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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION ACQUISITIONS OF THE ENTIRE EQUITY INTERESTS IN THREE TARGET COMPANIES

Reference is made to the announcement (the “**Announcement**”) of China Power International Development Limited (the “**Company**”) dated 12 July 2021 in relation to the acquisitions of the entire Equity Interests and to assume the Shareholder’s Loans of the three Target Companies. Unless otherwise defined, all capitalized terms used herein shall have the respective meanings ascribed to them in the Announcement.

The Company would like to provide supplemental information to the Announcement in relation to the basis for determining the consideration of the Equity Interests for the Target Companies.

The consideration for each of the Acquisitions was arrived at after arm’s length negotiations between the Purchaser and the Seller with reference to, among others, the valuation report of the respective Target Companies as at 31 August 2020 (the “**Valuation Reports**”) prepared by Vocation (Beijing) International Asset Valuation Company Limited* (沃克森(北京)國際資產評估有限公司), an independent and qualified valuer using the asset-based approach.

According to the Valuation Reports, the valuation adjustments, of which (i) the tangible assets (mainly the wind power generation units, land, buildings, equipment, vehicles and construction in progress) were based on their relevant value marked to the market, whereas (ii) the intangible assets (mainly the authorized business licenses of wind power generation (電力業務特許經營權)) were based substantially on the natural wind resources measured in terms of the average annual equivalent power generation time (年均等效發電時間) of the specific geographic location where the respective wind power farms of the Target Companies are located, the technicality of power transmission and their power generation installed capacity, as at 31 August 2020. Details are as follows.

	Target Company I Qingshuihe Mingyang	Target Company II Mingyang Wind Power	Target Company III Mingyang Intelligent
Power generation installed capacity	50MW	53.6MW	100MW*
	RMB'000	RMB'000	RMB'000
Net asset value per audited report as at 31.8.2020	94,720	84,789	120,428
Adjustments:			
- Tangible assets	21,356	8,962	(3,818)
- Intangible assets	265	32,195	106,767
Adjusted valuation as at 31.8.2020	116,341	125,946	223,377

* The power farm that Target Company III owns is an ultra-high-voltage wind power project.

The Valuation Reports using the asset-based approach have been used as the benchmark for the consideration of the Acquisitions because (i) the valuation is recognized as valid and remains effective within one year from the base date of the Valuation Reports (i.e. 31 August 2020) pursuant to the prevailing Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (企業國有資產評估管理暫行辦法) in the PRC, and more importantly (ii) the Company expects there will not be substantial changes in value of those tangible and intangible assets being evaluated from the base date of the Valuation Reports to the date of Completion (i.e. a day not later than 31 August 2021 or such other day as agreed by the Seller and the Purchaser).

Pursuant to the Equity Transfer Agreements, the consideration for each of the Acquisitions will be adjusted with the change in net asset value of the respective Target Companies by reference to its respective finalized Audited Report for the Transitional Period as depicted below.

		Target Company I Qingshuihe Mingyang	Target Company II Mingyang Wind Power	Target Company III Mingyang Intelligent
		RMB'000	RMB'000	RMB'000
Consideration for the Equity Interests	(A)	116,341	125,946	223,377
Net asset value per audited report as at 31.8.2020	(B)	94,720	84,789	120,428
Net asset value per unaudited financial statements as at 30.6.2021	(C)	102,766	98,098	122,235
<i>Anticipated change in net asset value during the period from 1.9.2020 to 30.6.2021 (the "Transitional Period")</i>	<i>(D) = (C)-(B)</i>	<i>8,046</i>	<i>13,309</i>	<i>1,807</i>
<i>Anticipated adjusted consideration for the Equity Interests</i>	<i>(E) = (A)+(D)</i>	<i>124,387</i>	<i>139,255</i>	<i>225,184</i>

The Company expects the change in the net asset value during the Transitional Period will be closely equivalent to the amount of profits or losses of each of the Target Companies during the Transitional Period which shall be distributed to or borne by the Seller prior to Completion pursuant to the respective Equity Transfer Agreements, and thus there shall not be any material change to the final consideration for each of the Acquisitions.

As such, the Company expects the adjusted consideration for each of the Acquisitions according to the Audited Report for the Transitional Period of the respective Target Companies yet to be finalized prior to the Completion would be as depicted below.

		Target Company I Qingshuihe Mingyang	Target Company II Mingyang Wind Power	Target Company III Mingyang Intelligent
		RMB'000	RMB'000	RMB'000
The anticipated adjusted consideration for the Equity Interests <i>after</i> adjusting for the profits (or losses) during the Transitional Period being distributed to (or borne by) the Seller pursuant to the Equity Transfer Agreements	(A)	116,341	125,946	223,377
Shareholder's Loans per the unaudited financial statements as at 30.6.2021	(B)	299,312	95,316	629,991
<i>The anticipated total consideration for each of the Acquisitions</i>	<i>(C) = (A)+(B)</i>	<i>415,653</i>	<i>221,262</i>	<i>853,368</i>

Based on the review and analysis stated above as presented by the management of the Company to the Board, the Directors believe that there shall not be any substantial change in the final aggregated consideration for the Acquisitions as disclosed in the Announcement, i.e. approximately RMB1,490,283,000. Should there be any material difference in the final aggregated consideration for the Acquisitions, the Company will publish further announcement upon Completion, as appropriate.

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

Hong Kong, 19 July 2021

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