzhihua China Power Photovoltaic Power Generation Company Limited
15. Yuanjiang China Power Photovoltaic Power Generation Company Limited
16. Haikou China Power Second Environmental Power Generation Company Limited
17. Wenchang China Power Environmental Power Generation Company Limited
18. Deyang He Xin Environmental Power Generation Company Limited
19. Shangqiu China Power Environmental Power Generation Company Limited
20. Haikou China Power Environmental Power Generation Company Limited
21. Bazhou China Power Environmental Protection Power Generation Company Limited
22. China Power International New Energy Hainan Company Limited
23. Qionghai China Power Environmental Power Generation Company Limited